



Green Sun Hotel Lobby

SGI ANNUAL REPORT 2020

Solid Group Inc.

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MESSAGE OF THE CEO

As it was for our country and the world, 2020 was one of the most difficult years in history due to the Covid-19 global pandemic. With the Philippine economy shrinking by a record 9.5%, business losses and human costs in terms of jobs and lives were staggering. Extended lockdowns with restrictions on non-essential activities and travel brought the economy to a standstill. In both work and home environment, dramatic changes have and continue to take place as people and organizations cope, adjust, overcome setbacks, find solutions and explore new opportunities.

Despite the challenges posed by the pandemic and other issues, we are confident that the end or at least the control of the pandemic is in sight with vaccines becoming increasingly available. We are encouraged by the resilience of our people including our employees, business partners and customers.

Here are key points of how our company Solid Group Inc or SGI managed in 2020 and into 2021.

- Our company reported a decline of 56% in our consolidated revenues of p1.2 billion pesos in 2020 from 2.6 billion pesos in 2019. The downward revenue trend was due to the general slowdown in all business segments and the shift in the business model of MyPhone in the face of tough competition in the mobile phone industry. Despite our dismal performance in revenue, SGI's Consolidated Net Income achieved ₱223 million, just slightly lower than 2019's achievement of ₱226million. Main contributors were Property and Related Services and Technical Support and Solutions segments led by Solid Manila Corp. and Omni Solid Services Inc. respectively.
- The Covid crisis affected our hospitality business. Restrictions on travel and gatherings severely impacted Green Sun's operations. While Casa Bocobo Hotel remained in operation as a quarantine hotel for seafarers for most of 2020, Green Sun Hotel & Events closed for renovations in 2020 and resumed limited operations in 2021 mainly as a quarantine facility for returning Filipinos from abroad. Both hotels streamlined operations and manpower while strictly complying with all government mandated Covid protocols.
- The shutdown of transportation across borders and periodic lockdowns disrupted the operations of our SolidService network of repair branches nationwide. Moreover, our professional and broadcast solutions company SVC or Solid Video Corp. was negatively impacted by the shutdown of the entertainment industry as well as the nonrenewal of the franchise of ABS-CBN, one of its prime clients. Amidst these setbacks, SVC built a fully equipped green screen virtual studio to cater to its clients' production needs. Moreover, OMNI's logistics, manufacturing and product-testing services delivered exemplary client service despite multiple COVID challenges.

SOLID GROUP INC. Business Segment Listing

Distribution

Digital Mobile: MySolid Technologies & Devices Corporation. (MyPhone),

Modular Structure: Solid Group Technologies Corporation . (MyHouse)

Property & Related Services:

Property Management: Solid Manila Corporation, Precos Inc.

Condo Operation: Zen Towers Corporation,

Hotel & Venue: Green Sun Hotel Management Inc. Casa Bocobo Hotel Inc.

Technical Support & Solutions

After-Sales Service: Solidservice Electronics Corporation,

Logistics & Technical Services : Omni Solid Services Inc,

Broadcast & Professional Solutions: Solid Video Corporation.

Investments & Others

Financing : Solid Manila Finance Inc.

Investing: Solid Group Inc. MyApp Corporation, Fekon Solid Motorcycle Mfg Corporation.

- One of the bright spots for SGI during the pandemic came from MyHouse which was able to realize the sale and construction of over 100 sets of modular structures to the city of Taguig for urgently needed covid isolation and treatment facilities towards the end of 2020 and early 2021.
- Leasing Income of the Property and Related Services segment was drastically reduced due to the granting of substantial discounts to tenants who were closed or operating minimally during most of 2020 with some even extending to 2021. Looking ahead, we are currently working towards a significant development project that is expected to add value to our landholdings.
- SGI's financial position in 2020 remained strong, supporting future growth and expansion opportunities. Total assets were at p12.3 billion and retained earnings at p3.9billion in 2020, both improved from the previous year. SGI maintained high liquidity with a current ratio of 13:1 and kept its debt- to-equity ratio low at .13:1. Overall performance was sustained by prudent cost saving initiatives, stricter business controls and rationalized investments.
- SGI's CSR (corporate social responsibility) efforts include providing free dormitory housing and meals for medical frontliners in MyRainbowPlace Quezon City, the Solvida Community Pantry outreach for Barangay Tatalon QC in support of Tanging Yaman Foundation, and our 5th year of giving college scholarships to deserving students from the provinces through Caritas Manila.
- In addition to these community actions, we supported our employees by extending financial aid, flexible work from home, compressed work week and stay-in arrangements, shuttle service while strictly implementing IATF's health and safety protocols.

SGI looks to the future with optimism as we execute our plans to recover from the pandemic, innovate new ways, embrace changing lifestyles and technologies. We will continue investing to create meaningful offerings and to cultivate trusted partnerships. Our goal, as always is to create greater value for all our stakeholders.

My most sincere appreciation to our SGI family who have worked and sacrificed tirelessly over the past year through lockdowns and difficulties, and are facing tough challenges. Together, let us not just go back to normal but emerge more efficient, more innovative and stronger than ever.

We thank you, our shareholders for your continued faith and support.
Maraming Salamat Po.



Susan L. Tan
CEO

DISTRIBUTION

REVENUE: ₱205 million

NET LOSS: ₱71 million



The MyPhone business of the distribution segment operating under MySolid Technologies and Devices Corporation (MySolid) reported a revenue drop of 84% to ₱173 million in 2020 from ₱1.09 billion in 2019. This drastically reduced revenue resulted from the shift in business model to earning service income from sales to third party distributors. Myphone's recorded net loss of ₱78 million in 2020 was tapered by 71% from its ₱270 million net loss in 2019.

The Covid pandemic crisis aggravated MySolid's already difficult situation as one of its key distributors withdrew in the second half of 2020. Another setback is the shortage of semiconductor components affecting its ODM suppliers' ability to provide competitive products. The management of MySolid is assessing its business prospects and considering various initiatives to revive its operation with new business directions.

The MyHouse business under SGTC generated a gross revenue in 2020 recorded a 65% increase to ₱48 million pesos from ₱29 million pesos in 2019. This resulted in a net income of ₱7 million as it delivered and installed over 100 modular units for quarantine and treatment facilities to the City of Taguig. For 2021, MyHouse is projecting ₱100 million in revenues due to an increasing demand from the government sector for quarantine and health facilities as well as from the private sector for commercial and residential modular structures. With improved technology and quality of its modular components and structure, the Myhouse team aims for greater operational efficiency to reduce time and cost for the benefit of its clients.

The Property & Related Services Segment continues to be a key economic driver of the company. This business segment contributed ₱238 million in revenue from ₱413 million and ₱378 million in 2019 and 2018, respectively. Net Income decreased by 24% to ₱237 million from ₱313 million in 2019, from ₱302 million in 2018.

Leasing operation was affected due to limited operating hours of tenants and poor overall economic conditions due to the pandemic. The company granted discounts to numerous tenants as support during temporary closure under government mandated lockdowns. However there is optimism that traditional demand drivers will return and keep hospitality and other affected businesses afloat by the last quarter of 2021.

Solid Manila Corporation contributed ₱178 million in 2020 and net profit of ₱247 million (including fair value gains on investment property). Its construction projects were temporarily put on hold including a 5-story hotel in Dagupan and a mixed-use hi-rise project in Manila due to COVID-19 concerns. Meanwhile SMC is actively pursuing to rent out several of its properties.

Zen Towers Corporation's Tower 3 commercial project intended for commercial and office lease with an estimated investment cost of ₱500 million was also pushed back due to the uncertainty brought about by the pandemic. It recognized revenue of ₱43 million and net income of ₱27 million in 2020.

The hospitality industry was one the pandemics hardest hit sectors. Recurring and persistent conditions such as community lockdowns, social distancing restrictions, ban on tourist travel, limits on social gatherings, stay-at-home orders, take-out only or limited outdoor areas for restaurants etc all contributed to the closure both temporary and permanent of many hotels and restaurants.

The hotel and events operations in 2020 contributed ₱59 million in revenue – 64% lower than the ₱168 million revenue in 2019. Our budget hotel in Manila was able to bounce back after transforming into a quarantine hotel for seafarers delivering a slightly lower net income of ₱4.6 million in 2020 from the ₱6.9 million of the previous year. Green Sun on the other hand, whose events business was decimated due to the ban on mass gatherings – took the opportunity to renovate while waiting for business conditions to improve. Sadly, the business suspensions caused 75% of its employees to be retrenched. Additional expenses were incurred to comply with government mandated protocols to ensure the health and safety of employees and customers through the frequent disinfection of facilities and periodic COVID19 testing. Hotel operation of Green Sun is forecasted to break-even in 2021.

PROPERTY & RELATED SERVICES

Revenue: ₱238 million
Net Profit: ₱237 million



TECHNICAL SUPPORT & SOLUTIONS

REVENUE: ₱577 million
NET INCOME: ₱23 million



The Technical Support and Solutions segment experienced set-backs when community quarantines were implemented which resulted in reduced business activities and lost opportunities. However, it remains to be a consistent major contributor in creating value through combination of profitability and operational efficiency. It generated ₱577 million in revenues compared to ₱972 million in 2019 and net income of ₱23 million, from ₱92 million in 2019.

Financial performance in 2020 for Solid Video Corporation (SVC) recognized revenues of ₱116 million declining by 73% from ₱423 million in 2019 and ₱274 million in 2018 with net loss of ₱17 million in 2020 from ₱25 million net profit of the previous year. The pandemic caused the cancellation of several major projects from networks and other clients. With COVID heavily affecting the LIVE production industry, SVC endeavoured to use their core strengths to design and integrate the GreenSun virtual studio. The studio is equipped with professional production equipment and uses a state-of-the-art virtual production platform which is aimed at helping content creators in the field of broadcast, streaming, commercial production and even film. SVC aims to reach ₱300 million in revenue and revert back to profitability in 2021.

Omni Solid Services Inc.(OMNI) realized revenues of ₱355 million, weaker by 12% from ₱402 million in 2019 and ₱362 million in 2018 mainly from business interruption during ECQ. Its net income posted a decline of 22% to ₱50 million in 2020 from ₱64 million and ₱57 million in 2019 and 2018, respectively. As logistics providers can fully operate regardless of IATF quarantine restrictions, OSSl is expected to generate revenue of ₱370 million in 2021.

SolidService Electronics Corporation (SolidService) posted revenue decline to ₱128 million from ₱170 million in 2019 from ₱209 million in 2018. It incurred a net loss of ₱3 million from its net income of ₱2.3 million in 2019 and ₱0.60 million in 2018.

In addition to its main line of business as consumer electronic products and mobile phone after sales service provider, its focus is to strengthen further its other line of business which it started in 2019 for air conditioner installations, repairs and preventive maintenance services. It is now on the works to have additional direct accreditations from one or two more brands to expand its current accreditation as service installer for the brands Gree and Haier aircon units (consumer category), projecting 2021 revenue of ₱180 million.

This segment will contribute to help move the economy through delivery of essential customer services as it remains confident about the growth forecasts amid competition and COVID-19 threat while improving on cost efficiency and growing market share in its areas of operation. In 2021, it aimed to attain a combined revenue of ₱850 million and net income of ₱60 million.

INVESTMENTS & OTHERS

Investment and others segment posted revenue of ₱374 million greater than ₱273 million in 2019 with higher net income of ₱178 million compared to ₱107 million in 2019. The improved revenue and net income was delivered by higher dividends from subsidiaries of ₱200 million in 2020 versus ₱65 million in 2019. Apart from these dividends and impairment loss on investment in subsidiaries, the operating results of this segment weakened to ₱31 million against ₱81 million of the previous year from lower interest earnings on time deposits.

At the latter part of 2019, the Company entered into a partnership with a Chinese motorcycle manufacturer and distributor company to tap the high demand for motorcycles.

CSR ACTIVITIES

SGL continued its response to the COVID 19 pandemic by adhering to the community quarantine guidelines and workplace safety protocols. We continued to provide employees with Financial Assistance, Flexible work from home and shuttle arrangements. Solid Manila continued granting generous rental subsidies to our lessees. Our hotel venues served as quarantine facilities for travelers. Rainbow Place Dormitory in Tandang Sora Quezon City continued its free support to front liners peaking at 230 tenants at the pandemic's height. SGL also hosted a community pantry in the Solvida building in Araneta Avenue and donated sacks of rice to a local barangay in Calamba Laguna. SGL also continued our support to the Caritas Foundation.

VARIOUS PHOTOS OF SGI ACTIVITIES



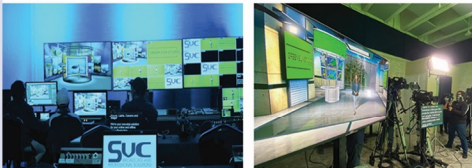
Green Sun Virtual Studio



Taguig City Vaccination Hub Project w/ MyHouse



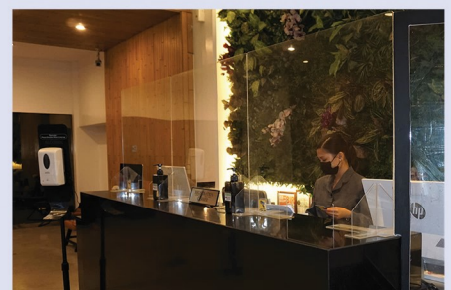
OMNI Manufacturing & Delivery Services



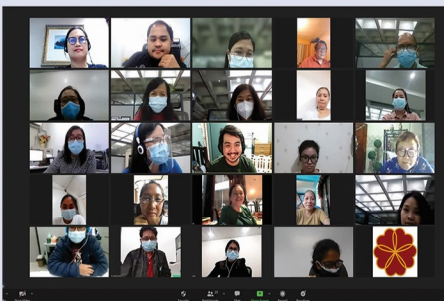
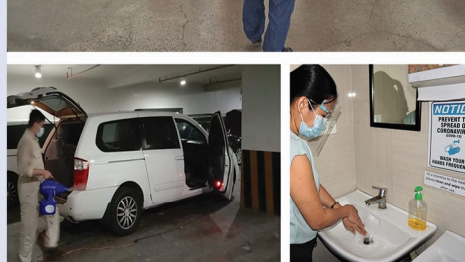
Aircon Installation & Online Repair Training



Office Safety Protocols



Green Sun & Casa Bocobo Hotel Reception



Virtual & Face to Face Meetings



Free Dorms for Frontliners in MyRainbow Place



Community Pantry CSR Activities

BOARD OF DIRECTORS



Jason S. Lim
Chairman of the Board



Susan L. Tan
President & CEO



David S. Lim
SVP & CSO, Director



Quintin W. Chua
Independent Director



Maria G. Goolsby
Independent Director



Vincent S. Lim
SVP & CFO, Director



Beda T. Manalac
SVP, Director



Jonathan Joseph C. Lim
SVP, Director



Kevin Michael L. Tan
VP, Director



Elena S. Lim & Joseph Lim
Chair & Co-Chair Emeritus

CORPORATE OFFICERS



Mellina Corpuz
SVP, Chief Accounting Officer



Lita Joaquin
SVP, Treasurer



Atty. Roberto San Jose
Corporate Secretary



Atty. Ana Katigbak-Lim
Asst. Corporate Secretary



Josephine Santiago
Chief Information Officer



Ericson Salvador
Chief Audit Executive

EXECUTIVE OFFICERS



Abbe Daza
President, OMNI Solid Services, Inc.



Beda Manalac
President, Solid Manila Corp.



Christopher James Tan
President, Solid Video Corp.



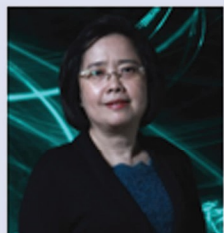
Jonathan Joseph Lim
President, SolidGroup Technologies Corp.



Rudolph Panlilio
Operations Manager
MyHouse



Joji Tan
President, SolidService Electronics Corp.



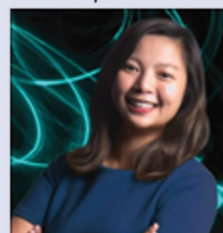
Lita Joaquin
GM, Solid Manila Finance, Inc.



Kevin Tan
VP, MySolid Technologies & Devices Corp.



Anthony Posadas
VP, MyPhone



Michelle Lim
AGM, Hotel Operations

FINANCIAL HIGHLIGHTS

Financial Position

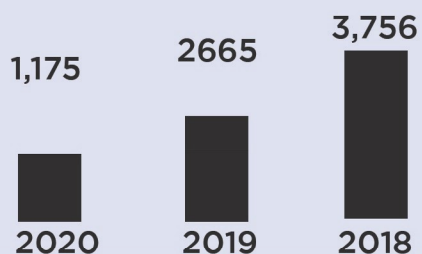
in billion pesos

	2020	2019	2018
Total Assets	12.30	12.12	11.96
Total Liabilities	1.44	1.48	1.41
Total Equity	10.86	10.64	10.55

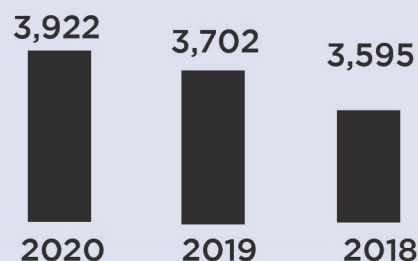
Financial Ratios

	2020	2019	2018
Current Ratio	13.15	10.56	9.82
Net Profit Margin (%)	19	9	7
Book Value per Share	5.76	5.64	5.60
Earning Per Share	0.12	0.12	0.14

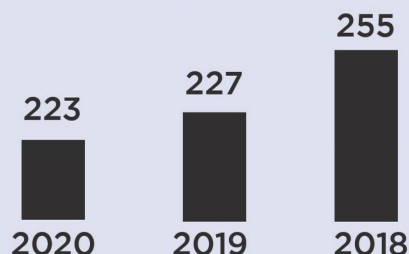
Revenues (in million pesos)



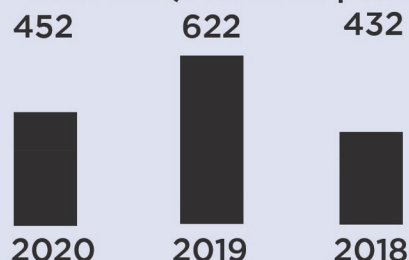
Retained Earnings (in million pesos)



Net Profit (in million pesos)

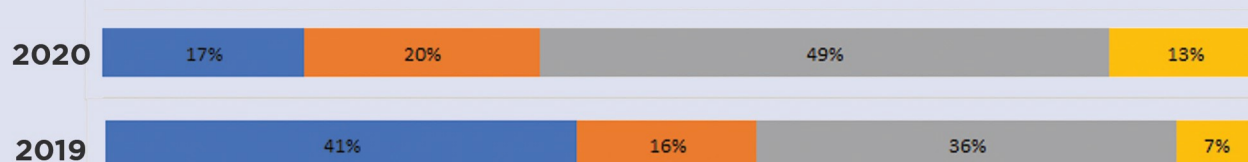


EBITDA (in million pesos)

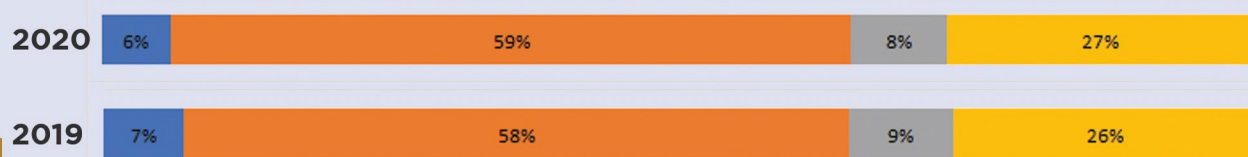


PERCENTAGE SHARE OF BUSINESS SEGMENT

REVENUES



ASSETS



■ DISTRIBUTION ■ PROPERTY & RELATED SERVICES ■ TECHNICAL SUPPORT & SOLUTIONS ■ INVESTMENTS & OTHERS

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 918,335,159	P 3,491,034,266
Short-term placements	5	3,326,476,937	762,445,571
Trade and other receivables - net	6	315,156,350	611,560,303
Advances to related parties	25	21,572,451	9,047,868
Merchandise inventories and supplies - net	8	198,355,670	159,092,598
Real estate inventories - net	9	437,128,195	436,969,424
Other current assets	13	351,459,204	212,104,776
Total Current Assets		<u>5,568,483,966</u>	<u>5,682,254,806</u>
NON-CURRENT ASSETS			
Trade and other receivables - net	6	750,895,379	751,149,201
Financial assets at fair value through other comprehensive income	7	24,100,000	26,100,000
Property and equipment - net	11	1,680,005,586	1,694,291,476
Investment properties - net	12	4,035,019,552	3,740,122,663
Right-of-use assets - net	10	9,549,297	14,762,222
Post-employment benefit asset - net	21	138,381,533	121,642,389
Deferred tax assets - net	22	70,838,052	66,451,507
Other non-current assets - net	13	26,471,792	23,442,559
Total Non-current Assets		<u>6,735,261,191</u>	<u>6,437,962,017</u>
TOTAL ASSETS		<u><u>P 12,303,745,157</u></u>	<u><u>P 12,120,216,823</u></u>

	Notes	2020	2019
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	15	P 397,195,540	P 438,742,850
Customers' deposits	2	15,717,370	12,731,649
Lease liabilities	10	4,150,895	4,880,092
Advances from related parties	25	1,881,570	1,881,570
Interest-bearing loans	14	-	67,956,468
Income tax payable		4,620,256	11,861,258
Total Current Liabilities		423,565,631	538,053,887
NON-CURRENT LIABILITIES			
Refundable deposits	16	28,889,217	23,491,992
Lease liabilities	10	6,370,471	10,483,385
Post-employment benefit obligation	21	27,595,698	33,594,421
Deferred tax liabilities - net	22	961,012,498	873,713,301
Total Non-current Liabilities		1,023,867,884	941,283,099
Total Liabilities		1,447,433,515	1,479,336,986
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	23	2,030,975,000	2,030,975,000
Additional paid-in capital	2	4,641,701,922	4,641,701,922
Treasury shares - at cost	23	(115,614,380)	(115,614,380)
Revaluation reserves - net	23	10,921,262	18,545,180
Retained earnings	23	3,921,769,622	3,701,620,122
Total equity attributable to the Parent Company's stockholders		10,489,753,426	10,277,227,844
Non-controlling interests	2	366,558,216	363,651,993
Total Equity		10,856,311,642	10,640,879,837
TOTAL LIABILITIES AND EQUITY		P 12,303,745,157	P 12,120,216,823

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
REVENUES				
Rendering of services	4, 25, 26	P 572,131,442	P 1,002,844,613	P 712,196,383
Sale of goods	2, 4, 25	276,666,679	1,260,257,164	2,715,142,584
Rentals	4, 12, 25, 27	242,738,137	250,909,722	239,165,721
Interest	5, 6, 25	83,134,829	143,812,108	78,961,388
Sale of real estate	2, 4	-	7,434,374	10,441,071
		<u>1,174,671,087</u>	<u>2,665,257,981</u>	<u>3,755,907,147</u>
COSTS OF SALES, SERVICES, RENTALS AND REAL ESTATE SALES				
	17, 18			
Cost of sales		245,864,891	1,177,968,051	2,399,848,715
Cost of services		442,230,852	717,825,559	553,139,496
Cost of rentals		64,992,451	97,799,308	96,678,793
Cost of real estate sales		-	3,796,170	6,620,959
		<u>753,088,194</u>	<u>1,997,389,088</u>	<u>3,056,287,963</u>
GROSS PROFIT		<u>421,582,893</u>	<u>667,868,893</u>	<u>699,619,184</u>
OTHER OPERATING EXPENSES (INCOME)				
General and administrative expenses	18	339,414,678	396,355,760	466,762,004
Selling and distribution costs	18	41,586,761	172,967,211	310,659,576
Other operating income - net	19	(308,408,291)	(333,405,776)	(339,125,056)
		<u>72,593,148</u>	<u>235,917,195</u>	<u>438,296,524</u>
OPERATING PROFIT		<u>348,989,745</u>	<u>431,951,698</u>	<u>261,322,660</u>
OTHER INCOME (CHARGES) - Net				
	20			
Finance income		48,574,546	95,908,274	88,352,339
Finance costs		(41,876,289)	(28,113,872)	(5,981,560)
Other gains - net		7,401,516	13,034,255	6,791,076
		<u>14,099,773</u>	<u>80,828,657</u>	<u>89,161,855</u>
PROFIT BEFORE TAX		<u>363,089,518</u>	<u>512,780,355</u>	<u>350,484,515</u>
TAX EXPENSE	22	<u>140,033,795</u>	<u>286,215,361</u>	<u>95,979,889</u>
NET PROFIT		<u>P 223,055,723</u>	<u>P 226,564,994</u>	<u>P 254,504,626</u>
Net profit attributable to the:				
Parent Company's stockholders	24	P 220,149,500	P 216,338,757	P 247,055,719
Non-controlling interests		2,906,223	10,226,237	7,448,907
		<u>P 223,055,723</u>	<u>P 226,564,994</u>	<u>P 254,504,626</u>
Basic and diluted earnings per share attributable to the				
Parent Company's stockholders	24	<u>P 0.12</u>	<u>P 0.12</u>	<u>P 0.14</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
NET PROFIT		<u>P 223,055,723</u>	<u>P 226,564,994</u>	<u>P 254,504,626</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss –				
Currency exchange differences on translating financial statements of foreign operations	2, 23	(<u>24,134,481</u>)	(<u>17,022,948</u>)	<u>22,583,761</u>
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post-employment defined benefit plan	21, 23	<u>25,613,280</u>	(8,008,561)	42,312,769
Fair value gains (losses) on financial assets at fair value through other comprehensive income	7, 23	(<u>2,000,000</u>)	(1,000,000)	6,500,000
Tax income (expense)	22, 23	(<u>7,102,717</u>)	<u>2,351,534</u>	(<u>13,657,306</u>)
		<u>16,510,563</u>	(<u>6,657,027</u>)	<u>35,155,463</u>
Other comprehensive income (loss) – net of tax		(<u>7,623,918</u>)	(<u>23,679,975</u>)	<u>57,739,224</u>
TOTAL COMPREHENSIVE INCOME		<u>P 215,431,805</u>	<u>P 202,885,019</u>	<u>P 312,243,850</u>
Total comprehensive income attributable to:				
Parent Company's stockholders		<u>P 212,525,582</u>	P 192,658,782	P 304,794,943
Non-controlling interests		<u>2,906,223</u>	<u>10,226,237</u>	<u>7,448,907</u>
		<u>P 215,431,805</u>	<u>P 202,885,019</u>	<u>P 312,243,850</u>

See Notes to Consolidated Financial Statements.

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Note	Attributable to the Parent Company's Stockholders						Non-controlling Interests	Total Equity
		Capital Stock	Additional Paid-in Capital	Treasury Shares - at Cost	Revaluation Reserves	Retained Earnings	Total		
Balance at January 1, 2020		P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 18,545,180	P 3,701,620,122	P 10,277,227,844	P 363,651,993	P 10,640,879,837
Total comprehensive income (loss) for the year		-	-	-	(7,623,918)	220,149,500	212,525,582	2,906,223	215,431,805
Balance at December 31, 2020		<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 10,921,262</u>	<u>P 3,921,769,622</u>	<u>P 10,489,753,426</u>	<u>P 366,558,216</u>	<u>P 10,856,311,642</u>
Balance at January 1, 2019		P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	P 42,225,155	P 3,594,573,885	P 10,193,861,582	P 353,425,756	P 10,547,287,338
Dividends declared	23	-	-	-	-	(109,292,520)	(109,292,520)	-	(109,292,520)
Total comprehensive income (loss) for the year		-	-	-	(23,679,975)	216,338,757	192,658,782	10,226,237	202,885,019
Balance at December 31, 2019		<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 18,545,180</u>	<u>P 3,701,620,122</u>	<u>P 10,277,227,844</u>	<u>P 363,651,993</u>	<u>P 10,640,879,837</u>
Balance at January 1, 2018		P 2,030,975,000	P 4,641,701,922	(P 115,614,380)	(P 15,608,189)	P 3,457,172,686	P 9,998,627,039	P 345,976,849	P 10,344,603,888
Dividends declared	23	-	-	-	-	(109,292,520)	(109,292,520)	-	(109,292,520)
Derecognition of financial asset at fair value through other comprehensive income		-	-	-	94,120	(362,000)	(267,880)	-	(267,880)
Total comprehensive income for the year		-	-	-	57,739,224	247,055,719	304,794,943	7,448,907	312,243,850
Balance at December 31, 2018		<u>P 2,030,975,000</u>	<u>P 4,641,701,922</u>	<u>(P 115,614,380)</u>	<u>P 42,225,155</u>	<u>P 3,594,573,885</u>	<u>P 10,193,861,582</u>	<u>P 353,425,756</u>	<u>P 10,547,287,338</u>

SOLID GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 363,089,518	P 512,780,355	P 350,484,515
Adjustments for:				
Fair value gains on investment property - net	12	(265,736,169)	(277,777,788)	(276,865,052)
Interest income	5, 6, 13, 20, 21, 25	(113,841,478)	(209,724,387)	(122,988,757)
Depreciation and amortization	10, 11, 13	87,662,078	105,965,285	77,494,526
Unrealized foreign currency exchange losses (gains) - net		22,460,766	14,298,162	(37,799,414)
Interest expense	10, 14, 21	7,640,425	10,478,314	4,690,998
Gain on sale of property and equipment	11	(1,605,486)	(482,899)	(1,211,597)
Interest amortization on refundable deposits	15, 20	735,999	717,325	689,536
Impairment loss on land and land development costs	9	644,800	-	-
Impairment loss on intangible assets	13	272,127	-	-
Gain on reversal of a provision	9	(125,000)	-	-
Loss on derecognition of property and equipment	11	-	9,860,674	-
Gain on derecognition of liabilities	15	-	(2,913,521)	(325,989)
Loss (gain) on discounting of refundable deposits	16	-	(225,755)	203,516
Operating profit (loss) before working capital changes		101,197,580	162,975,765	(5,627,718)
Decrease (increase) in short-term placements		(2,564,031,366)	43,667,952	(746,113,523)
Decrease in trade and other receivables - net		258,536,084	237,641,773	278,842,371
Decrease (increase) in advances to related parties		(12,524,583)	397,788	(222,585)
Decrease (increase) in merchandise inventories and supplies - net		(39,263,072)	605,613,854	(226,085,965)
Decrease (increase) in real estate inventories - net		(803,571)	(592,223)	4,076,909
Decrease (increase) in other current assets		(135,537,281)	45,588,532	3,919,161
Decrease (increase) in post-employment benefit asset		(2,424,329)	24,283,722	21,687,412
Decrease (increase) in other non-current assets		(3,411,528)	98,323,992	(100,792,713)
Increase (decrease) in trade and other payables		(56,410,637)	15,622,601	(46,705,648)
Increase (decrease) in customers' deposits		2,985,721	(2,843,212)	(1,181,129)
Decrease in advances from related parties		-	-	(1,911,535)
Increase (decrease) in refundable deposits		4,201,839	(7,049,403)	1,307,400
Increase (decrease) in post-employment benefit obligation		9,823,207	(13,218,762)	(11,149,230)
Cash generated from (used in) operations		(2,437,661,936)	1,210,412,379	(829,956,793)
Interest received		79,937,523	143,812,108	77,617,600
Cash paid for income taxes		(75,282,009)	(109,986,210)	(95,198,360)
Net Cash From (Used in) Operating Activities		(2,433,006,422)	1,244,238,277	(847,537,553)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	(70,135,750)	(43,655,417)	(122,533,891)
Acquisitions of investment property	12	(29,160,720)	(55,367,255)	(58,866,599)
Interest received		20,356,331	52,229,599	42,422,471
Proceeds from disposal of property and equipment	11	3,688,141	5,301,779	22,242,328
Proceeds from disposal of investment property		-	-	3,774,000
Net Cash Used in Investing Activities		(75,251,998)	(41,491,294)	(112,961,691)
Balance carried forward		(P 2,508,258,420)	P 1,202,746,983	(P 960,499,244)

	Notes	2020	2019	2018
<i>Balance brought forward</i>		(P 2,508,258,420)	P 1,202,746,983	(P 960,499,244)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of interest-bearing loans	14	(64,329,907)	(55,781,712)	-
Repayment of lease liabilities	10	(4,842,111)	(5,640,553)	-
Interest paid	10, 14	(3,761,754)	(1,029,542)	(4,690,998)
Dividends paid	23	-	(109,292,520)	(109,292,520)
Proceeds from availment of interest-bearing loans		-	-	1,547,660
Net Cash Used in Financing Activities		(72,933,772)	(171,744,327)	(112,435,858)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents				
		8,493,085	4,567,199	37,799,414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(2,572,699,107)	1,035,569,855	(1,035,135,688)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		3,491,034,266	2,455,464,411	3,490,600,099
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		P 918,335,159	P 3,491,034,266	P 2,455,464,411

Supplemental Information on Non-cash Investing and Financing Activities:

1. On January 1, 2019, the Group recognized right-of-use assets and lease liabilities amounting to P15.3 million upon the adoption of Philippine Financial Reporting Standards 16, *Leases*. In 2019, additional right-of-use assets and lease liabilities were recognized amounting to P5.7 million (see Note 10).
2. In 2018, the Group transferred certain property and equipment with carrying amount of P170.6 million to investment properties. There was no similar transaction in 2020 and 2019.
3. In 2018, the Group disposed of certain financial assets measured at fair value through other comprehensive income equivalent to its carrying amount of P0.3 million. There was no similar transaction in 2020 and 2019.

See Notes to Consolidated Financial Statements.



SOLID GROUP INC.

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