

# Ferronoux Holdings, Inc.

## Notice of Annual Stockholders' Meeting

To All Stockholders:

Notice is hereby given that the Annual Stockholders Meeting of **FERRONOUX HOLDINGS, INC.** (the "**Corporation**") will be held virtually via remote communication (through Zoom facility) on Monday, **November 14, 2022, at 2:00** in the afternoon.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2021
4. Management's Report
5. Ratification of Acts of the Board of Directors and Management during the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only stockholders of record as of the close of business on **October 25, 2022**, are entitled to notice and to vote at the meeting.

A brief explanation of the agenda item which requires stockholders' approval is provided in the Information Statement. The Information Statement, Management Report, the Annual Report (SEC Form 17A) and Quarterly Report will be uploaded to the Corporation's website <https://www.ferronouxholdings.com/asm2022> and PSE EDGE.

In light of the still ongoing COVID-19 pandemic, stockholders may attend the meeting and vote via remote communication only. Stockholders may attend the meeting and vote via remote communication in accordance with the procedure set forth in **Appendix 1** of the Information Statement.

Stockholders shall pre-register at this link: in <https://www.ferronouxholdings.com/asm2022>, beginning **October 25, 2022 until 5:00 p.m. of November 4, 2022**. Stockholders who will join by proxy shall download, fill out and sign the proxy found in the foregoing link and in accordance with the procedures set forth in **Appendix 1** of the Information Statement. The Company does not solicit your proxy.

Deadline for registration and submission of voting forms and proxies is at **5:00 p.m. on November 4, 2022**. Validation of proxies shall be made on **November 7, 2022** at the principal office of the Corporation at the 6<sup>th</sup> Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to [asm2022@ferronouxholdings.com](mailto:asm2022@ferronouxholdings.com). Stockholders may also send related inquiries to [asm2022@ferronouxholdings.com](mailto:asm2022@ferronouxholdings.com).

Pasig City, October 7 2022

  
**MANUEL Z. GONZALEZ**  
Corporate Secretary

## EXPLANATION OF AGENDA ITEMS

### Proof of notice and determination of quorum

The Corporation has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission Notice on Alternative Mode of Distributing and providing copies of the Notice, Information Statement, Management Report, SEC Form 17A for the period ending December 31, 2021 (the "Annual Report") and the SEC Form 17Q for the periods ending March 31, 2022, June 30, 2022 and September 30, 2022 (the "Quarterly Reports").

The Corporate Secretary will further certify the existence of a quorum. For purposes of quorum, only the following Stockholders shall be counted as present:

- A. Stockholders who have registered on the website on or before the cut-off date; and
- B. Stockholders who have sent their proxies via the website on or before the deadline.

A majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

The complete guidelines for voting in absentia is found in **Appendix 1** of the Information Statement.

### Approval of minutes of previous meeting

The minutes of the meeting held on October 20, 2021 are posted at the Corporation's website, <https://www.ferronouxholdings.com/asm2022>.

### Annual report

A report to the stockholders on the performance of the Corporation in 2021 and the outlook for 2022 will be delivered. The financial statements as of December 31, 2021 (FS) will be incorporated in the Information Statement.

Copies of the Management Report and SEC Form 17-A will be uploaded to the Corporation's Website at <http://ferronouxholdings.com> and PSE EDGE under Ferronoux Holdings, Inc. Company Disclosures.

### Election of directors (including the independent directors)

Each stockholder entitled to vote may cast the votes to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may 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 may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected. The nine nominees receiving the highest number of votes will be declared elected as directors of the company.

Please refer to the **Appendix 1** of the Information Statement for the complete guidelines on voting. Please refer to the **Appendices 3 and 4** of the Information Statement for the Independent Director Nominees' Certifications.

Appointment of external auditor

The profile of the external auditor will be provided in the Information Statement for examination by the stockholders.

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

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

The Chairman will answer questions on matters concerning the Agenda, the Information Statement and the Management Report sent via the voting website.

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

## PROXY

Number of Shares Represented \_\_\_\_\_

I, the undersigned shareholder of **FERRONOUX HOLDINGS, INC.** (the "Corporation") do hereby constitute and appoint \_\_\_\_\_ or in his absence, the Chairman of the meeting, as my true and lawful attorney and proxy, with power of substitution and revocation, for me and in my name and stead, to attend the November 14, 2022 stockholders meeting of the Corporation, or any adjournment or postponement thereof, to vote at said meeting the above indicated number of shares registered in the books of the Corporation in my name on all actionable matters specifically set forth in the agenda, as well as any or all matters that may be taken up at said meeting, and to do and perform for me and in my name such acts as may be necessary or appropriate in the premises, as though I were personally present, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2021

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain
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2. Approval of the Management Report and Audited Financial Statements of the Corporation as of December 31, 2021

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain
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3. Ratification of all Acts of the Board of Directors, Board Committees and Management during their respective terms of office

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain
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4. Election of Directors

<input type="checkbox"/>	Vote for all nominees listed below
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- |                         |  |
|-------------------------|--|
| 1. Michael C. Cosiquien | 6. Erwin Terrell Y. Sy                                     |
| 2. Jesus G. Chua, Jr.   | 7. Atty. Mathew John G. Almogino<br>(Independent Director) |
| 3. Yerik C. Cosiquien   | 8. Atty. Alfred S. Jacinto (Independent<br>Director)       |
| 4. Irving C. Cosiquien  |  |
| 5. Michelle Joan G. Tan |  |

<input type="checkbox"/>	Withhold authority for all nominees listed above
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<input type="checkbox"/>	Withhold authority to vote for nominees listed below
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_____	_____
_____	_____
_____	_____

5. Appointment of External Auditor

<input type="checkbox"/>	Reyes Tacandong & Co.
<input type="checkbox"/>	Withhold authority for nominee listed above

Any and all proxies signed by me before this date are hereby expressly revoked and canceled.

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **NOVEMBER 4, 2022 (5:00 P.M.)** via [asm2022@ferronouxholdings.com](mailto:asm2022@ferronouxholdings.com) / <https://www.ferronouxholdings.com/asm2022>.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND 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 THE 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.

VALIDATION OF PROXIES SHALL BE MADE ON NOVEMBER 7, 2022 AT THE PRINCIPAL OFFICE OF THE CORPORATION AT THE 6<sup>TH</sup> FLOOR HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY. ANY QUESTIONS AND ISSUES RELATING TO THE VALIDITY AND SUFFICIENCY, BOTH AS TO FORM AND SUBSTANCE OF PROXIES SHALL ONLY BE RAISED THEREON AND RESOLVED BY THE CORPORATE SECRETARY.

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.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_.

\_\_\_\_\_  
**Printed Name of Stockholder**

\_\_\_\_\_  
**Signature of Stockholder/Authorized Signatory**

\_\_\_\_\_  
**Date**

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

Information Statement of  
Ferronoux Holdings, Inc. (formerly, AG Finance Incorporated)  
(hereafter referred to as the "Company," "Corporation" or "FERRO")  
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: FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated)
3. Country of incorporation: REPUBLIC OF THE PHILIPPINES
4. SEC identification Number: A200115151
5. BIR Tax identification Code: 219-045-668-000
6. Address of principal office: 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City 1605
7. Registrants Telephone Number: +(63) 9178078815 or (02) 8888 4762
8. Date, time and place of stockholders' meeting: Date: November 14, 2022  
Time: 2:00 p.m.  
Via remote communication (through Zoom facility), and the presiding officer shall call and preside the stockholders' meeting at the principal office of the company in Pasig City due to the still ongoing pandemic.  
  
Stockholders should pre-register at this link:  
<https://www.ferronouxholdings.com/asm2022>  
October 25, 2022 to November 4, 2022  
October 20, 2022
9. Approximate date on which Information Statement is first to be sent or given to security holders:
10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: Common Shares Only  
  
Number of Shares of Common Stock Outstanding as of September 30, 2022: 261,824,002 shares  
  
Issued and Subscribed: 261,824,002 shares
11. Are any of the registrant's securities listed in the Philippine Stock Exchange? Yes  
All common shares are listed in the Philippine Stock Exchange

**FERRONOUX HOLDINGS, INC.**  
**(formerly, AG FINANCE INCORPORATED)**  
**INFORMATION SHEET**

**A. GENERAL INFORMATION**

**Item 1. Date, Time & Place of Meeting of Security Holders**

- a. Date: November 14, 2022  
Time: 2:00 p.m.  
Place: Given the current circumstances, the meeting will be conducted virtually via remote communication (through Zoom facility) and the presiding officer shall call and preside the stockholders' meeting in Pasig City
- (b) Online web addresses/URLs
- (i) For participation by remote communication:  
<https://www.ferronouxholdings.com/asm2022>
  - (ii) For voting in absentia:  
<https://www.ferronouxholdings.com/asm2022>
- b. complete mailing address  
of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr.  
Road, Ortigas Center, Pasig City 1605**
- c. approximate date on which the Information  
Statement is first to be sent or given to  
security holders: **October 20, 2022**

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**Item 2. Dissenters' Right of Appraisal**

There are no matters to be acted upon at the meeting involving instances set forth in the Revised Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

Pursuant to Section 80 Title X, Appraisal Right of the Revised Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, (c) in case of merger or consolidation, and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days from the date on which the vote was taken for the payment of the fair market value of his shares. Failure to make the demand within said 30-day period shall be deemed a waiver of the appraisal right.

Appraisal right is not available in this case as there are no matters or proposed actions as specified in agenda of the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in Title X of the Revised Corporation Code of the Philippines.

### **Item 3. Interest of Certain Persons in or Opposition to Matters to be acted upon**

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

#### **(a) Voting Securities**

As of 30 September 2022, 261,824,002 common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

#### **(b) Record Date**

Only stockholders of record as of **25 October 2022** shall be entitled to notice and vote at the meeting.

#### **(c) Action with Respect to the election of Directors**

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 23 of the Revised Corporation Code. Each stockholder may vote such number of shares for as many persons as there are directors to be elected. To be clear, if there are nine (9) directors to be elected, each voting share is entitled to nine (9) votes.

Section 23 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.



## Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 PM on November 4, 2022 via email to [asm2022@ferronouxholdings.com](mailto:asm2022@ferronouxholdings.com). The validation of proxies shall be made on November 7, 2022 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

See **Appendix 1** on complete guidelines on voting.

### (d) Security Ownership of Certain Record and Beneficial Owners and Management

#### (1) Owners of more than 5% of voting securities as of September 30, 2022

As of September 30, 2022, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	<b>PCD NOMINEE CORPORATION<sup>1</sup></b> - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	<b>ISOC HOLDINGS, INC. ("ISOC")<sup>2</sup></b> 6 <sup>th</sup> Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	178,777,274 (Direct)	68.28%
Common	<b>PCD NOMINEE CORPORATION</b> - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de	<b>F. YAP SECURITIES, INC.<sup>3</sup></b> 17th Floor Lepanto Bldg., Paseo de	Filipino	25,308,400	9.67%

<sup>1</sup> PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Please see PDTC Report as of 30 September 2022 attached hereto as **Appendix 2**.

<sup>2</sup> ISOC Holdings, Inc. is the indirect beneficiary of 178,777,274 common shares in the Corporation that is lodged with the PCD Nominee Corporation through HDI Securities, Inc.

<sup>3</sup> F. Yap Securities, Inc. is a corporation engaged in stock brokerage and is a participant of the PCD Nominee Corporation. The beneficial owners of the shares held by F. Yap Securities, Inc. are not known to the Company.

	Roxas Makati City - Registered owner in the books of stock transfer agent	Roxas, Makati 1226, Philippines			
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Other than the persons identified above, there are no beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Mr. Michael C. Cosiquien, as Chairman of ISOC, shall represent and vote the shares held by ISOC in the Annual Stockholders' Meeting.

## (2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of September 30, 2022:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Michael C. Cosiquien Chairman/President	1 - "R" (direct) 175,422,074 - "B" (indirect)*	Filipino	66.99%
Common	Jesus G. Chua, Jr. Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Irving C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Yerik C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Michelle Joan G. Tan Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Erwin Terrell Y. Sy Director/Treasurer/CFO	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Alfred S. Jacinto Independent Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Meryll Anne C. Yan Investor Relations Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Lavinia Buctolan Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Joan C. Musico Corporate Information Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	<b>TOTAL</b>	<b>1,007 "R" (direct)</b>		0.00%

		175,422,074 "B" (indirect)	66.99%
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\* through ISOC Holdings, Inc.

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

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

### (4) Changes in Control

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM Business Management Corporation ("RYM") for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

**Below is the breakdown of Company shares held by foreign and local stockholders as of 30 September 2022:**

	<u>Number</u>	<u>Percentage</u>
Foreign Shares	183,711	0.07%
Local Shares	261,640,291	99.93%
<b><u>Total Shares (Common)</u></b>	<b>261,824,002</b>	<b>100.00%</b>

## **Item 5. Directors & Executive Officers**

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

The complete guidelines on the manner of voting shall be as set forth in **Appendix 1**.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws). Thus, the Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 p.m. on November 4, 2022 via [asm2022@ferronouxholdings.com](mailto:asm2022@ferronouxholdings.com) / <https://www.ferronouxholdings.com/asm2022> in accordance with the procedures set forth in **Appendix 1**. The validation of proxies shall be made on November 7, 2022 at the principal office of the Corporation at the 6<sup>th</sup> Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

### **(1) Board of Directors and Executive Officers**

On July 29, 2019, the SEC approved the Company's application for the amendment of its Articles of Incorporation thereby approving the increase in the number of its Board seats from seven (7) to nine (9) members. Pursuant to the foregoing approval of the amendment of the Articles of Incorporation, the Board of Directors of the Company now consists of nine (9) members, who shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company's overall mission, vision and strategy, management

of the Company, and the preservation of the Company's assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one (1) voting share of the Company.

The Company's incumbent directors elected during the annual stockholders' meeting and officers appointed during the organizational meeting of the Board of Directors both held on October 20, 2021 are as follows:

Name	Office	Age	Citizenship	Term of office	No. of years served
Michael C. Cosiquien	Chairman/ President	49	Filipino	Since Jan. 10, 2018	Less than five years
Jesus G. Chua, Jr.	Vice-Chairman/ Director	47	Filipino	Since Jan. 10, 2018	Less than five years
Yerik C. Cosiquien	Director	43	Filipino	Since Jan. 10, 2018	Less than five years
Irving C. Cosiquien	Director	50	Filipino	Since Jan. 10, 2018	Less than five years
Michelle Joan G. Tan	Director	41	Filipino	Since Jan. 10, 2018	Less than five years
Mathew-John G. Almogino	Independent Director*	53	Filipino	Since Dec. 11, 2017	Less than five years
Alfred S. Jacinto	Independent Director*	54	Filipino	Since Jan. 10, 2018	Less than five years
Erwin Terrell Y. Sy	Director/Treasurer/ Chief Financial Officer	36	Filipino	Since August 7, 2019	Less than five years
Allesandra Fay V. Albarico	Chief Information Officer**	38	Filipino	Since Jan. 10, 2018	Less than five years
Joan C. Musico	Chief Information Officer**	41	Filipino	Since Sept. 16, 2022	Less than one year
Meryll Anne C. Yan	Investor Relations Officer	38	Filipino	Since March 7, 2020	Less than three years
Manuel Z. Gonzalez	Corporate Secretary	57	Filipino	Since Jan. 10, 2018	Less than five years
Gwyneth S. Ong	Assistant Corporate Secretary	45	Filipino	Since Jan. 10, 2018	Less than five years
Lavinia C. Empleo-Buctolan	Compliance Officer	51	Filipino	Since Sept. 8, 2021	Less than two years

\* Independent Director – the Company has complied with the Guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.

\*\* Atty. Allesandra Fay V. Albarico tendered her resignation in her position as Chief Information Officer, effective September 16, 2022. In view of the foregoing resignation, Atty Joan C. Musico was appointed the new Chief Information Officer to serve on the remaining term of her predecessor.

## DIRECTORS AND EXECUTIVE OFFICERS

The following are the business experiences and positions held by the Directors and Executive Officers for the past five (5) years:

### INCUMBENT DIRECTORS

**Mr. Michael C. Cosiquien** was elected Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 20, 2021. He

is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience

**Mr. Jesus G. Chua, Jr.** was elected as Vice-Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. He is currently the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group in Singapore and has held senior roles at ABN AMRO/RBS and HSBC in Hongkong and New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

**Mr. Yerik C. Cosiquien** was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

**Mr. Irving C. Cosiquien** was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. He is currently a director of ISOC Holdings, Inc. and its subsidiaries. He served as director and treasurer of Megawide Construction Corp. He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated. He obtained his Bachelor of Science degree in Industrial Engineering from the De La Salle University.

**Ms. Michelle Joan G. Tan** was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. She was a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years. Ms. Tan is currently one of the dealers of Unioil Petroleum Philippines Inc. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. Ms. Tan graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

**Atty. Matthew-John G. Almogino** was elected as an Independent Director of the Board on December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory

management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500, and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Philippine Bar Examinations.

**Atty. Alfred S. Jacinto** was elected as an Independent Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, and October 20, 2021. Atty. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship. Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Partner of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax. Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, and Joint Congressional Oversight Committee on the Clean Water Act.

**Mr. Erwin Terrell Y. Sy** was elected as the Investor Relations Officer on December 14, 2018 and was re-elected on October 28, 2019. He was elected as Treasurer/Chief Financial Officer on March 4, 2020, effective on March 7, 2020, and re-elected on October 20, 2020 and October 20, 2021. He was elected as a Director of the Board on October 15, 2019 and re-elected on October 20, 2020, and October 20, 2021. Mr. Sy brings to ISOC over nine (9) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

## **KEY OFFICERS**

### **INCUMBENT OFFICERS**

**Atty. Allesandra Fay V. Albarico** was elected compliance officer/ chief information officer on January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020. She was re-elected as chief information officer on October 20, 2021. She was an executive assistant and court attorney at the Court of Appeals, pre-test lawyer for the 2011 Bar examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, legal manager at Citicore Power Inc., and legal counsel at Megawide Construction Corporation. Atty. Albarico holds a degree in legal management (*university scholar*). She passed the 2010 Philippine Bar examinations and was admitted to the Bar the following year. She likewise holds a Master of Laws degree and diploma in Leadership and Management Development. She is currently pursuing a master's degree in business economics in University of Asia and the Pacific (UA&P) while concurrently serving as professor of law in Tomas Claudio Colleges-College of Law (a pioneering law school in Rizal province), Jose Rizal University-College of Law, University of Perpetual Help-College of Law, Bulacan State University-College of Law, and University of Santo Tomas Graduate School of Law (UST GSLaw). She passed the certification examination for compliance officers in 2019 and is also an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI). She satisfactorily passed the 53rd Prejudicature program of the Philippine Judicial Academy and

recently conferred with the degree of Doctor of Civil Law. Atty. Albarico is the former Vice President-Elect for Doctor of Civil Law of UST GSLaw, a member of the PDRCI committee on Intra-Corporate Dispute, and is the incumbent President of the Association of Certified Compliance Officers. She tendered her resignation in her position as Compliance, effective September 10, 2021 and was replaced by Ms. Lavinia C. Empleo-Buctolan who served on the remaining term of Atty. Albarico. She tendered her resignation in her position as Chief Information Officer, effective September 16, 2022 and was replaced by Atty Joan C. Musico who shall serve on the remaining term of Atty. Albarico.

**Ms. Meryll Anne C. Yan** was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected October 20, 2020, and October 20, 2021. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as head of marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, she was head of marketing for SM Ladies Fashion and was also the chief creative artist of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become group publisher and editorial director of the One Mega Group, the company that carries titles like MEGA, Meg, Blueprint and Lifestyle Asia. She is a Magna Cum Laude graduate of the LIA-COM program of De La Salle University-Manila, majoring in AB Communication Arts and BSC Applied Corporate Management.

**Atty. Manuel Z. Gonzalez** was elected Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 20, 2021. He is a Senior Partner in the Martinez Vergara & Gonzalez Sociedad Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. She serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995 and Nomura Securities Philippines since 2006. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

**Atty. Gwyneth S. Ong** was elected Assistant Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 20, 2021. Atty. Ong is a Partner at Martinez Vergara & Gonzalez Sociedad Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

**Ms. Lavinia C. Empleo-Buctolan** was elected as Compliance officer on September 7, 2021, effective September 8, 2021. Prior to her current role as Group Controller for ISOC Holdings and its subsidiaries, she was former Controller for Global Business Power Corporation which is a leading independent power provider in the Visayas as well as former Controller for D.M Consunji, Inc. which is one of the Philippines best construction companies. Ms. Lavinia brings to ISOC over 20 years of extensive experience in the fields of finance, audit, and information technology. She is a graduate of BBA – Accounting from Silliman University and a Certified Public Accountant.

**Atty. Joan C. Musico** is currently a Legal Consultant to ISOC Holdings, Inc. Atty. Musico previously held commercial counsel positions in Elevate Philippines (supporting a Fortune 500 company) and CBRE Philippines (supporting the APAC region). Prior to her in-house

counsel positions, she was an associate lawyer in Puno and Puno Law Offices and NMGRA Law Offices. Atty. Musico is a graduate of the University of the Philippines College of Law (Order of the Purple Feather) and the University of the Philippines School of Economics (cum laude and admitted as a UP Oblation Scholar).

## **(2) Nomination Committee and Nominees for Election as Members of the Board of Directors**

The Nomination Committee is composed of Atty. Alfred S. Jacinto, Mr. Yerik C. Cosiquien and Mr. Irving Cosiquien.

The Company's Nomination Committee pre-screened and accepted the nominations for the following directors in accordance with the criteria provided in the SRC, the Company's Manual of Corporate Governance and the Company's By-Laws:

### Regular Directors:

1. Michael C. Cosiquien
2. Jesus G. Chua, Jr.
3. Yerik C. Cosiquien
4. Irving C. Cosiquien
5. Michelle Joan G. Tan
6. Erwin Terrell Y. Sy

### Independent Directors:

1. Atty. Mathew John G. Almogino
2. Atty. Alfred S. Jacinto

All of the nominees are incumbent directors of the Corporation. Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. Atty. Almogino and Atty. Jacinto are neither related to Mr. Cosiquien, nor to each other.

## **Term of Office of a Director**

The directors will hold office upon election until the next annual election and until his/her successor is duly elected, unless he/she resigns, dies or is removed from office.

## **(3) Independent Directors**

The following are the nominees for independent directors of the Company:

1. Atty. Mathew-John G. Almogino
2. Atty. Alfred S. Jacinto

Atty. Almogino possessed all the qualifications and none of the disqualifications as independent director since his election on December 11, 2017. Atty. Jacinto possessed all the qualifications and none of the disqualifications as independent director since his election on January 10, 2018. They are not employees of the Company and do not have relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.



Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. The nominator is not related to the persons he has nominated for independent director.

The term of office of all directors, including independent directors shall be one (1) year until their successors are duly elected and qualified.

The certifications of qualification for the independent director of Atty. Almogino and Atty. Jacinto are attached herewith as Appendices 3 and 4, respectively.

In accordance with SEC Memorandum Circular No.4 Series of 2017, both independent directors (ID) have not exceeded the maximum cumulative term of nine (9) years. Furthermore, the Company understands that after a term of (9) years, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director. At the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and the reckoning of the cumulative nine-year term is from 2012.

The Company has amended its By-laws incorporating the provisions of SRC Rule 38, as amended, on March 13, 2013 which has been duly approved by the Securities and Exchange Commission on 21 May 2013.

#### **(4) Significant Employees**

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

#### **(5) Family Relationships**

Mr. Michael C. Cosiquien, the present chairman and president of the Company is the brother of Mr. Yerik C. Cosiquien and Mr. Irving C. Cosiquien, who are directors of the Company. Ms. Michelle Joan G. Tan is the sister-in-law of Mr. Michael C. Cosiquien. Other than the ones disclosed, there are no other family relationships known to the registrant.

#### **(6) Involvement in Certain Legal Proceedings**

To the knowledge of the Company, there has been no occurrence of any of the following events during the past five (5) years up to latest date that are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining,

barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiary or any of their properties is involved in or subject to any legal proceedings which would have material adverse effect on the business or financial position of the Company or its subsidiary.

#### **(7) Certain Relationships and Related Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Last June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and Michael C. Cosiquien, with the conformity of ISOC Holdings, Inc. and Sunprime Finance, Inc. entered into a Deed of Assignment covering the note. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC. As a result of such assignment, the Company reclassified the note receivable to "Due to a related party" account and recognized a loss amounting to P1,167,349.00 on assignment.

Apart from the foregoing, there was no transaction or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

#### **(8) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors**

Atty. Allesandra Fay V. Albarico, tendered her resignation in her position as Chief Information Officer, effective September 16, 2022. Atty. Albarico cited personal reasons for her resignation as the Chief Information Officer of the Corporation.

In view of the foregoing resignation, Atty. Joan C. Musico was appointed as the new Chief Information Officer to serve the remaining term of her predecessor.

Other than Atty. Albarico, the Company has not been informed of any intention by the incumbent directors and/or key officers of the to resign or to refuse their re-election as members of the Board of Directors or as officers of the Company for the relevant period.

## ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### (1) Compensation Table

The table below summarizes the aggregate compensation of the Company's CEO and the four top executive officers, as well as the aggregate compensation paid to all directors and officers as a group for the years 2018, 2019, 2020, 2021 and 2022.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022 estimated	-	-	-	-

Year	Name	Position/Title
2022	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Meryll Anne C. Yan	Investor Relations Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Atty. Joan C. Musico**	Chief Information Officer
2021 and 2020	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Meryll Anne C. Yan	Investor Relations Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Atty. Allesandra Fay V. Albarico	Chief Information Officer

\*\* Atty. Allesandra Fay V. Albarico tendered her resignation in her position as Chief Information Officer, effective September 16, 2022. In view of the foregoing resignation, Atty Joan C. Musico was appointed the new Chief Information Officer to serve on the remaining term of her predecessor.

All Other Officers and Directors, as a group unnamed	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022 estimated	-	-	360,000	360,000

### (2) Compensation of Directors

#### Standard Arrangement

There is no standard arrangement pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

The financial and administrative functions of the Company are being handled by employees of the Company's parent company at no cost to the Company. (Kindly refer to the Note 6 – Key Management Personnel in the 2021 Audited FS)

## Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services for the years 2020-2022. The reasonable per diems paid to the directors amounted to a total of Php 60,000 in 2020 and a total of Php 360,000 in 2021. For 2022, the estimated total per diem to be paid is Php 360,000.

Abovementioned per diems are paid on a monthly basis to the members of the Board of Directors.

### **(3) Employment Contracts and Termination of Employment and Change-in Control Arrangements**

There are no other special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements.

There are no arrangements for compensation to be received by the officers from the Company in the event of a change in control of the Company.

## **ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS**

### **(1) External Auditor**

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner – in charge is Mr. Emmanuel V. Clarino
- b) The 2021-2022 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with Revised SRC Rule 68, Part I, Paragraph 3 (B) (ix) which provides that the external auditor should be rotated every seven (7) years or earlier or the handling partner shall be changed. Beginning 2022, Reyes Tacandong & Co.'s account partner handling the Corporation is Mr. Emmanuel V. Clarino. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual.
- c) Representatives of Reyes Tacandong & Co. will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where Reyes Tacandong & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

### **(2) Audit Fees**

The following table sets out the aggregate fees billed for 2021 and 2020 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 325,000 and Php 370,000 in 2021 and 2020 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are

normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2021 and 2020.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2021 and 2020. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2021	2020
<b>Audit and Audit-Related fees</b>	340,691	409,217

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2020:

<b>Name of Auditor</b>	<b>Regular Fees</b>
Reyes Tacandong & Co.	340,691

Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

### **(3) Audit Committee and Policies**

There shall be an Audit Committee composed of at least three (3) 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. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee has the following duties and responsibilities, among others:

- a.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b.) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

- c.) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d.) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e.) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f.) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g.) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- h.) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- i.) Reviews the disposition of the recommendations in the External Auditor's management letter;
- j.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- l.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

#### **(4) Audit Committee**

The following are members of the Audit Committee:

Atty. Matthew-John G. Almogino (chairman and independent director)

Mr. Jesus G. Chua

Ms. Michelle Joan G. Tan

#### **ITEM 8. COMPENSATION PLANS**

No action is proposed to be taken during the stockholders' meeting with regard to any bonus, profit sharing, pension/retirement plan, granting of any extension of options, warrants or rights to purchase any securities.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE**

There are no matters or actions to be taken up in the meeting with respect to authorization or Issuance of securities.

#### **ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES**

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

#### **ITEM 11. FINANCIAL AND OTHER INFORMATION**

The audited financial statements as of December 31, 2021, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as **Appendix 5**.

The interim financial statements as of September 30, 2022 and other data related to the Company's financial information are likewise attached hereto as **Appendix 6**.

#### **ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS**

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

#### **ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY**

No action is to be taken with respect to acquisition or disposition of property.

#### **ITEM 14. RESTATEMENT OF ACCOUNTS**

The Company is not taking any action, which involves the restatement of any of its assets, capital, or surplus account.

## D. OTHER MATTERS

### ITEM I5. ACTION WITH RESPECT TO REPORTS

There is no action to be taken with respect to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of the Company held on October 20, 2021 ("**2021 ASM**") and for the ratification of all acts of the Board of Directors during their term of office.

#### 1. Minutes of the Previous Annual Meeting

All items of the agenda for the 2021 ASM were approved. The voting results are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	100.00%	0.00%	0.00%
Secretary's Proof of Due Notice of the Meeting and Determination of Quorum	100.00%	0.00%	0.00%
Approval of the Minutes of the Stockholders' Meeting held on October 15, 2019	100.00%	0.00%	0.00%
Management's Report	100.00%	0.00%	0.00%
Election of Board of Directors			0.00%
Michael C. Cosiquien	100.00%	0.00%	0.00%
Jesus G. Chua, Jr.	100.00%	0.00%	0.00%
Yerik C. Cosiquien	100.00%	0.00%	0.00%
Irving C. Cosiquien	100.00%	0.00%	0.00%
Michelle Joan G. Tan	100.00%	0.00%	0.00%
Mathew-John G. Almogino	100.00%	0.00%	0.00%
Alfred S. Jacinto	100.00%	0.00%	0.00%
Erwin Terrell Y. Sy	100.00%	0.00%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Adjournment	100.00%	0.00%	0.00%

The following directors and officers were present during the 2021 ASM:

Mr. Michael C. Cosiquien	-	Chairman
Mr. Jesus G. Chua, Jr.	-	Vice Chairman/Director
Mr. Yerik C. Cosiquien	-	Director
Ms. Michelle Joan G. Tan	-	Director
Mr. Mr. Erwin Terrell Y. Sy	-	Director
Mr. Alfred Jacinto	-	Independent Director
Mr. Mathew-John Gonong Almogino	-	Independent Director
Ms. Allesandra Fay V. Albarico	-	Compliance Officer and Chief Information Officer
Mr. Manuel Z. Gonzalez	-	Corporate Secretary

The stockholders who attended the 2021ASM in person and by proxy represent 175,431,182 common shares, constituting 67.00% of the total outstanding capital stock of the Company as of record date.



## 2. Acts of the Board of Directors

At the annual meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and Philippine Stock Exchange. Since the last stockholders' meeting on October 20, 2021, the Board of Directors has authorized several transactions which are pursuant to the Corporation's ordinary course of business.

### **ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Company for their approval in accordance with the requirements of the Revised Corporation Code.

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

### **ITEM 17. OTHER PROPOSED ACTIONS**

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the annual meeting.

### **ITEM 18. VOTING PROCEDURES**

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

In case of election of directors, each stockholder is entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done *viva voce*, by show of hands, or by balloting. During the last stockholders' meeting held on October 20, 2021, votes were cast by viva voce and balloting (for those that voted through proxy) counted in the manner prescribed herein.

For this year's annual stockholders' meeting, the Company has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or their personal attendance at the meeting. (Section 7 of the By-Laws).

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO THE INVESTOR RELATIONS OFFICE AT THE 6<sup>TH</sup> FLOOR, HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY.

## SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on October 20, 2022 .

**FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INCORPORATED)**

By:

**MANUEL Z. GONZALEZ**  
Corporate Secretary

**Ferronoux Holdings, Inc.**

**MANAGEMENT REPORT  
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting  
On November 14, 2022**

**I. Financial Statements**

The Audited Financial Statements of Ferronoux Holdings, Inc. (the Company) for the years ended December 31, 2021 and 2020 are attached to this report.

**II. Information on Independent Accountants and other Related Matters**

The Company's financial statements for the years ended December 31, 2021 and 2020 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

Ms. Belinda B. Fernando is the Company's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the periods or any subsequent interim period.

There were no disagreements with Reyes Tacandong & Co on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2021 and 2020 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 325,000 in 2021 and Php 370,000 2020 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2021 and 2020.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2021 and 2020. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2021	2020
Audit and Audit-Related Services	<b>₱340,691</b>	<b>₱409,217</b>

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2021:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	340,691

Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

### III. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on the audited financial statements as at December 31, 2021 and 2020, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

*Impact of COVID-19 (Coronavirus Disease 2019).* The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at December 31, 2019, management believes that the effect on the Company's operations and financial performance is not significant.

*Assignment of Note Receivable.* On June 26, 2020, the Company's board of directors approved the assignment of the note receivable from Sunprime Finance Incorporated ("SFI") with carrying amount of P132.7 million as at December 31, 2019 in exchange for certain receivables of Michael C. Cosiquien, a stockholder of ISOC Holdings, Inc. ("ISOC"), arising from his advances in favor of the Parent Company in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and the stockholder, with conformity of ISOC and SFI, entered into a Deed of Assignment covering the note. As a result of the transaction, the Company reclassified the note receivable to "Due from a related party" account. The corresponding disclosures on this transaction have been made to the PSE on June 26, 2020 and June 30, 2020. Additionally, in compliance with SEC Memorandum Circular No. 10, Series of 2019, an advisement report on the material related party transaction was filed with the SEC on July 1, 2020.

#### Summary Financial Information

The financial statements as at December 31, 2021, 2020 and 2019 for the years ended December 31, 2021, 2020 and 2019 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2021, 2020 and 2019

**Summary of Income Statement:**

	Years Ended December 31		
	2021	2020	2019
INCOME	3,387,416	4,595,918	6,687,704
EXPENSES	(2,398,661)	(1,798,860)	(2,264,019)
OTHER CHARGES - NET		3,174,905	(3,916,127)
INCOME BEFORE TAX	988,755	5,971,963	507,558
PROVISION FOR (BENEFIT FROM) INCOME TAX	(543,672)	1,690,157	1,598
NET INCOME	1,532,427	4,281,806	505,960
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	1,532,427	4,281,806	505,960
BASIC AND DILUTED EARNINGS PER SHARE	0.006	0.016	0.002

**Summary of Balance Sheet:**

	December 31		
	2021	2020	2019
<b>ASSETS</b>			
Current Assets	2,602,301	2,525,823	135,894,004
Noncurrent Assets	144,699,885	140,485,208	-
	147,302,186	143,011,031	135,894,004
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities	8,483,215	5,973,482	4,782,626
Noncurrent Liability	1,893,360	1,644,365	-
	10,376,575	7,617,847	4,782,626
<b>Equity</b>	136,925,611	135,393,184	131,111,378
	147,302,186	143,011,031	135,894,004

## Summary of Net Cash Flows:

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	(57,662)	(753,468)	877,774
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,662)	(753,468)	877,774
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	198,400	951,868	74,094
CASH AND CASH EQUIVALENTS AT END OF YEAR	140,738	198,400	951,868

### 2021 vs. 2020

#### Results of operations:

	Audited		Increase (Decrease)	
	2021	2020	Amount	%
	<i>(In PhP millions)</i>			
Income	<b>₱3.39</b>	₱4.60	(₱1.21)	(26%)
Expenses	<b>2.40</b>	1.80	0.60	20%
Other (Income)	<b>0.00</b>	3.17	(3.17)	(100%)
Charges - net				

**Income** decreased by ₱1.21 million or 26% as compared last year due to lower computed accretion upon maturity and assignment notes receivable in June 2021.

**Expenses** increased by ₱0.60 million or 20%. Changes in the expense accounts for the year ended December 31, 2021 versus the same period last year are as follows:

- Increase in professional fees by .77 mainly due to increase on retainers fees.
- Decrease in outside services by ₱0.11 million mainly due to additional technical support availed for Company's website.
- Decrease in other expenses by ₱.05 million incurred this year.

**Other (income) charges - net** decreased by 100% or ₱3.17 million mainly attributed to recognition of day 1 gain on due from a related party.

## Financial Position

	Audited		Increase (Decrease)	
	2021	2020	Amount	%
	<i>(in PhP Millions)</i>			
<b>Assets</b>	<b>₱147.30</b>	<b>₱143.01</b>	<b>₱4.29</b>	<b>3%</b>
<b>Liabilities</b>	<b>10.38</b>	<b>7.62</b>	<b>2.76</b>	<b>36%</b>
<b>Stockholders' Equity</b>	<b>136.93</b>	<b>135.39</b>	<b>1.54</b>	<b>1%</b>

### Assets

The total assets of the Company increased by ₱4.29 million or 3% from ₱143.01 million as at December 31, 2020 to ₱147.30 million as at December 31, 2021. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

### Liabilities

As at December 31, 2021, the total liabilities of the Company increased by ₱2.76 million or 36% from ₱7.62 million as of December 31, 2020. The increase was due to the recognition of deferred tax liabilities on the day 1 gain and advances made by IHI which are subject to reimbursement.

### Stockholders' Equity

As of year-end 2021, the stockholders' equity increased by ₱1.54 million from ₱135.39 million as at December 31, 2020 to ₱136.93 million as at December 31, 2021. The increase was mainly attributable to the net income in 2021.

**Explanations for the material changes in the Company's accounts between 2020 and 2019 are as follows:**

### Results of operations:

(In PhP millions)

	Audited		Increase (Decrease)	
	2020	2019	Amount	Percentage
Income	₱4.60	₱6.69	(₱2.09)	31%
Expenses	1.80	2.26	(0.46)	20%
Other Charges	3.17	(3.92)	7.09	181%

Income decreased by ₱2.09 million or 31% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses decreased by ₱0.46 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.



- Decrease in other expenses by ₱0.12 million incurred this year.

Other charges - net increased by 181% or ₱7.09 million mainly attributed to higher provision for expected credit loss this year versus last year.

### Financial Position:

(In Php millions)

	Audited		Increase (Decrease)	
	2020	2019	Amount	Percentage
Assets	₱143.01	₱135.89	₱7.12	5%
Liabilities	7.62	4.78	2.84	59%
Shareholders' Equity	135.39	131.11	4.28	3%

### Assets

The total assets of the Company increased by ₱7.12 million or 105% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the accretion of interest on note receivable.

### Liabilities

As at December 31, 2020, the total liabilities of the Company increased by ₱2.84 million or 159% from ₱4.78 million as of December 31, 2019. The increase was due to the advances by ISOC Holdings, Inc. which are subject to repayment.

### Shareholders' Equity

As of year-end 2020, the stockholders' equity increased by ₱4.28 million from ₱131.11 million as at December 31, 2019 to ₱135.39 million as at December 31, 2020. The increase was mainly attributable to the net income in 2020.

**Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:**

### Results of operations

Income increased by ₱0.14 million or 2% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses increased by ₱0.64 million or 140%. Changes in the expense accounts for the year ended December 31, 2019 versus the same period last year are as follows:

- Increase in professional fees by ₱0.57 million is mainly due to higher retainer fees this year as compared to last year.
- Decrease in representation by ₱0.17 million is mainly attributable to decrease in meeting expenses.
- Increase in taxes and licenses by ₱0.27 million is mainly due to higher taxes and licenses incurred this year versus last year.
- Decrease in outside services by ₱0.17 million is mainly attributable to fewer services outsourced during the year as compared last year.

Other charges - net increased by 26% or ₱0.81 million since there is no loss on modification of terms of notes receivable recognized this year.

## Financial Position

### Assets

The total assets of the Company increased by ₱3.59 million or 103% from ₱132.30 million as at December 31, 2018 to ₱135.89 million as at December 31, 2019. The increase is mainly due to the accretion of interest on note receivable.

### Liabilities

As at December 31, 2018, the total liabilities of the Company increased by ₱3.09 million or 182% from ₱1.69 million as at December 31, 2018. The increase was due to the advances by ISOC Holdings, Inc. in 2018 which are subject to repayment.

### Shareholders' Equity

As of year-end 2019, the stockholders' equity increased by ₱0.51 million from ₱130.61 million as at December 31, 2018 to ₱131.11 million as at December 31, 2019. The increase was mainly attributable to the net income in 2019

### Key Performance Indicators

	9	20	1
Return on Assets	0.4%	3%	1%
Return on Equity	0.4%	3%	1%

1. Return on assets (ROA) was computed based on the ratio of net income (loss) to average assets
2. Return on equity (ROE) was computed based on the ratio of net income (loss) to average equity

## IV. Brief Description of the General Nature and Scope of the Business

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2019 and 2018, 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

On November 27, 2017, ISOC Holdings, Inc. (ISOC) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to 67% interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

On February 6, 2018, the Securities and Exchange Commission (SEC) approved the amendment of the Company's Articles of Incorporation to change its corporate name to

Ferronoux Holdings, Inc. and change its primary purpose to that of a holding company. As a result, the Company likewise changed its stock symbol to “FERRO”.

On June 8, 2018, the Board of Directors approved the change in the Company’s principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to “Due from a related party” account.

### **Status of Operations**

The Company ceased its lending activities in 2015 and is today focused on acquiring majority stake in operating businesses that meet the Company’s investment criteria. The Company is in discussions with potential targets, as well as with financing institutions to complement the Company’s new shareholder’s capital. Management is considering implementing changes in the Company’s business structure and operations to take advantage of opportunities arising from these discussions.

## **V. DESCRIPTION OF PROPERTY**

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

## VI. BUSINESS TRANSACTIONS WITH RELATED PARTIES

The Company's advances from its Parent Company as at December 31, 2021 and 2020 are as follows:

	Nature of transactions	Transactions during the Period/Year		Outstanding Balance	
		2021	2020	2021	2020
<b>Due from a Related Party</b>					
Parent Company	Assignment of note receivable		132,714,385	132,714,385	132,714,385
	Day 1 difference		6,075,276	4,264,396	5,481,216
			138,789,661	138,978,781	138,195,601
<b>Interest Receivable</b>					
Parent Company	Interest income	4,604,236	2,289,607	7,721,104	2,289,607
<b>Due to a Related Party</b>					
Parent Company	Advances for working capital requirements	2,060,922	1,024,835	7,314,007	5,253,085

The Company has advances from ISOC Holdings, Inc. for working capital purposes.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

## VII. EMPLOYEES

As at December 31, 2021, the Company has no regular employees. The financial and administrative functions of the Company are currently being handled by the employees of the Parent Company.

## VIII. PLAN OF OPERATION

The Company, under its new name and purpose, plans to make investments, whether in existing companies or new ventures, with high potential value to build its portfolio.

## IX. STATUS OF OPERATIONS

The Company has no significant operational activity.

## X. DIVIDENDS

The Company has not paid dividends for the years 2021 and 2020.

**Management's Discussion and Analysis of Financial Condition and Results as at June 30, 2022 and for the six months period ended June 30, 2022 with comparative audited figures as at December 31, 2021**

The unaudited financial statement of Ferronoux Holdings, Inc. as at June 30, 2022 and for six months period ended June 30, 2022 with comparative audited figures as at December 31, 2021 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

**Summary of Balance Sheet as at June 30, 2022 and December 31, 2021:**

			June 30, 2022 vs. Dec. 31, 2021	
	June 30, 2022 (Unaudited) (P'000)	Dec. 31, 2021 (Audited) (P'000)	Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
Current assets	<b>P2,983</b>	P2,602	P381	15%
Noncurrent assets	<b>146,355</b>	144,700	1,655	1%
Total Assets	<b>P149,388</b>	P147,302	P2,036	1%
Current liabilities	<b>P9,693</b>	P8,483	P1,210	14%
Noncurrent liabilities	<b>1,893</b>	1,893	–	–
Total Liabilities	<b>11,586</b>	10,377	1,210	12%
Stockholders' Equity	<b>137,752</b>	136,926	826	1%
Total Liabilities and Equity	<b>P149,338</b>	P147,302	P2,036	1%

**Summary of Income Statements for the six-month period ending June 30, 2022 and 2021:**

	For the six-month period ending June 30		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2022 (P'000)	2021 (P'000)	(P'000)	(%)
Interest income	<b>P1,655</b>	<b>P1,697</b>	(P42)	(2%)
Other income	–	–	–	–
Total income	<b>1,655</b>	<b>1,697</b>	(42)	(2%)
Operating expenses	<b>(829)</b>	<b>(733)</b>	56	7%
Other expense	–	–	–	–
Income before tax	<b>826</b>	<b>924</b>	(98)	(11%)
Tax expense	–	–	–	–
Net income (loss) for the period	<b>P826</b>	<b>P924</b>	(P98)	(11%)

**Summary of Statements of Cash Flows for the six-month period ending June 30, 2022 and 2021.**

	For the six-month period ending June 30		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2022 (P'000)	2021 (P'000)	(P'000)	(%)
Cash used in operating activities	<b>P310</b>	<b>P522</b>	(P212)	(41%)
Cash at the beginning of period	<b>141</b>	<b>198</b>	(57)	(29%)

Cash at the end of period	<b>₱451</b>	<b>₱720</b>	<b>(₱269)</b>	<b>(37%)</b>
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## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

On March 6, 2015, the Board of Directors (BOD) approved the change of the Company's principal purpose to a holding company, including investment in mining and smelting operations as secondary purpose.

On June 26, 2015, the company disclosed that on June 25, 2015 Mr. Tony O. King and his family have sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱1.53 per share.

On April 20, 2015, the shareholders approved the change in the Company's primary purpose from leasing and finance to that of a holding company, and adding as a secondary purpose, mining and smelting operations, and the amendment of the Company's Articles of Incorporation to reflect the changes in the primary and secondary purposes. On December 18, 2015, the stockholders approved the amendment of the Articles of Incorporation to change its corporate name from AG Finance Incorporated to Ferronoux Metals Refinery Inc., change of principal address from Unit 2205-A, East Tower Philippine Stock Exchange Center Exchange Road, Ortigas Center, Pasig City to 16th Floor Citibank Tower, Paseo de Roxas, Makati City and to increase the number of directors from 7 to 9 and Amendment of the Corporation's By Laws to increase the number of directors from 7 to 9, change the date of the Annual Meeting from last Friday of June to last Wednesday of May as stated in Article II Section 1, change of stock symbol from AGF to FMR, election of the directors and appointment of Reyes Tacandong & Co. as the Corporation's external auditor. On April 7, 2017, the Board approved the change of Corporate name to Ferronoux Holdings, Inc. subject to approval of the shareholders. On December 11, 2017, the stockholders approved the change in the primary purpose of the Company from leasing and finance to that of a holding company, and the change of the corporate name to Ferronoux Holdings, Inc. On February 6, 2018, the Securities and Exchange Commission approved the amendment of the Company's Articles of Incorporation and By-Laws to reflect its new corporate name and the change in the primary purpose.

On June 30, 2015, the Company ceased its lending activities.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

### **Results of Operation**

The following discussion and analysis is based on the unaudited interim financial statements for six months and three months period ending June 30, 2022 and 2021.

### **Six Months Ended June 30, 2022 Compared with the Six Months Ended June 30, 2021 (Increase/Decrease of 5% or More)**

#### *Interest Income*

Interest income was ₱1.66 million for the six-month period ending June 30, 2022 compared to ₱1.70 million for the same period in 2021. The interest earned in 2021 and 2020 pertains to the due from a related party.

#### *Operating expenses*

Expenses increased by ₱0.06 million or 7% as at June 30, 2022. Changes in the expense accounts for the six-month ending June 30, 2021 versus the same period last year is attributable to the increase in retainers fee by P0.05

### **Three Months Ended June 30, 2022 Compared with the Three Months Ended June 30, 2021 (Increase/Decrease of 5% or More)**

#### *Interest Income*

Interest income were ₱0.83 million for the three months ended June 30, 2022 compared to ₱0.84 million for the same period in 2021. The interest earned in 2021 and 2020 pertains to the due from a related party.

#### *Other Operating Expenses*

Expenses were ₱0.2 million for the three months ended June 30, 2022 compared to ₱0.4 million for the same period in 2021, a decrease of ₱0.2 million or 50%.

#### Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2022 compared to December 31, 2021 are as follows:

- Total assets were ₱149.3 million as at June 30, 2022 compared to ₱147.3 million as at December 31, 2021, an increase of ₱2 million or 1%. The increase is mainly due to the accretion of interest on due from a related party.
- Total liabilities increased by ₱1.2 million or 12% from ₱10.4 million as at December 31, 2021 to ₱11.6 million in the current period mainly due to additional advances from a related party.
- Total equity increased by ₱0.8 million or 1% mainly due to the recognition of interest income for the six-month period ending June 30, 2022.

#### Statements of Cash Flows

The net cash generated from operating activities amounted to ₱0.3 million for the six-month period ending June 30, 2022 compared to net cash generated from the same period in 2021 amounting to ₱0.5 million.

The cash as at June 30, 2022 and December 31, 2021 amounted to ₱0.5 million and ₱0.1 million, respectively.

#### Horizontal and Vertical Analysis:

	June 30, 2022	December 31, 2021	Increase (Decrease)
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	(Unaudited)	(Audited)	Amount	Percentage
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	<b>₱450,515</b>	₱140,738	₱ 309,777	220%
Other current assets	<b>2,532,640</b>	2,461,563	71,077	21%
Total Current Assets	<b>2,983,155</b>	2,602,301	380,854	15%
<b>Noncurrent Assets</b>				
Due from a related party	<b>136,369,215</b>	136,978,781	(609,566)	(0%)
Interest receivable	<b>9,985,688</b>	7,721,104	2,264,584	29%
Total Noncurrent Assets	<b>146,354,903</b>	144,699,885	1,655,018	1%
	<b>₱149,338,058</b>	₱147,302,186	₱2,035,872	1%
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accrued expenses and other current liabilities	<b>₱ 9,692,871</b>	₱ 8,483,215	₱ 1,209,656	14%
<b>Noncurrent Liabilities</b>				
Deferred tax liabilities	<b>1,893,360</b>	1,893,360	–	0%
Total Liabilities	<b>11,586,231</b>	10,376,575	1,209,656	12%

<b>Equity</b>				
Capital stock	<b>261,824,002</b>	261,824,002	–	–
Additional paid-in capital	<b>74,277,248</b>	74,277,248	–	–
Deficit	<b>(198,349,423)</b>	(199,175,639)	826,216	0%)
Total Equity	<b>137,751,827</b>	136,925,611	826,216	1%
	<b>₱ 149,338,058</b>	₱ 147,302,186	₱2,035,872	1%

## FINANCIAL INDICATORS

	June 30, 2022	June 30, 2021	December 31, 2021
Net Income	₱826,216	₱924,243	₱1,532,427
Quick Assets	450,515	719,851	140,7380
Current Assets	2,983,155	3,196,651	2,602,301
Total Assets	149,338,058	145,379,306	147,302,186
Current Liabilities	9,692,871	7,417,514	8,483,215
Total Liabilities	11,586,231	9,061,879	10,376,575
Stockholders' Equity	137,751,827	136,317,427	136,925,611
Number of Common Shares Outstanding	261,842,002	261,842,002	261,842,002

Current Ratio (1)	0.31	0.43	0.31
Debt to Equity Ratio (2)	0.08	0.07	0.08
Asset to Equity Ratio (3)	1.08	1.07	1.08
Return on Assets (4)	0.6%	64%	1%



Return on Equity (5)	0.6%	68%	1%
Book Value per Share (6)	₱0.53	₱0.52	₱0.52
(1)	<i>Current assets divided by current liabilities</i>		
(2)	<i>Total liabilities divided by equity</i>		
(3)	<i>Total assets divided by equity</i>		
(4)	<i>Net income divided by average assets</i>		
(5)	<i>Net income divided by average equity</i>		
(6)	<i>Total common stockholder's equity divided by number of common shares</i>		

## OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.
- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that has a material effect on the financial condition or results of operation.

## PART II - OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

### PART III - FINANCIAL SOUNDNESS INDICATORS

#### Liquidity Ratio

- a. Current Ratio  
 $\text{Total Current Assets} / \text{Total Current Liabilities} = 0.31$
- b. Quick Ratio  
 $\text{Quick Assets} / \text{Total Current Liabilities} = 0.46$

#### Solvency Ratio

- a. Debt Ratio  
 $\text{Total Liabilities} / \text{Total Assets} = 0.08$
- b. Debt to Equity Ratio  
 $\text{Total Liabilities} / \text{Shareholder's Equity} = 0.08$

#### Profitability Ratio

- a. Return on Equity  
 $\text{Net Income} / \text{Average Shareholder's Equity} = 0.60\%$
- b. Return on Assets  
 $\text{Net Income} / \text{Average Total Assets} = 0.60\%$
- c. Asset to Equity Ratio:  
 $\text{Total Assets} / \text{Ave. Stockholders' Equity} = 1.08$
- d. Asset Turnover  
 $\text{Revenue} / \text{Total Assets} = 0\%$

#### Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on October 18, 2022 is Php1.80.

The high and low prices for each quarter of 2021 and 2020 are provided below.

Quarter	Stock	High	Low
1Q 2021	FERRO	6.10	2.95
2Q 2021	FERRO	3.49	2.82
3Q 2021	FERRO	3.62	2.83
4Q 2021	FERRO	3.59	3.19
1Q 2022	FERRO	3.32	2.30
2Q 2022	FERRO	2.83	2.11
3Q 2022	FERRO	2.20	1.79

The stockholders of the Company as at September 30, 2022 is provided in the report of the stock and transfer agent attached hereto as **Appendix 2**.

#### Dividends

The Corporation did not declare any dividends for the last two fiscal years.

The payment of dividends in the future will depend upon the Corporation's earnings, cash flow and financial condition, among other factors. The Corporation may declare dividends

only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Corporation, with its capital unimpaired, which are not appropriated for any other purpose.

The Corporation may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

### **Recent Sales of Unregistered Securities**

The Corporation has not undertaken any sale of unregistered or exempt securities, or issued securities constituting an exempt transaction.

## **CORPORATE GOVERNANCE**

### **1. Evaluation System**

In line with the Company's Revised Manual of Corporate Governance, the Board has a policy of self-assessment which it endeavors to implement, covering an annual self-assessment of the Board's performance as a whole, as well as self-assessments by individual members and committees. There is a minimum set criteria and process to determine the performance of the Board, individual directors, and committees. The Board also has in place a performance management framework that ensures Management's performance is at par with standards set by the Board, as well as an internal control system to monitor and manage potential conflicts of interest within Management, among others.

### **2. Measures on leading Practices of Good Corporate Governance**

The Board of Directors shall review the Revised Manual of Corporate Governance from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

### **3. Deviations from the Revised Manual on Corporate Governance**

The Company has not recorded any deviation from its Revised Manual on Corporate Governance.

### **4. Improvement of the Corporate Governance**

As of date, the Company has limited business and operations. The Company is in the process of reviewing its options with respect to structure for investments that would be optimal for its plans, either directly as an operating company or indirectly as a holding company. As of the date of this report, no definite plan has been finalized. Considering the foregoing, efforts to fully comply with leading practices on corporate governance and plans to improve policies therein are still evolving.