COVER SHEET

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SEC Registration Number

I P M H O L D I N G S , I N C . (F O R M E R L Y M I N E R A L E S I N D U S T R I A S C O R P O R A T I O N)

(Company's Full Name)

Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City 1605

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

Atty. Ana A. Katigbak	8817 6791/ 8424 2550
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 20-IS Amended Definitive Information Statement	Annual Meeting of Stockholders **October 27, 2023**
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [√] Definitive Information Statement

2. Name of Corporation as specified in its charter: IPM HOLDINGS, INC. (formerly Minerales Industrias Corp.)

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

4. SEC Identification Number: AS095-008557

5. BIR Tax Identification Code: 004-636-077-000

6. Address of principal office Postal Code: Penthouse, The Taipan Place, F. Ortigas Jr. Road Ortigas Center, Pasig City, 1605

7. Corporation's telephone number, including area code: (632) 8424-2550 to 59/8817-6791

8. Date, time and place of the meeting of security holders:

   October 27, 2023, Friday
   10:00 a.m.
   Penthouse, The Taipan Place, F. Ortigas Jr. Road
   Ortigas Center, Pasig City, 1605
   Via virtual meeting/ remote communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders: October 6, 2023

10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor: The Management of the Corporation

    Address and Telephone No.: Penthouse, The Taipan Place, F. Ortigas Jr. Road
    Ortigas Center, Pasig City, 1605
    Telephone: (632) 8424-2550 to 59/8817-6791

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

12. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?
    Yes (√) No ( )

    If yes, disclose the name of such Stock Exchange and the class of securities therein:
    Philippine Stock Exchange - Common Stock

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

SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, **ANA MARIA A. KATIGBAK**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, being the duly elected and qualified Corporate Secretary of **IPM HOLDINGS, INC.** (the "Corporation"), a corporation duly organized and existing in accordance with Philippine law, with principal office at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, hereby certify that at the regular meeting of the Board of Directors of the Corporation held on March 28, 2023 at the principal office of the Corporation during which a quorum was present and acted throughout, the following resolutions were unanimously adopted and approved by the Board:

> "**RESOLVED**, that the Board of Directors of **IPM HOLDINGS, INC.** (the "**Corporation**") hereby postpones the 2023 Annual Stockholders' Meeting (the "ASM") tentatively scheduled in accordance with the By-Laws of the Corporation on May 24, 2023;
>
> **RESOLVED, FURTHER**, that the Board hereby authorizes the Chairman of the Board of Directors to determine the date of the 2023 ASM and the record date, as well as any postponements thereof;
>
> **RESOLVED, FURTHER**, that the Board hereby approves the use of remote communication for the holding of the ASM and the use of remote communication by shareholders during the ASM in accordance with SEC Memorandum Circular No. 6-2020, provided that shareholders availing of this option shall, to the extent practicable, notify the Chairman and the Corporate Secretary in advance of his/her intention to participate in the ASM through such remote communication;
>
> **RESOLVED, FURTHER**, that shareholders who attend and participate in the ASM by remote communication shall be deemed present for purposes of attaining quorum for the ASM;
>
> **RESOLVED FINALLY**, that shareholders shall be allowed to exercise their right to vote at the ASM by remote communication, in accordance with SEC Memorandum Circular No. 6-2020."

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 2 6 2023 in Makati City.

ANA MARIA A. KATIGBAK
Corporate Secretary

SUBSCRIBED AND SWORN to before me, a notary public in and for the city named above, personally appeared SEP 2 6 2023 with Passport Number No. P7145377B expiring on July 6, 2031, who is personally known to me to be the same person who executed the foregoing instrument, signed the same in my presence and who took an oath before me, as to such instrument.

SHAIN BIANCA C. EPANAG
Appointment No. M-018
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563753; 01-03-2023; Makati City
IBP No. 260293; 01-03-2023; Cavite Chapter
Roll No. 79039

SHAIN BIANCA C. EPANAG
NOTARY PUBLIC
ROLL NO. 79039
MAKATI CITY, PHILIPPINES

Doc. No. 20;
Page No. 5;
Book No. IV;
Series of 2023.

IPM HOLDINGS, INC.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholders:

Please be notified that the annual meeting of stockholders of **IPM HOLDINGS, INC.** (the "Corporation") will be held virtually by remote communication or *in absentia* on October 27, 2023, Tuesday, at 10:00 a.m., at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City. For the health and safety of the stockholders and other attendees, the meeting will be held virtually and stockholders who wish to attend should register according to the process below in order to have access to the meeting through the following link:

https://us02web.zoom.us/j/7010971769?pwd=a2F2MXN2TjZmNmRGOHQwMGk1OUVEUT09

The Agenda of the meeting is as follows:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of Minutes of Previous Stockholders' Meeting
4. Approval of Management Report and Audited Financial Statements for the year ended December 31, 2022
5. Ratification of All Acts of the Board of Directors and Management
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

For purposes of the meeting, stockholders of record as of September 15, 2023 are entitled to receive notice of and to vote at the said meeting. Stockholders intending to participate by remote communication should pre-register by sending an e-mail to ipmholdings.asm@yahoo.com on or before October 17, 2023. Please refer to the **Procedure for Registration, Participation, and Voting at the 2023 Annual Stockholders' Meeting** (attached to the Definitive Information Statement) for detailed information on the procedure for registration, participation by remote communication and voting by proxy. Validation of proxies will take place on October 20, 2023.

By registering to participate in the virtual meeting, a stockholder, or proxy or representative of the stockholder, agrees for the Corporation and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual Annual Stockholders' Meeting.

For information about the conduct of the virtual meeting, you may email ipmholdings.asm@yahoo.com**.**

Makati City, October 2, 2023.

Very truly yours,

ANA MARIA A. KATIGBAK
Corporate Secretary

ANNEX TO THE NOTICE OF THE
2023 ANNUAL STOCKHOLDERS' MEETING

AGENDA
Details and Rationale

1. Call to order

The Chairman of the Board of Directors, Ms. Isabelita P. Mercado, will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Ana Maria A. Katigbak, will certify that copies of this Notice have been sent to all stockholders of record as of September 15, 2023, and whether the attendees represented at the meeting hold a sufficient number of shares for quorum for the valid transaction of business.

3. Approval of the Minutes of the Annual Meeting of Stockholders held on November 29, 2022

Prior to the meeting, electronic copies of the draft minutes of the previous stockholders' meeting were uploaded on the Corporation's website https://www.ipmholdings.com.ph/ and made available to the stockholders.

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

> *"**RESOLVED**, that the minutes of the Annual Stockholders' Meeting of IPM Holdings, Inc. ("Corporation") held on November 29, 2022 be, as it is hereby, approved."*

4. Approval of Management Report & Audited Financial Statements for Year Ended December 31, 2022

The Chairman of the Board of Directors, Ms. Isabelita P. Mercado, or her representative, will present the annual report of management to the stockholders, discuss initiatives undertaken and challenges faced by the Corporation in 2022, and share her personal perspective of the Corporation's future. Electronic copies of the Management Report together with the audited financial statements as of the year ended December 31, 2022 and latest interim financial report were uploaded prior to the meeting on the Corporation's website https://www.ipmholdings.com.ph/ and hard copies were likewise delivered by courier to the stockholders.

The Chairman of the Board of Directors or her representative will present the financial results and the audited financial statements for the year ended December 31, 2022 and the interim financial report as of June 30, 2023. The financial statements were audited by the Company's external auditor, Sycip Gorres Velayo & Co., and approved by the Corporation's Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Securities and Exchange Commission, Philippine Stock Exchange and Bureau of Internal Revenue.

For good order, stockholders were requested to email their questions and comments to ipmholdings.asm@yahoo.com. Any questions and comments from the stockholders will be entertained before the end of the meeting.

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for year ended December 31, 2022. The following is the proposed resolution:

> *"**RESOLVED**, that the annual report of management as presented by the officers of IPM Holdings, Inc. and the Corporation's audited financial statements for year ended December 31, 2022 be, as it is hereby, approved."*

5. Ratification of All Acts of the Board of Directors and Management

The Corporation's performance was the result of the acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation, and the stockholders will be requested to ratify the same. The list of acts for ratification were included in the Definitive Information Statement made available to the stockholders prior to the meeting. Electronic copies of the Definitive Information Statement, including the list of acts for ratification, were uploaded prior to the meeting on the Corporation's website https://www.ipmholdings.com.ph/ and delivered by courier to the stockholders.

The following is the proposed resolution:

> *"**RESOLVED**, that all acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation from the date of the last annual stockholder's meeting up to the present be, as they are hereby, approved, ratified and confirmed."*

6. Election of Directors

The individuals below were nominated for re-election to the Board of Directors and their respective backgrounds and qualifications were screened by the Nominations Committee. Management is proposing the re-election of Atty. Alfredo P. Javellana II as independent director of the Corporation, who has served for more than nine years since July 2012. Management strongly believes that retaining Atty. Javellana in the

Corporation's Board of Directors will be beneficial to the continuing growth and strategic direction of the Corporation. His industry experience and knowledge will be most valuable in the successful governance of the Corporation.

<u>For Regular Directors</u>

1. ISABELITA P. MERCADO
2. FRANCIS NEIL P. MERCADO
3. ANTONIO VICTORIANO F. GREGORIO III
4. JAN VINCENT P. MERCADO

<u>For Independent Directors</u>

1. ALFREDO P. JAVELLANA II
2. DAVID L. KHO

7. Appointment of External Auditor

The Audit Committee and Management have favorably endorsed to the stockholders the appointment of Isla Lipana & Co. as the Corporation's external auditor for the current year 2023. The following is the proposed resolution:

> *"**RESOLVED**, that the audit firm Isla Lipana & Co. be, as it is hereby, appointed as the Corporation's external auditor for the current year 2023."*

8. Other Matters

Questions and comments received from the stockholders will be taken up. Stockholders may propose to discuss other issues and matters.

9. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

PROXY FORM

IPM HOLDINGS, INC.

PROXY SOLICITED ON BEHALF OF THE MANAGEMENT OF IPM HOLDINGS, INC. FOR THE ANNUAL STOCKHOLDERS' MEETING TO BE HELD VIRTUALLY BY REMOTE COMMUNICATION OR *IN ABSENTIA* ON OCTOBER 27, 2023, FRIDAY, AT 10:00 A.M. AT THE PENTHOUSE, THE TAIPAN PLACE, F. ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY, 1605.

Instruction

(a) The proxy must be duly accomplished by the stockholder of record as of September 15, 2023. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a corporate secretary's certificate quoting the board resolution authorizing the said corporate officer to execute the proxy.

(b) Duly accomplished proxies may be mailed or submitted personally to the Corporate Secretary of the Corporation and received not later than October 17, 2023 at the following address:

The Corporate Secretary
IPM Holdings, Inc.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

(c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.

(d) Proxies shall be validated not later than October 20, 2023 by the Corporation's stock transfer agent, BDO Unibank, Inc. – Trust and Investments Group.

(e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of the Corporation, as his proxy for the annual stockholders' meeting to be held on October 27, 2023.

(f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in the Corporation as of Record Date.

(g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20.

(h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in (1), (2), (3), (4), and (5), below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote in favor of the matter.

The Undersigned hereby appoints:

a) The Chairman of IPM Holdings, Inc.
b) or, ____

as his/her/its Proxy to attend the above annual meeting of the stockholders of **IPM Holdings, Inc.**, and any adjournment or postponement thereof, to vote all shares of stock held by the undersigned as specified below and on any matter that may properly come before said meeting.

Management recommends a vote for:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on November 29, 2022

[ ] FOR [ ] AGAINST [ ] ABSTAIN

2. *Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2022*

   [ ] FOR [ ] AGAINST [ ] ABSTAIN

3. *Ratification of the Acts of the Board of Directors, Officers, and Management from the date of the last Annual Stockholders' Meeting up to the present*

   [ ] FOR [ ] AGAINST [ ] ABSTAIN

4. *Election of Directors*[1]

   ( ) for all nominees listed below (except as marked to the contrary below).
   ( ) withhold authority to vote for all nominees listed below.
   ( ) strike the box opposite the name of each nominee to indicate that authority to vote for such nominee is withheld.

Security holder may strike a line through the nominee's name in the list below to withhold authority to vote for any individual nominee.

Nominees

For Regular Directors:

[ ] ISABELITA P. MERCADO
[ ] FRANCIS NEIL P. MERCADO
[ ] ANTONIO VICTORIANO F. GREGORIO III
[ ] JAN VINCENT P. MERCADO

For Independent Directors:

[ ] ALFREDO P. JAVELLANA II
[ ] DAVID L. KHO

5. *Appointment of Isla Lipana & Co. as external auditor for the current year 2023*

   [ ] FOR [ ] AGAINST [ ] ABSTAIN

(i) In their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting.

This proxy when properly executed will be voted in the manner directed above by the undersigned stockholder. If no direction is made, this proxy will be voted in favor of items 1, 2, 3, 4, and 5.

Dated _______________

____
(Signature over printed name, including title when signing for a corporation or partnership or as an agent, attorney or fiduciary)

Please mark, sign, date, and return promptly in accompanying envelope.

[1] Cumulative method of voting under Section 23 of the Revised Corporation Code of the Philippines is allowed.

PART I
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting

The enclosed proxy is solicited for and on behalf of the Management of **IPM HOLDINGS, INC.** (hereinafter called the "Corporation") for use in connection with the annual meeting of the stockholders to be held virtually on October 27, 2023, Friday, 10:00 a.m., at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, 1605, by remote communication or *in absentia* at **https://us02web.zoom.us/j/7010971769?pwd=a2F2MXN2TjZmNmRGOHQwMGk1OUVEUT09**.

The information statement and form of proxy will be sent to the stockholders of record as of September 15, 2023 (the "Record Date") on or before October 6, 2023.

The matters to be considered and acted upon at such meeting are referred to in the Notice and are discussed in detail in this information statement.

The complete mailing address of the Corporation is:

Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, 1605

Item 2. Dissenter's Right of Appraisal

The Revised Corporation Code limits the exercise of the appraisal right to the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 80);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 80);

c. In case of merger or consolidation (Section 80);

d. In case of investments of corporate funds for any purpose other than the primary purpose (Section 80).

The appraisal right shall be available to any stockholder who voted against the proposed action and any stockholder who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment.

During the stockholders' meeting on October 27, 2023, there are no matters that will be presented for stockholders' approval that require the exercise of the right of appraisal.

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

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon. No director has informed the Corporation in writing of any intention to oppose any action to be taken during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

(a) As of the Record Date on September 15, 2023, the Corporation has the following outstanding shares:

Common shares (voting) - 690,000,000 shares

As of September 15, 2023, 684,271,996 common shares of the Corporation are registered under Filipinos and 5,728,004 common shares are registered under foreign ownership.

(b) Only holders of common shares as of the Record Date shall be entitled to vote in the election of directors in the manner provided hereunder. On the approval of the minutes of the previous stockholders' meeting, ratification of all acts of the Board of Directors and officers during the previous year, and appointment of the independent auditor, each share of outstanding common stock is entitled to one vote.

(c) In the election of directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of common shares of stock standing in his name at Record Date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes equal to the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by a stockholder shall 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.

(d) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of September 15, 2023, the record and/or beneficial owners of more than 5% of the outstanding common shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	IPM Construction and Development Corporation* Unit 804 Ortigas Building, Ortigas Avenue, Pasig City	All the shares of IPM Construction and Development Corporation are directly owned by its shareholders.	Filipino	350,000,000	50.725%

	Relationship: Majority Stockholder				
Common	PCD Nominee Corporation Relationship: Stockholder	The beneficial owners of such shares are Philippine Depository & Trust Corporation (PDTC) participants who hold the shares on their behalf or on behalf of their clients	Filipino	280,464,269	40.647%
Common	IPM Realty and Development Corporation Northfields Executive Vill., Mc. Arthur Hi-way, Longos, Malolos, Bulacan Relationship: Stockholder	All the shares of IPM Realty and Development Corporation are directly owned by its shareholders.	Filipino	50,000,000	7.246%

Below is the record owner under PCD account holding more than 5% of the outstanding capital stock of the Company:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Citizenship	Number of Shares Held	Percent of Class
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City	Filipino	211,987,300	30.723%

The above broker is the record owner of shares of stock held under the name of PCD Nominee Corp., and has not yet submitted a proxy authorizing the person to vote the shares.

The respective proxies of the above shareholders are appointed by their respective board of directors. The identity of the natural persons authorized to vote the shares of above shareholders will be determined upon submission of the proxies on October 17, 2023.

(e) Security Ownership of Management

The table sets forth as of September 15, 2023, the record or beneficial stock ownership of the Directors and Officers of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Isabelita P. Mercado *Chairman and Chief Executive Officer*	1,000,000 (Direct) 500,000 (Indirect)	Filipino	0.21739%

Common	Alfredo P. Javellana II *Independent Director*	1,000 (Direct) 179,000 (Indirect)	Filipino	0.02608%
Common	Antonio Victoriano F. Gregorio III *Director*	1,000 (Direct)	Filipino	0.00014%
Common	Francis Neil P. Mercado *Director and Treasurer*	2,000 (Direct)	Filipino	0.00029%
Common	David L. Kho *Independent Director*	10,000 (Direct) 449,800 (Indirect)	Filipino	0.06664%
Common	Jan Vincent P. Mercado *Director and Treasurer*	2,000 (Direct) 184,000 (Indirect)	Filipino	0.02696%
Common	Ana Maria A. Katigbak *Corporate Secretary*	0	Filipino	0.00000 %
	T O T A L (Directors and Officers as a Group)	**2,328,800**		**0.33751%**

All the above-named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

(f) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.

(g) Changes in Control

There has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement, which may result in a change in control of it.

Item 5. Directors and Executive Officers

(a) Incumbent Directors and Executive Officers.

The Corporation's Articles of Incorporation provides for seven (7) seats on the Board of Directors. The following is the list of the members of the Board:

Name	Position	Age	Citizenship
Isabelita P. Mercado	Chairman	72	Filipino
Alfredo P. Javellana II	Independent Director	77	Filipino
Antonio Victoriano F. Gregorio III	Director	49	Filipino
Francis Neil P. Mercado	Director	43	Filipino
David L. Kho	Independent Director	75	Filipino
Jan Vincent P. Mercado	Director	46	Filipino

The following is a list of the Corporation's key executive officers as of the date of this report:

Name	Position	Age	Citizenship
Isabelita P. Mercado	Chairman/Chief Executive Officer	72	Filipino
Francis Neil P. Mercado	Treasurer	43	Filipino
Ana Maria A. Katigbak	Corporate Secretary	54	Filipino

b. Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

Of the six members of the Board, Ms. Isabelita P. Mercado has been a director of the Company since July 2007. Atty. Antonio F. Gregorio III has been a director since July 2011, Mr. Francis P. Mercado has been a director since May 2012. Atty. Alfredo P. Javellana II has been a director since July 2012, Atty. David L. Kho has been a director since May 2016 and Mr. Jan Vincent P. Mercado has been a director since September 30, 2021.

With regard to the executive officers, Ms. Isabelita P. Mercado has been the Chairman and Chief Executive Officer. Atty. Maria Ana Katigbak has been the Corporate Secretary since July 2007 and Mr. Francis Neil P. Mercado has been the Treasurer since September 2013.

c. Business experience of the Directors and Officers during the past five (5) years.

ISABELITA P. MERCADO, Filipino**,** 72, she is the recipient of various Recognitions for her 35-year track record as a woman entrepreneur in a man's world, being involved in construction, property development and waste management employing the most Innovative management techniques and the latest in technology. A UN-awardee for responsible waste management systems She is the Founder and CEO of IPM Group of Companies. For several years now, she serves as chairman and chief executive officer of IPM Construction and Development Corporation (1991 to present), IPM Realty & Development Corporation (1991 to present), Basic Environmental System & Technologies, Inc. (1999 to present), and Ecoedge Resources Corporation (2013 to present). She also serves as director of Lee Gardens Holdings, Inc. and Metro Clark Waste Management Corp. and director of several other companies within the IPM Group. She earned her Double degree University of Sto. Tomas Bachelor of Arts, Major in Economics and Bachelor of Science in Commerce, Major in Accounting. She was awarded as Outstanding Woman Leader and Innovator for 2020 by the Women In Infrastructure Foundations, Inc. (WIFI), as Asia CEO Awards 2019 Circle of Excellence for Executive Team of the year.

ALFREDO P. JAVELLANA II, Filipino, 77, is an Independent Directors of UBS Securities Philippines, Inc. (2009 to present) and Wilcon Corporation (2010 to present). For the past several years, he was a Director of Philippine Savings Bank, Federal Homes, Inc., Philippine AXA Life Insurance Corp., and Toyota Motor Philippines. Previously, he was the Assistant to the President for Investor Relations and Chief Finance Officer of the Metropolitan Bank & Trust Company, Inc. likewise held several other positions in the same bank prior to his appointment as Chief Finance Officer. Atty. Javellana earned his Bachelor of Science in Commerce Major in Accounting and Bachelor of Laws from the University of San Agustin, Iloilo City.

ANTONIO VICTORIANO F. GREGORIO III, Filipino, 49**,** Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University Second Honors in 1998 and passed the bar examinations in 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, with a standing of magna cum laude. He was valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various private and public companies, including Abacus Consolidated Resources and Holdings, Inc. (2009-present), Philippine Regional Investment Development Corporation (Director, 2017-present), Cuervo Far East Inc. (Corporate Secretary, 2005-present), among other companies. He served as director and officer of Nihao Mineral Resources International Inc. (2011-2020), Lodestar Investment Holdings Corporation (2008-2020) and Asiabest Group International Inc. (2008-2017).

FRANCIS-NEIL P. MERCADO, Filipino, 43, graduated with a Bachelor of Science degree in Economics and Finance from Southern New Hampshire University, Manchester, and New England, USA in 2003. He also completed his Bachelor of Science in Economics from Nottingham University, United Kingdom in 2001 and Foundation Levels from Bellerby's College, Cambridge, United Kingdom. He sits as director and officers of various companies including IPM Construction and Development Corporation (2007-present), IPM Realty and Development Corporation (2007-present), IPM Trading and Development Corporation (2007-present), Zinith Mines Inc. (2009 to present), Metroluxury Mining Corp. (2009 to present) and Association of Carrier & Equipment Lessor (2016 to present).

DAVID Y. KHO, Filipino, 75, he has been a legal and business practitioner since graduating from college. He finished his Business Administration degree, major in Banking and Finance, at the University of the Philippines-Diliman. He later earned his Bachelor of Laws degree also from U.P. Atty. Kho was a member of the 15th Congress of the Philippines where he served as Vice chairman of two committees and member of ten others. He ended his term with a perfect attendance. He serves as an Independent Director of Boulevard Holdings, Inc. (2017 to present). He is an incumbent Trustee of the Kapihan sa Klub Filipino (2012 to present), past president of the Rotary club of Sto. Domingo, Quezon City, former Vice-President and Director of the Quezon City Sports Club, Inc., past Director and legal counsel of the Philippine Chamber of Commerce & Industry, Quezon City chapter, Lifetime member of U.P. Pan Xenia Fraternity, U.P. Law Alumni Assn., Integrated Bar, Charter President of the U.P. Junior Finance Assn. He is an author and publisher as well as a topnotcher of the Real Estate Brokers Exam.

JAN VINCENT P. MERCADO, Filipino, 46, graduated with a Bachelor of Science degree in Management Information System from Southern New Hampshire University, Manchester, USA in 2003. He is the president and managing director of BeepXtra Philippines Inc., president of The Fort Park Estate Inc., and president and member of the board of directors of Ecoedge Resources Corporation. He is also the senior vice president and member of the board of directors of Basic Environmental Systems and Technologies Inc. and IPM Construction and Development Corporation.

ANA MARIA A. KATIGBAK, Filipino, 54, a member of the Integrated Bar of the Philippines and a Bachelor of Laws graduate of the University of the Philippines. She is a senior partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. In the past five years, she has served as director and assistant corporate secretary of Mabuhay Holdings Corp., corporate secretary of Alsons Consolidated Resources, Inc. and assistant corporate secretary in certain publicly-listed companies such as Energy Development Corp., Marcventures Holdings, Inc., Paxys, Inc., East Coast Vulcan Corporation, and Solid Group, Inc.

The following incumbent directors are being nominated for election:

<u>For Regular Directors:</u>

Isabelita P. Mercado
Francis Neil P. Mercado
Antonio Victoriano F. Gregorio III
Jan Vincent P. Mercado

<u>For Independent Directors:</u>

Alfredo P. Javellana II
David L. Kho

Atty. Alfredo P. Javellana II was nominated by Ms. Jocelyn Y. Kho [no relationship] while Atty. David L. Kho was nominated by Patrick Louie Mercado [no relationship].

(d) Independent Directors.

Under its Revised Manual on Corporate Governance (amended as of July 30, 2014), the Corporation is required to have at least two (2) Independent Directors or such number of Independent Directors as shall be required under the applicable rules and regulations of the Securities and Exchange Commission.

Messrs. Alfredo P. Javellana II and David L. Kho are currently the Corporation's Independent Directors. Attached hereto are the Certifications issued by Messrs. Javellana and Kho of their qualification to act as Independent Directors.

The Nomination and Compensation Committee (excluding Mr. Javellana) and the Board of Directors (excluding Mr. Javellana) favorably endorsed the nomination of Mr. Javellana as Independent Director beyond the term of 9 years upon finding meritorious justification for the same. The resolution of the Board of Directors states that "the extensive knowledge and industry experience of Atty. Alfredo P. Javellana II has been very valuable to the Board and for the successful governance of the Corporation, and therefore, the Board finds that Atty. Javellana's qualifications justify his re-nomination and re-election as Independent Director of the Corporation."

In compliance with the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016) and SRC Rule 38, which provides for the guidelines on the nomination and election of independent directors, the Nomination Committee was tasked among others, to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in the said SEC Memo Circular/SRC Rule 38 and the Corporation's Revised Code of Corporate Governance.

The Corporation's Nomination Committee is composed of the following:

Chairman:	Isabelita P. Mercado
Members:	Alfredo P. Javellana II (Independent Director)
	Francis Neil P. Mercado

(e) Other directorships held in reporting companies naming each company.

Antonio Victoriano F. Gregorio III	Vice Chairman and Director of Abacore Capital Holdings, Inc.
David L. Kho	Independent Director of Boulevard Holdings, Inc.
Ana Maria A. Katigbak	Director of Mabuhay Holdings, Inc.

(f) Family Relationship

Ms. Isabelita P. Mercado is the mother of Mr. Francis Neil P. Mercado and Mr. Jan Vincent P. Mercado. Apart from the foregoing, there are no other family relationships, either by consanguinity or affinity, among the directors and executive officers of the Corporation.

(g) Resignation/Re-election

Since the last annual stockholders' meeting of the Corporation, no Director has resigned or declined to stand for reelection to the Board of Directors of the Corporation because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

(h) Involvement in Legal Proceedings

To the best of the Corporation's knowledge, there has been no occurrence during the past five (5) years up to the present date of this Information Statement of any of the following events that are material to an evaluation of the ability and integrity of any director, executive officer, or controlling person of the Corporation:

- Any bankruptcy petition filed by or against any business of which the person was a general partner or executive officer, either at the time of the bankruptcy or within 2 years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Similarly, to the best of the Corporation's knowledge, there are no material pending legal proceedings to which the Corporation or any of its subsidiaries or affiliates is a party.

(i) Significant employees

There are no employees identified for disclosure to which the operational decisions and strategies of the Company are entirely dependent on.

(j) Certain Relationships and Related Transactions

Advances to Related Party

	Amount	Nature	Relationship	Valuation	Terms	Condition
IPM Construction and Development Corp.**	₱197,294,268	Service Contract	Shareholder	Measured at Cost	Noninterest-bearing; within one year	Secured, no impairment
IPM Environmental Services, Inc.*	518,451,626	Service Contract	Shareholder	Measured at Cost	Noninterest-bearing; on demand	Secured, no impairment
IPM Realty Development Corp.	34,687		Shareholder	Measured at Cost	Noninterest-bearing; on demand	Unsecured, no impairment
JV BEST Inc. & IPMCDC	140,463,523	Service Contract	Affiliate	Measured at Cost	Noninterest-bearing; on demand	Unsecured, no impairment
Ecoedge Resources Corp.	22,624		Joint Venture	Measured at Cost	Noninterest-bearing; on demand	Unsecured, no impairment
Total	₱856,266,728					

Ecoedge Resources Corp.	31,000,000	Loans	Joint Venture	Measured at Cost	Interest-bearing; within five years	Unsecured, with impairment
Ecoedge Resources Corp.	10,340,980	Interest	Joint Venture	Measured at Cost	Within five years	Unsecured, no impairment
Total	₱41,340,980					

On April 26, 2018, BEST entered into a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of the Parent Company to guarantee BEST's receivables from IPMESI amounting to ₱693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

On December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDC assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of the Parent Company.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as of June 30, 2023 amounted to ₱731.39 million.

Except as disclosed in Note 15 of the audited consolidated financial statements for 2021, there were no other transactions entered into with related parties.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the two fiscal years, 2022 and 2021 and for the ensuing fiscal year 2023 to the Company's Chairman and Chief Executive Officer and other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Isabelita P. Mercado *Chairman and Chief Executive Officer*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	120,000 120,000 120,000
Alfredo P. Javellana II *Independent Director*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	100,000 100,000 100,000
Francis Neil P. Mercado *Director and Treasurer*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	100,000 100,000 100,000
Antonio Victoriano F. Gregorio III *Director*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	100,000 80,000 60,000
David L. Kho *Independent Director*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31	NIL	NIL	100,000 100,000

	2021-Jan to Dec 31			100,000
Jan Vincent P. Mercado *Director*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	80,000 60,000 20,000
Ana Maria A. Katigbak *Corporate Secretary*	2023-Jan to Dec 31 (Est) 2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	80,000 60,000 60,000
TOTAL OF THE GROUP	2023 (Est) 2022 2021	NIL	NIL	680,000 620,000 560,000

IPM's officers and directors do not receive and have not received any compensation or salary by virtue of their positions. However, directors receive the following per diems for each board meeting they attend: (i) Chairman of the Board - Php40,000.00, (ii) Regular and Independent Directors - Php 20,000.00.

In May 23, 2012, the Board of Directors approved the grant of per diem to members of the Board of Directors, for every attendance at regular meetings of the board. The *per diem* are as follows: (i) Chairman of the Board Php20,000.00, (ii) Regular Directors Php10,000.00, and (iii) Independent Directors Php10,000.00. In June 27, 2018, the Board of Directors approved a 100% increase in the per diem of each director.

Board of Directors Per Diem Allowance in 2022

Name	**Total Amount**
Isabelita P. Mercado	120,000.00
Alfredo P. Javellana II	100,000.00
Francis Neil P. Mercado	100,000.00
Antonio Victoriano F. Gregorio III	80,000.00
David L. Kho	100,000.00
Jan Vincent P. Mercado	60,000.00

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. Except for the *per diem,* the Corporation's officers and directors do not receive any compensation or salary by virtue of their positions. The Corporation has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

Item 7. Independent Public Accountant

(a) The Corporation's Audit Committee and Management have favorably endorsed to the stockholders the appointment of the audit firm of Isla Lipana & Co. as the Corporation's independent public accountant for the current year 2023. Conformably with SRC Rule 68(3) (b) (iv), the Corporation's independent public accountant shall be rotated, or the handling partner shall be changed, every 5 years. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor.

(b) Mr. Carlo Paolo V. Manalang, audit partner of SyCip Gorres Velayo & Co. was the principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2022).

(c) Representatives of SGV & Co. are expected to be present at the October 27, 2023 stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

(d) Isla Lipana & Co. has no shareholdings in the Corporation nor does it have any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Corporation. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines. The change in the external auditor of the Company was not the result of any disagreement between the Company and SGV & Co. on any matter of accounting principle or practices, financial statement disclosures, etc.

(e) There have been no changes in or disagreements on accounting and financial disclosure for the completed audit year ended December 31, 2022.

(f) The Company's Audit Committee is composed of the following:

Chairman:	Alfredo P. Javellana II (Independent Director)
Members:	David L. Kho (Independent Director)
	Francis Neil P. Mercado
	Antonio Victoriano F. Gregorio

Item 8. Compensation Plan

There are no items to be taken up with respect to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

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

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up with respect to the modification or exchange of the Company's securities.

Item 11. Financial and Other Information

The audited consolidated financial statements as of December 31, 2022 and the interim consolidated financial statement as of June 30, 2023, 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 part of the Management Report.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken with respect to any merger, consolidation or acquisition.

Item 13. Acquisition or Disposition of Property

There is no other action to be taken with respect to any acquisition or disposition of property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item15. Action with Respect to Reports

Summary of Items to be Submitted for Stockholders' Approval

(1) ***Approval of the Minutes of the Annual Stockholders' Meeting held on November 29, 2022***

The minutes of the annual stockholders' meeting held on November 29, 2022 will be submitted for approval of the stockholders at the annual meeting to be held on October 27, 2023. The following is a summary of the items and/or resolutions approved at the annual stockholders' meeting held on November 29, 2022:

(a) The Chairman of the Board of Directors of the Corporation called the meeting to order. The Secretary of the meeting certified that a quorum existed for the transaction of business.

(b) The stockholders approved the minutes of the annual stockholders' meeting held on September 30, 2021.

(c) Ms. Emelita C. Aguinaldo, Basic Environmental Systems & Technologies, Inc. ("BEST") Senior Vice President for Operations, and Mr. Jan Vincent P. Mercado, BEST Senior Vice President for Business Development, presented the Corporation's operational highlights while Mr. Roberto E. Cabarco, Deputy Corporate Information Officer/Compliance Officer, presented the Corporation's financial results, the audited financial statements for the year ended December 31, 2021, and interim period financial report as of September 30, 2022. The stockholders approved the annual report of management and the audited financial statements for the year ended December 31, 2021.

(e) Upon motion duly made and seconded, the stockholders ratified the acts of the officers and the Board of Directors of the Corporation performed or undertaken from the date of the last Annual Stockholders' Meeting up to present.

(f) The following were elected as directors of the Corporation for the year 2022-2023, to serve as such for a period of one year and until their successors shall have been elected and qualified:

For Regular Directors:

Isabelita P. Mercado
Francis Neil P. Mercado
Antonio Victoriano F. Gregorio III
Jan Vincent P. Mercado

For Independent Directors:

Alfredo P. Javellana II
David L. Kho

(g) Upon motion duly made and seconded, the audit firm of Sycip Gorres Velayo & Co. was appointed as the Corporation's external auditor for the year 2022-2023.

(h) Upon motion duly made and seconded, the annual stockholders' meeting was adjourned.

(2) Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2022

The stockholders will be requested to approve the annual report of management as presented by the President, and the audited financial statements for year ended December 31, 2022.

(3) Ratification of the Acts of the Board of Directors and Officers

Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the minute books, annual report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving engagement of consultants, approval of financial statements, designation of authorized bank signatories, and election of the officers and members of the various Board committees.

(4) Appointment of External Auditor

The Audit Committee and Management have favorably endorsed to the stockholders the appointment of Isla Lipana & Co. as the Corporation's external auditor for the current year 2023.

Kindly refer to the attached Exhibit 1 for other matters pertaining to the Company's compliance with Section 49 of the Revised Corporation Code.

Item 16. Matters Not Required to be Submitted

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

Item 17. Amendment of Charter, By-laws or Other Documents

No action is to be taken with respect to the amendment of the Articles of Incorporation or By-Laws of the Corporation.

Item 18. Summary of Voting Matters/Voting Procedures

Voting Procedures

Voting at the virtual stockholders' meeting shall be conducted by proxy form. Duly accomplished proxies shall be submitted to the Corporate Secretary of the Corporation not later than October 17, 2023 (not less than 10 calendar days prior to the date of the stockholders' meeting) at the following address:

The Corporate Secretary

IPM Holdings, Inc.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

All proxy forms received by the Corporation shall be validated not later than October 20, 2023.

(1) Approval of the minutes of the annual stockholders' meeting held on November 29, 2022.

(A) Vote required: A majority of the outstanding common stock represented by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote.

(2) Management Report and Audited Financial Statements for the year ended December 31, 2022

(A) Vote required: A majority of the outstanding common stock represented by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote.

(3) Ratification of the acts of the Board of Directors and Officers

(A) Vote required: A majority of the outstanding common stock represented by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote.

(4) Appointment of External Auditor

(A) Vote required: A majority of the outstanding common stock represented by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote.

(5) Election of Directors

(A) Vote required: The six (6) candidates receiving the highest number of votes shall be declared elected, provided that at least two of whom must be independent directors.

(B) Method by which votes will be counted: Cumulative voting applies**.** Under this method of voting, a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation as of the Record Date, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes equal to the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

The six nominees obtaining the highest number of votes will be proclaimed as Directors of the Corporation for the ensuing year, two of whom shall be independent directors.

Kindly refer to the Procedure for Registration, Participation, and Voting at the 2023 Annual Stockholders' Meeting attached to this Information Statement.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

This proxy is being solicited for and on behalf of the Management of the Corporation. The Chairman of the Board of Directors of the Corporation will vote the proxies at the annual stockholders' meeting to be held virtually on October 27, 2023.

Item 2. Instruction

(a) The proxy must be duly accomplished by the stockholder of record as of September 15, 2023. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

(b) Duly accomplished proxies shall be submitted to the Corporate Secretary of the Corporation not later than October 17, 2023 (not less than 10 calendar days prior to the date of the stockholders' meeting) at the following address:

The Corporate Secretary
IPM Holdings, Inc.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

(c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.

(d) Proxies will be validated not later than October 20, 2023 by the Corporation's stock transfer agent, BDO Unibank, Inc. – Trust and Investments Group.

(e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors of the Corporation, as his proxy for the annual stockholders meeting to be held on October 27, 2023.

(f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in the Corporation as of Record Date.

(g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b).

(h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in (1) to (7) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote for the matter. **(Note: If you intend to submit a proxy, please fill up and submit the enclosed PROXY FORM, not the following Item 2(h).)**

(1) Approval of the minutes of the previous annual meeting of stockholders held on November 29, 2022.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(2) Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2022

☐ FOR ☐ AGAINST ☐ ABSTAIN

(3) Ratification of all the acts and resolutions of the Board of Directors, officers and management of the Corporation from the last fiscal year to date.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(4) Appointment of Isla Lipana & Co. as external auditor for the current year 2023

☐ FOR ☐ AGAINST ☐ ABSTAIN

(5) Election of Directors

( ) for all nominees listed below (except as marked to the contrary below).
( ) withhold authority to vote for all nominees listed below.
( ) strike the box opposite the name of each nominee to indicate that authority to vote for such nominee is withheld.

Security holder may strike a line through the nominee's name in the list below to withhold authority to vote for any individual nominee.

Nominees

For Regular Directors:
[ ] ISABELITA P. MERCADO
[ ] FRANCIS-NEIL P. MERCADO
[ ] ANTONIO VICTORIANO F. GREGORIO III
[ ] JAN VINCENT P. MERCADO

For Independent Directors:
[ ] ALFREDO P. JAVELLANA II
[ ] DAVID L. KHO

Item 3. Revocability of Proxy

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person and signifying his intention to personally vote his shares. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

Item 4. Persons Making the Solicitation

The solicitation is made by the Management of the Corporation. No director of the Corporation has informed the Corporation in writing that he intends to oppose an action intended to be taken up by the Management of the Corporation at the annual meeting. Solicitation of proxies shall be made through the use of mail or personal delivery by its regular employees. The Corporation shall not engage the services of special employees or proxy solicitors in the proxy solicitation. The Corporation will shoulder the cost of solicitation, which is estimated to be ₱10,000.00.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No director, officer, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon at the annual stockholders' meeting to be held on October 27, 2023 except as otherwise disclosed in this report.

PART III

SIGNATURE

Management does not intend to bring any matter before the meeting other than those set forth in the Notice of the annual meeting of stockholders and does not know of any matters to be brought before the meeting by others. If any other matter does come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy in accordance with their judgment.

ACCOMPANYING THIS INFORMATION STATEMENT ARE COPIES OF THE (1) NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF; (2) PROXY FORM; (3) THE CORPORATION'S MANAGEMENT REPORT PURSUANT TO SRC RULE 20; (4) AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IPM HOLDINGS, INC. AND SUBSIDIARY FOR THE YEAR ENDED DECEMBER 31, 2022; (5) QUARTERLY REPORT ON SEC FORM 17Q FOR THE PERIOD ENDED JUNE 30, 2023; (6) CERTIFICATIONS OF QUALIFICATION OF INDEPENDENT DIRECTORS; AND (7) CERTIFICATION THAT NO DIRECTORS OR OFFICERS ARE CONNECTED WITH ANY GOVERNMENT AGENCIES OR INSTRUMENTALITIES.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE CORPORATION WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE CORPORATION'S LATEST ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

IPM Holdings, Inc.

Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

Attention: The Corporate Secretary

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 Makati, October 5, 2023.

IPM HOLDINGS, INC.

By:

Ana Maria A. Katigbak
Corporate Secretary

Exhibit 1

Disclosure Requirements under
Section 49 of the Revised Corporation Code

a. **A description of the voting and vote tabulation procedures used in the previous meeting:**

See attached Minutes of the Annual Stockholders' Meeting held on November 29, 2022

b**. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given:**

See attached Minutes of the Annual Stockholders' Meeting held on November 29, 2022

c. The matters discussed and resolutions reached:

See attached Minutes of the Annual Stockholders' Meeting held on November 29, 2022

d. A record of the voting results for each agenda item:

See attached Minutes of the Annual Stockholders' Meeting held on November 29, 2022

e. A list of the directors or trustees, officers and stockholders or members who attended the meeting:

Isabelita P. Mercado	Chairman of the Board/ Chief Executive Officer, Chairman of the Nomination Committee
Francis Neil P. Mercado	Director/ Treasurer/ Chief Financial Officer
Antonio Victoriano F. Gregorio III	Director
Jan Vincent P. Mercado	Director
Alfredo P. Javellana II	Independent Director/ Chairman of the Audit Committee/ Chairman of the Corporate Governance, Risk Oversight, and Related Party Transaction Committee
David L. Kho	Independent Director
Atty. Ana Maria A. Katigbak	Corporate Secretary/ Corporate Information Officer
Atty. Jade A. Lapinig	Assistant Corporate Secretary
Roberto E. Cabarco	Deputy Corporate Information Officer/ Compliance Officer

f. Material information on the current stockholders and their voting rights

As of record date September 15, 2023, there are 690,000,000 outstanding common shares (excluding treasury) entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulate their votes. There is no classification of voting securities. (See page 2 of the Definitive Information Statement)

g. Director attendance report indicating the attendance of each director at each of the meetings of the Board and its committees and in regular or special meetings

See attached Board Attendance Report for the year 2022

h. Appraisals and performance report for the Board and the criteria and procedure for assessment:

The Revised Manual of Corporate Governance of the Company states that the Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders. Currently, the assessment of the Company is being undertaken by the Board during the annual corporate governance seminar. During the annual corporate governance seminar for the year 2022, the Board of Directors reflected on and assessed its general performance.

i. Director disclosures on self-dealing and related party transactions:

Directors' acquisitions and dispositions of IPM shares are disclosed to the SEC by submission of SEC Form 23-A Initial Statement of Beneficial Ownership of Securities and SEC Form 23-B Statement of Changes in Beneficial Ownership of Securities. For the year 2023, the directors of IPM did not have acquisitions or dispositions that needed to be disclosed through SEC Form 23-A and SEC Form 23-B. The beneficial ownership of directors was included in the security ownership of management section of information statement. Related party transactions can be found in the 'Certain Relationships and Related Transactions" section of the Definitive Information Statement and Note 15 of the Consolidated Financial Statements.

MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS

OF

IPM HOLDINGS, INC.
(the "Corporation")

Held on November 29, 2022 at 10:00 a.m. in Pasig City
via remote communication at
https://us02web.zoom.us/j/7010971769?pwd=MHo5VUJTUU1uY3hjZUpQTER0QStPUT09

PRESENT

Total No. of Shares Present/Represented	612,824,500
Total No. of Shares Outstanding	690,000,000
Percentage of total outstanding shares present in person or represented by proxy	88.82%

1. Call to Order

The Chairman, Ms. Isabelita P. Mercado, called the meeting to order and presided over the same. The Chairman informed the stockholders of the attendance of the following directors at the meeting:

Isabelita P. Mercado	Chairman of the Board/ Chief Executive Officer, Chairman of the Nomination Committee
Francis Neil P. Mercado	Director/ Treasurer/ Chief Financial Officer
Antonio Victoriano F. Gregorio III	Director
Jan Vincent P. Mercado	Director
Alfredo P. Javellana II	Independent Director/ Chairman of the Audit Committee/ Chairman of the Corporate Governance, Risk Oversight, and Related Party Transaction Committee
David L. Kho	Independent Director
Atty. Ana Maria A. Katigbak	Corporate Secretary/ Corporate Information Officer
Atty. Jade A. Lapinig	Assistant Corporate Secretary
Roberto E. Cabarco	Deputy Corporate Information Officer/ Compliance Officer

The Corporation's external auditors, SyCip Gorres Velayo & Co. ("SGV & Co."), were also in attendance.

A complete list of attendees is attached as Annex "B" of these minutes.

The Corporate Secretary, Atty. Ana Maria A. Katigbak, recorded the minutes of the proceedings.

2. Proof of Notice of Meeting

The Corporate Secretary reported that notice of the meeting and the Definitive Information Statement were transmitted by courier to the stockholders of record at their respective addresses indicated in the corporate records at least fifteen (15) business days or at least 21 days before the meeting.

A copy of the notice, together with the Definitive Information Statement, minutes of the previous meeting, and other documents related to this meeting were also made accessible through the Corporation's website and the PSE Edge portal.

3. <u>Certification of Quorum</u>

The Corporate Secretary explained that, as set out in the Requirements and Procedure for Participation and Voting in this meeting (which was attached to the Corporation's Definitive Information Statement), stockholders who successfully registered within the prescribed period were included in the determination of quorum. By participating remotely in this meeting or by proxy, a stockholder was also deemed present for purposes of determining quorum.

Based on the foregoing, the Corporate Secretary reported that at least **<u>612,824,500</u>** shares or **<u>88.82%</u>** of the Corporation's outstanding capital stock were present or represented by proxy at the meeting. She then certified that a quorum existed for the valid transaction of business.

The Corporate Secretary explained that stockholders who successfully registered for this meeting were given the opportunity to cast their votes by submitting their proxy forms. There were five (5) items for approval excluding the adjournment, as indicated in the agenda set out in the notice. Stockholders, once successfully registered, were also given an opportunity to raise questions or express comments limited to the agenda items by submitting the same through email. She stated that management will endeavor to reply to these questions or address these comments during the meeting. Questions not answered during the meeting would be answered via email.

The Corporate Secretary informed the stockholders that the participation and voting procedures were also contained in the Definitive Information Statement, accessible to all stockholders through the Corporation's website and meeting portal.

4. <u>Approval of Minutes of the Previous Stockholders' Meeting</u>

The Corporate Secretary reported that an electronic copy of the Minutes of the Annual Meeting of the Stockholders held on September 30, 2021 were made available on the Corporation's website to all stockholders. Upon motion made and duly seconded, the following resolution was approved by the stockholders:

> "**RESOLVED**, that the minutes of the Annual Stockholders' Meeting of IPM Holdings, Inc. ("Corporation") held on September 30, 2021 be, as it is hereby, approved."

The Corporate Secretary noted that stockholders owning at least 612,824,500 shares representing at least 88.82% of the outstanding capital stock, voted in favor of approving the minutes, -0- shares voted against, and -0- shares abstained on the matter.

5. <u>Approval of Management Report and Audited Financial Statements for the Year Ended December 31, 2021</u>

Ms. Emelita C. Aguinaldo, Basic Environmental Systems & Technologies, Inc. ("BEST") Senior Vice President for Operations, and Mr. Jan Vincent P. Mercado, BEST Senior Vice President for Business Development, presented the Corporation's operational highlights while Mr. Roberto E. Cabarco, Deputy Corporate Information Officer/Compliance Officer, presented the Corporation's financial results, the audited financial statements for the year ended December 31, 2021, and interim period financial report as of September 30, 2022. For good order, any questions and comments received by email and through the meeting portal were to be taken up before the end of the meeting.

Ms. Aguinaldo gave updates on the Corporation's core business segments and initiatives, namely: (a) waste collection; (b) waste transfer and transport; (c) diversion; (d) resource recovery; (e) treatment and disposal; (f) consulting; (g) operation of engineered sanitary landfills; (h) refuse-derived fuel facilities; (i) the MyBasurero app; and (j) the trash to cashback program. She also discussed the Corporation's current investments and involvement in Metro Clark Waste Management Corporation and EcoEdge Resources Corporation. Several video presentations summarizing the Corporation's beginnings and current initiatives were thereafter shown. Ms. Aguinaldo also informed the body about the recent awards and recognitions received by the Corporation.

Mr. Mercado reported on the innovations introduced and developed by BEST, namely the MyBasurero app and the trash to cashback program. A video presentation of how Quezon City has adopted the trash to cashback program was also shown.

On the Corporation's financial performance, Mr. Cabarco reported that the Corporation's net income for the year ended December 2021 was Php59.99 Million, while its total comprehensive income was at Php59.69 Million. The following were the highlights:

(in Million Pesos)	December 2021 (Audited)	December 2020 (Audited)	Variance Increase/ (Decrease) over 2020
REVENUE AND OTHER INCOME	**330.42**	296.22	12%
Service and Rental Income	**275.34**	258.65	0.06%
Interest and Other Income	**1.19**	1.22	-0.03%
Equity in the earnings of an associate and a joint venture	**53.88**	36.34	48%
EXPENSES AND OTHER CHARGES	**265.69**	243.90	0.09%
INCOME BEFORE INCOME TAX	**64.73**	52.32	24%
PROVISION FOR INCOME TAX	**4.74**	8.17	-42%
NET INCOME	**59.99**	44.15	36%
OTHER COMPREHENSIVE INCOME (LOSS)	**(0.31)**	(0.24)	28%
TOTAL COMPREHENSIVE INCOME	**59.69**	43.91	36%

He declared that the consolidated revenue for 2021 increased by Php34.20 Million or 12% from Php296.22 Million in 2020. The increase is mainly because of the increase in tipping fees on waste from Angono and Binangonan and increase in volume of private hauling. As for the expenses, Mr. Cabarco stated that the expenses of the Corporation amounted to Php265.69 Million, consisting of depreciation and amortization, subcontracting costs, logistics expenses, repairs and maintenance, salaries and wages, fuel and oil, utilities, and taxes and licenses. General and administrative expenses increased due to increase in taxes, settlement, and professional fees. Mr. Cabarco reiterated that the net income of the Corporation for 2021 is Php59.99 Million, which saw an increase of 36% from the net income of Php44.15 Million in 2020.

As of December 31, 2021, the Corporation's total current assets was Php972.16 Million, and total assets was Php1,534.14 Million. The total current liabilities was Php229.15 Million and total liabilities was Php261.69 Million. The total stockholders' equity was Php1,272.45 Million. The consolidated total assets increased by Php28.58 Million. He mentioned that the increases were mainly due to collection of receivables. Trade and other receivables decreased by 6.29% due to collections from related parties. Meanwhile, the non-current assets increased by 26% due to additional acquisition of land for the expansion of the sanitary landfills. The total consolidated liabilities amounted to Php261.69 Million, which slightly decreased by 10.62% from 2020's figures, attributable to payment in trade payables. The total stockholder's equity increased by 4.92%.

Mr. Cabarco also reported on the following key performance indicators:

KPI	Calculation	**December 31, 2021**	December 31, 2020
Current Ratio	Current Assets/Current Liabilities	**4.24x**	4.10x
Quick Ratio	Current Assets(cash and equivalents + marketable securities + accounts receivable) /Current Liabilities	**4.19x**	4.08x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	**0.21x**	0.24x
Book Value per share	Stockholders' Equity/ Number of Shares Outstanding	**1.84**	1.76
Income per Share	Net Income/Weighted Average Number of Shares Outstanding	**0.09**	0.06

Mr. Cabarco then presented the interim financial report for the nine-month period which ended on September 30, 2022, and the comparative period which ended on September 30, 2021. The revenue increased by 4% from Php244.90 Million in 2021 to Php255.04 Million in 2022. Meanwhile, expenses increased by 7% from Php190.29 Million in 2021 to Php202.83 in 2022. The result was a decrease of 7% in the total comprehensive income from Php49.41 Million in 2021 to Php45.91 Million in 2022.

Thereafter, Mr. Cabarco summarized the Corporation's current financial position as of September 30, 2022, with total current assets of Php979.44 Million, total assets of Php1,559.09 Million, total current liabilities of Php208.18 Million, total liabilities of Php240.22 Million, and total stockholders' equity of Php1,318.87 Million. He mentioned that the total assets increased by 1.6% from September 2021 to September 2022. Meanwhile, the total liabilities saw a decrease of 8% from September 2021 to September 2022. As a result, the total stockholders' equity increased by 4%.

Following the reports, and upon motion made and duly seconded, the following resolution was approved by the stockholders:

> "**RESOLVED**, that the annual report of management as presented by the officers of IPM Holdings, Inc. and the Corporation's audited financial statements for year ended December 31, 2021 be, as it is hereby, approved."

The Corporate Secretary noted that stockholders owning at least 612,824,500 shares representing at least 88.82% of the outstanding capital stock, voted in favor of approving the management report and audited financial statements for the year ended December 31, 2021, -0- shares voted against, and -0- shares abstained on the matter.

6. <u>Ratification of All Acts of the Board of Directors and Management</u>

The Chairman announced that the next item on the Agenda was the ratification and approval of the acts of management and of the directors of the Corporation undertaken from the date of the last Annual Stockholders' Meeting up to the present. After some discussion and upon motion made and duly seconded, the following resolution was approved by the stockholders:

> "**RESOLVED**, that all acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation from the date of the last annual stockholder's meeting up to the present be, as they are hereby, approved, ratified and confirmed."

The Corporate Secretary noted that stockholders owning at least 612,824,500 shares representing at least 88.82% of the outstanding capital stock, voted in favor of ratifying and approving the acts, -0- shares voted against, and -0- shares abstained on the matter.

7. Election of Directors

The meeting proceeded with the election of directors for the current year. The Corporate Secretary stated that under the Sixth Article of the Amended Articles of Incorporation, there were seven (7) seats in the Board of Directors, and that the Corporation was required to have at least two (2) independent directors. It was explained that under the Securities and Exchange Commission ("SEC") rules, only nominees whose names have been submitted to and evaluated by the Nominations Committee and whose names appear in the Final List of Candidates set forth in the Definitive Information Statement shall be eligible for election as Independent Directors.

The background and qualifications of the nominees were provided in the Definitive Information Statement. The Corporation received a total of four (4) nominations for Regular Directors, and two (2) for Independent Directors, namely:

For Regular Directors:
ISABELITA P. MERCADO
FRANCIS NEIL P. MERCADO
ANTONIO VICTORIANO F. GREGORIO III
JAN VINCENT P. MERCADO

For Independent Directors:
ALFREDO P. JAVELLANA II
DAVID L. KHO

The Corporate Secretary then informed the stockholders that Management was proposing the re-nomination of Atty. Alfredo P. Javellana II who has served as independent director for more than nine years. Management believes that the re-election of Atty. Javellana as an independent director will be beneficial to the continuing growth, strategic direction, and corporate governance of the Company. Management further believes that his industry experience and knowledge will be most valuable in the successful governance of the Company.

On motion made and duly seconded, the above nominees were elected as directors of the Corporation for the current year to serve as such for a period of one year and until their successors are duly elected and qualified. The Corporate Secretary noted that, based on the tabulation and validation by the stock and transfer agent, stockholders owning at least 612,824,500 shares representing at least 88.82% of the outstanding capital stock, voted to elect all the six (6) nominees to the Board of Directors.

8. Appointment of External Auditors

The Chairman announced that the next item on the agenda was the proposal to appoint the audit firm of SGV & Co. as the Corporation's external auditor for the current year 2022-2023. The Corporate Secretary, speaking for the Chairman of the Audit Committee, Independent Director Alfredo P. Javellana II, informed the stockholders that the committee reviewed the qualifications and performance of the Corporation's external auditor SGV & Co. and was endorsing its reappointment for the current year.

Upon motion made and duly seconded, the following resolution was approved by the stockholders:

> "**RESOLVED**, that the audit firm Sycip Gorres Velayo & Co. be, as it is hereby, appointed as the Corporation's external auditor for the current year 2022-2023."

The Corporate Secretary noted that stockholders owning at least 612,824,500 shares representing at least 88.82% of the outstanding capital stock, voted in favor of the appointment of Sycip Gorres Velayo & Co., -0- shares voted against, and -0- shares abstained on the matter.

9. Other Matters

The Chairman inquired whether any questions were raised or comments made on the agenda, by email or through the meeting portal. The Corporate Secretary replied that no questions or comments were received by email or through the meeting portal prior to the meeting. The Corporate Secretary also said that in case any questions were raised through email or on the meeting portal during the meeting, the response would also be sent via email.

10. Adjournment

There being no further business to transact, the meeting was thereupon adjourned.

ATTEST:

ISABELITA P. MERCADO
Chairman of the Stockholders' Meeting

ANA MARIA A. KATIGBAK
Secretary of the Stockholders' Meeting

ANNEX A
(Voting Results)

AGENDA ITEMS	ACTION			
Item 1. Call to Order	No action necessary.			
Item 2: Proof of Notice of Meeting	No action necessary.			
Item 3: Certification of Quorum	No action necessary.			
	FOR	%	AGAINST	ABSTAIN
Item 4: Approval of the Minutes of the Previous Annual Stockholders' Meeting held on September 30, 2021	612,824,500	88.82%	0	0
Item 5: Approval of Management Report and Audited Financial Statements for the Year Ended December 31, 2021	612,824,500	88.82%	0	0
Item 6: Ratification of All Acts of the Board of Directors and Management	612,824,500	88.82%	0	0
Item 7: Election of Directors For Regular Directors:				
1. Isabelita P. Mercado	612,824,500	88.82%	0	0
2. Jan Vincent P. Mercado	612,824,500	88.82%	0	0
3. Antonio Victoriano F. Gregorio III	612,824,500	88.82%	0	0
4. Francis Neil P. Mercado	612,824,500	88.82%	0	0
For Independent Directors:				
1. Alfredo P. Javellana II	612,824,500	88.82%	0	0
2. David L. Kho	612,824,500	88.82%	0	0
Item 8: Approval of Appointment of Sycip Gorres Velayo & Co. as the Company's Independent External Auditor	612,824,500	88.82%	0	0
Item 9: Adjournment	No action necessary.			

ANNEX B

IPM HOLDINGS, INC.
TABULATION OF ATTENDANCE
2022 ANNUAL STOCKHOLDERS' MEETING
November 29, 2022

	STOCKHOLDER'S NAME	NOMINEE/ BENEFICIAL OWNER	NO. OF SHARES	% TO TOTAL ISSUED & OUTSTANDING
1	IPM Construction & Devt Corp	The Chairman	350,000,000	50.72
2	IPM Realty & Devt Corp.	The Chairman	50,000,000	7.25
3	Meridian Securities (PCD)	The Chairman	211,808,500	30.70
4	Isabelita Mercado	Patrick Louie Mercado	1	0.00
5	Isabelita Mercado	Celerino Paredes	1	0.00
6	Isabelita Mercado	Ma. Teresa Paredes	1	0.00
7	Isabelita Mercado	Jade Lapinig	1	0.00
8	Isabelita Mercado	Roberto Cabarco	1	0.00
9	Isabelita Mercado	Noly Valentino	1	0.00
10	Isabelita Mercado	Arturo Gungon	1	0.00
11	Isabelita Mercado	Dwight Ramos	1	0.00
12	Isabelita Mercado	Emelita Aguinaldo	1	0.00
13	Isabelita Mercado	Elpidio Cruz	1	0.00
14	Isabelita Mercado	Logivico Quintos	1	0.00
15	Isabelita Mercado	Rosana Franco	1	0.00
16	Gener Mendoza	Bienvenida R. Mondragon	1	0.00
17	Gener Mendoza	Yolanda Eleazar	1	0.00
18	Gener Mendoza	Ana Maria A. Katigbak	1	0.00
19	Gener Mendoza	Dana Genevieve Dela Cruz	1	0.00
20	Gener Mendoza	Patrizia Adeline A. Lucindo	1	0.00
	Subtotal With Proxy		**611,808,517**	**88.67%**
1	Isabelita P. Mercado		999,983	0.14
2	Jan Vincent P. Mercado		2,000	0.00
3	Francis Neil P. Mercado		2,000	0.00
4	Antonio Victoriano F. Gregorio III		1,000	0.00
5	Alfredo P. Javellana II		1,000	0.00
6	David Kho		10,000	0.00
	Subtotal In Person		**1,015,983**	**0.15%**
	TOTAL ATTENDANCE		**612,824,500**	**88.82%**

TOTAL ISSUED & OUTSTANDING **690,000,000**

COVER SHEET

A	S	0	9	5	-	0	0	8	5	5	7

SEC Registration Number

IPM HOLDINGS, INC. (FORMERLY MINERALES INDUSTRIAS CORPORATION)

(Company's Full Name)

Penthouse The Taipan Place F. Ortigas Jr. Road, Ortigas Center Pasig City 1605

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

Atty. Ana A. Katigbak	8817-6791/8897-5257
Contact Person	Company Telephone Number

Board Attendance 2022

1 2	3 1		4th Wednesday of May
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

IPM HOLDINGS, INC.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

January 18, 2023

Securities and Exchange Commission
SEC Headquarters
7907 Makati Avenue, Barangay Bel-Air
Makati City 1209

Attention: Atty. Rachel Esther J. Gumtang-Remalante
Corporate Governance and Finance Department

Dir. Vicente Graciano P. Felizmenio, Jr.
Markets and Securities Regulation Department

Re: Attendance of Directors at 2022 Board Meetings

Gentlemen/Mesdames:

In compliance with SEC Memorandum Circular No. 1, series of 2014, we hereby formally advise the Commission of the following:

1. The following table summarizes the attendance of the directors of **IPM HOLDINGS, INC.** (the "Corporation") in board meetings held by the Corporation during the calendar year 2022.

Position	Name	Date of Election/ Re-election	Number of Meetings Held During the Year	Number of Meetings Attended	%
Chairman	Isabelita P. Mercado	September 30, 2021/ November 29, 2022	5	5	100%
Board Member	Gener T. Mendoza[1]	September 30, 2021	5	2	40%
Board Member	Francis Neil P. Mercado	September 30, 2021/ November 29, 2022	5	5	100%
Board Member	Antonio Victoriano F. Gregorio III	September 30, 2021/ November 29, 2022	5	5	100%

[1] Mr. Gener T. Medoza passed away on July 31, 2022.

Board Member	Jan Vincent P. Mercado	September 30, 2021/ November 29, 2022	5	5	100%
Independent Director	Alfredo P. Javellana II	September 30, 2021/ November 29, 2022	5	5	100%
Independent Director	David L. Kho	September 30, 2021/ November 29, 2022	5	5	100%

2. The Board of Directors of the Corporation held its meetings in the year 2022, specifically on the following dates:

Date of Meeting	Nature of Meeting
April 13, 2022	Special
May 11, 2022	Regular
September 21, 2022	Special
October 7, 2022	Special
November 29, 2022	Organizational

3. Based on the records of the minutes of the above meetings of the Corporation, no director has absented himself for more than fifty percent (50%) from all meetings of the Board of Directors, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, except in the case of Mr. Gener T. Mendoza who passed away on July 31, 2022. Attached as Annex "A" hereof is a summary of the attendance of the directors.

4. The Corporation held its annual stockholders' meeting on November 29, 2022. The Chairman of the Board and the directors of the Corporation attended the said annual stockholders' meeting of the Corporation on November 29, 2022.

We trust that the foregoing is sufficient. Should you require any further information, please let us know.

Very truly yours,

akatigbak

Ana Maria A. Katigbak
Corporate Secretary

Annex "A"

IPM HOLDINGS, INC.
Penthouse, The Taipan Place, F. Ortigas Jr. Road
Ortigas Center, Pasig City, 1605

Meetings of the Board of Directors for the Year 2022

Name	**SM Apr 13**	**RM May 11**	**SM Sept 21**	**SM Oct 7**	**OM Nov 29**
Isabelita P. Mercado	✓	✓	✓	✓	✓
Gener T. Mendoza*	✓	✓	n/a	n/a	n/a
Francis Neil P. Mercado	✓	✓	✓	✓	✓
Antonio Victoriano F. Gregorio III	✓	✓	✓	✓	✓
Jan Vincent P. Mercado	✓	✓	✓	✓	✓
Alfredo P. Javellana II	✓	✓	✓	✓	✓
David L. Kho	✓	✓	✓	✓	✓

Legend:

✓	-	Present
RM	-	Regular Board Meeting
SM	-	Special Board Meeting
OM	-	Organizational Board Meeting
n/a	-	Not Applicable

* Mr. Gener T. Mendoza passed away on July 31, 2022.

Procedure for Registration, Participation and Voting at the 2023 Annual Stockholders Meeting of IPM HOLDINGS, INC.

As a precautionary and safety measure in view of the Corona Virus Disease 2019 (COVID-19) pandemic, the Annual Stockholder Meeting ("ASM") of IPM Holdings, Inc. (the "Company") will be held virtually **via remote communication or in absentia** on **October 27, 2023 at 10:00 A.M.** There will be no physical venue for the ASM.

Only Stockholders of record as of September 15, 2023 who have successfully registered for the meeting shall be able to participate and vote in the 2023 ASM.

I. Registration and Participation/Attendance Procedure:

1. Stockholders who intend to participate in the virtual ASM may register by sending an e-mail to ipmholdings.asm@yahoo.com with the following requirements for registration:

    a. *For individual stockholders holding stock certificates in their names:*

        i. Scanned copy of any valid government-issued ID;
        ii. Active contact number, either landline or mobile;
        iii. Proxy Form, if any.

    b. *For stockholders with joint accounts:*

        i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the 2023 ASM;
        ii. Documents required under items 1.a (i), (ii) and (iii) for the authorized stockholder.

    c. *For stockholders under PCD Participant / Brokers Account or "Scripless Shares":*

        i. Coordinate with the broker and request for the full account name and reference number or account number;
        ii. Documents required under items 1.a (i), (ii) and (iii).

    d. *For corporate stockholders holding stock certificates in the name of the corporation:*

        i. Secretary's Certificate attesting to the authority of the representative to participate and / or vote in the 2023 ASM;
        ii. Documents required under items 1.a (i), (ii) and (iii) for the authorized representative.

The foregoing documents shall be submitted by (i) email to ipmholdings.asm@yahoo.com, or (ii) delivery of the original copies to the Office of the Corporate Secretary at the principal office of IPM Holdings, Inc. located at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

2. Upon successful registration and validation of the documents submitted by email to ipmholdings.asm@yahoo.com or at the Company's office, the stockholder will receive an email confirmation with the meeting password which can be used to log in and view the 2023 ASM.

3. Only those stockholders who have registered following the procedure above, and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.

4. For purposes of voting during the 2023 ASM, please see section on Voting Procedure below.

5. For the Question and Answer portion during the 2023 ASM, stockholders may send their questions related to the agenda to ipmholdings.asm@yahoo.com. Due to limitations on technology and time, not all questions may be responded to during the 2023 ASM but the Company will endeavor to respond to all the questions through email.

6. In compliance with SEC requirements, the proceedings during the 2023 ASM will be recorded.

7. Stockholders intending to participate by remote communication in the 2023 ASM are required to register not later than October 17, 2023.

8. In compliance with the SEC Notice dated April 20, 2020, the Definitive Information Statement, the Management Report, SEC Form 17A and other pertinent documents may be accessed through the Company's website at https://www.ipmholdings.com.ph/.

II. Voting Procedure:

Stockholders may vote during the 2023 ASM by Proxy as follows:

1. Download the Proxy Form at the Company's website at https://www.ipmholdings.com.ph/ and accomplish and sign the same. The Company's Chairman or your designated proxy is authorized to cast the votes pursuant to your instructions in the Proxy Form.
2. Send in advance by email to ipmholdings.asm@yahoo.com a scanned copy of the executed Proxy Form.
3. The scanned copy of the executed Proxy Form should be emailed to the above not later than October 17, 2023.
4. The original copy of the signed Proxy Form should be delivered to:

The Corporate Secretary,
Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, 1605

For any questions or clarification, you may contact us through:

- Email at ipmholdings.asm@yahoo.com; or
- Telephone number at 8424 2550 to 59; or
- Our stock transfer agent, BDO Unibank, Inc. – Trust and Investments Group, through
    - ✓ Oliver Galvez at (e-mail address galvez.oliver@bdo.com.ph), or
    - ✓ BDO's telephone number at (telephone number 8878-4740)

ANNEX "A"

IPM HOLDINGS, INC.
MANAGEMENT REPORT
Pursuant to SRC Rule 20 (4)

I. INCORPORATED HEREIN ARE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IPM HOLDINGS. INC. AND ITS SUBSIDIARY (THE "GROUP") FOR THE YEAR ENDED DECEMBER 31, 2022 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY AND THE QUARTERLY REPORT ON SEC FORM 17Q FOR THE PERIOD ENDED JUNE 30, 2023.

II. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in and disagreements with accountants on accounting and financial disclosure.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

PLAN OF OPERATIONS

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment and operations of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

As of September 15, 2023, BEST is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, BEST launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

BEST believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. The Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-champions using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, FMCGs, waste management solutions providers, recycling partners, and MSMEs.

Tindahan Extra Mile ™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, BEST, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management.

With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached audited consolidated financial statements of the Group and the interim consolidated financial statements as of June 30, 2023.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Income

Total consolidated revenues for the six-month period ending June 30, 2023 amounted to Php89.01 million, down by Php62.09 million from the Php151.10 million posted in the same period of 2022. The material changes are as follows:

- Service Income amounted to Php86.35 million, which is Php61.77 million lower than the Php148.12 million posted in the same period of 2022. This is mainly due to the decrease in income of the Company's joint venture from hauling and waste collection.

- Rental Income amounted to Php1.95 million, which is Php0.44 million lower than the Php2.39 million posted in the same period of 2022. This is mainly attributable to the decrease in rental income from equipment and trucks, which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the first six months of 2023 amounted to Php82.46 million, down by Php49.54 million from the Php132.00 million posted in the same period of 2022. The material changes are as follows:

- Cost of services amounted to Ph65.84 million, which is Php50.23 million lower than the Php116.07 million posted in the same period of 2022. This is mainly attributable to the decrease in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities.

- General and administrative expenses amounted to Php13.16 million, which slightly decreased by 3% as compared to Php13.51 million posted in the same period of 2022. This is mainly attributable to the decrease in professional fees.

- Interest expense amounted to Php3.47 million, which is Php1.04 million higher than the Php2.43 million in the same period of 2022.

Net Income

The first six-month period ending June 30, 2023 resulted in a net income of Php4.69 million, a decrease of Php9.25 million from the Php13.94 million posted in the same period of 2022. This is mainly due to the decrease in income of the joint venture from hauling and waste collections.

Liquidity and Capital Resources

For the first half of 2023, net cash provided by operating activities amounted to Php15.51 million, which decreased by Php6.45 million as compared to Php21.96 million in the same period of 2022. This is mainly due to the decrease in receivables and trade and other payables.

Net cash used in investing activities amounted to Php6.77 million in the first half of 2023, which decreased by Php5.13 million as compared to Php11.90 million in the same period of 2022. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php12.95 million, other noncurrent assets of Php1.82 million and net of dividends received from an associate of Php8.00 million.

Net cash used in financing activities amounted to Php2.71 million in the first half of 2023, which decreased by Php0.72 million as compared to Php3.43 million in the same period of 2022. These amounts represent payment of bank loans and interest.

Second Quarter Ended June 30, 2023 Compared to Second Quarter Ended June 30, 2022

Total consolidated revenues for the second quarter ending June 2023 amounted to Php38.82 million, down by Php35.23 million from the Php74.05 million posted in the same period of 2022. The material changes are as follows:

- Service Income amounted to Php37.32 million, which is Php35.24 million lower than the Php72.56 million posted in the same period of 2022. This is mainly due to the decrease in income of the Company's joint venture from hauling and waste collection.

- Rental Income amounted to Php1.14 million, which is 4% lower than the Php1.19 million posted in the same period of 2022. This is mainly attributable to the decrease in rental income from equipment and trucks which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the second quarter ending June 30, 2023 amounted to Php37.00 million, which decreased by Php32.56 million from the Php69.56 million posted in the same period of 2022. The material changes are as follows:

- Cost of services amounted to Php28.43 million, which is Php32.27 million lower than the Php60.70 million in the same period of 2022. This is mainly attributable to the decrease in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities.

- General and administrative expenses amounted to Php7.02 million, which is 8% lower than the Php7.64 million in the same period of 2022. This is mainly attributable to the decrease in taxes and licenses.

- Interest expense amounted to Php1.59 million, which is Php0.33 million higher than the Php1.22 million in the same period of 2022.

Net Income

The second quarter of 2023 resulted in a net income of Php1.07 million, which is Php1.88 million lower than the Php2.96 million posted in the same period of 2022. This is mainly due to the decrease in income of the joint venture from hauling and waste collections.

Liquidity and Capital Resources

For the second quarter of 2023, net cash provided by operating activities amounted to Php8.21 million, which decreased by Php6.16 million as compared to Php14.37 million posted in the same period 2022. This is mainly attributable to the decrease other current assets, income tax paid as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php1.43 million in the second quarter of 2023, which decreased by Php4.93 million as compared to Php6.38 million in the same period of 2022. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php4.49 million, other noncurrent assets of Php0.94 million and net of dividends received from an associate of Php4.00 million.

Net cash used in financing activities amounted to Php1.36 million in the second quarter of 2023, which slightly decreased by Php0.14 million as compared to Php1.22 million in the same period of 2022. These amounts represent payment of bank loans and interest.

Financial Position as of June 30, 2023 Compared to Financial Position as of December 31, 2022

Statements of financial position data	**June 30, 2023**	December 31, 2022	**% Inc/(Dec)**
Total Current Assets	**999,701,526**	991,692,636	0.81%
Total Assets	**1,566,411,579**	1,568,716,835	0.15%
Total Current Liabilities	**213,534,310**	220,534,463	3.17%
Total Liabilities	**247,466,258**	254,466,411	3.17%
Total Stockholders' Equity	**1,318,945,321**	1,314,250,424	0.36%

The Company's consolidated total assets slightly increased by 0.15%, from Php1,568.72 million as of December 31, 2022 to Php1,566.41 million as of June 30, 2023.

- Cash and cash equivalents increased by Php6.03 million or 24%, from Php25.53 million as of December 31, 2022 to Php31.56 million as of June 30, 2023. The increase was mainly due to the collection of receivables.

- Current portion of trade and other receivables decreased by 2% from Php927.03 million as of December 31, 2022 to Php909.38 million as of June 30, 2023 due to the collection of the outstanding receivables.

- Other current assets increased by Php19.63 million or 50% from Php39.13 million as of December 31, 2022 to Php58.76 million as of June 30, 2023 due to the increase in input VAT and prepaid expenses.

- Noncurrent assets slightly decreased by 1.79% from Php577.02 million as of December 31, 2022 to Php566.71 million as of June 30, 2023.

Total consolidated liabilities slightly increased by 2.75%, from Php254.47 million as of December 31, 2022 to Php247.47 million as of June 30, 2023.

Total stockholders' equity slightly increased by 0.36%, from Php1,314.25 million as of December 31, 2022 to Php1,318.94 million as of June 30, 2023, reflecting the income for the current year.

Current ratio decreased from 4.50x as of December 31, 2022 to 4.68x as of June 30, 2023; net working capital increased to Php786.17 million as of June 30, 2023 versus the Php771.16 million as of December 31, 2022.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	June 30, 2023	December 31, 2022
Current Ratio (1)	Current Assets/Current Liabilities	**4.68x**	4.50x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	**4.41x**	4.32x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	**0.19x**	0.19x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	**1.91**	1.90
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	**0.007**	0.06

		June 30, 2023	December 31, 2022
(1)	Current Ratio	999,701,526/213,534,310	991,692,636/220,534,463
(2)	Quick Ratio	940,939,664/213,534,310	952,558,025/220,534,463
(3)	Debt to Equity	247,466,258/1,318,945,321	254,466,411/1,314,250,424
(4)	Book Value/Share	1,318,945,321/690,000,000	1,314,250,424/690,000,000
(5)	Income per Share	4,694,897/690,000,000	41,549,798/690,000,000

2022 vs 2021

Income

Total consolidated revenues for 2022 amounted to Php361.78 million, which increased by Php31.36 million or 9% from the Php330.42 million posted in 2021. The material changes are as follows:

- Service income increased by Php30.33 million or 11% from the Php271.68 million in 2021 to Php302.01 million in 2022. This is mainly due to the increase in income from tipping fees charged to LGUs and private hauling revenues, consultancy/field services and trash to cashback.

- Rental income increased by Php2.03 million or 55%, from the Php3.66 million in 2021 to Php5.70 million in 2022. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture decreased by Php16.17 million or 30%, from the Php53.88 million in 2021 to Php37.72 million in 2022.

- Interest income increased by Php15.17million, from the Php1.19 million in 2021 to Php16.36 million in 2022. This is attributable mainly to the restructuring of receivables resulting in an accretion of interest income amounting to Php15.03 million.

Expenses

Total consolidated expenses for 2022 amounted to Php315.98 million, which increased by Php50.29 million or 19% from the Php265.69 million posted in 2021. The material changes are as follows:

- Cost of services amounted to Php248.81 million, which is Php23.00 million or 10% higher than the Php225.81 million in 2021. This is attributable mainly to the increase in depreciation and amortization, equipment rental, costs of fuel and oil, and repairs and maintenance.

- General and administrative expenses totaled Php59.89 million, Php25.20 million or 73% higher than the Php34.69 million in 2021. This is mainly due to the restructuring of receivables resulting in a recognition of day 1 loss amounting to Php25.96 million.

- Interest expenses amounted to Php7.28 million, Php2.09 million or 40% higher than the Php5.19 million in 2021. This is mainly due to the increase in bank loan interest.

Net Income

The twelve-month operation of the Group posted a net income of Php41.55 million in 2022, a significant decrease by Php18.44 million or 31% from the Php59.99 million posted in 2021. This is mainly due to the restructuring of receivables resulting in a recognition of day 1 loss amounting to Php25.96 million and accretion of interest income amounting to Php15.04 million.

As a result, the Group recognized a loss on restructuring and interest income amounting to ₱21.84 million and ₱12.29 million, respectively, in 2022

Financial Condition

Statements of financial position data	**December 31, 2022**	**December 31, 2021**	**% Inc/(Dec)**
Total Current Assets	991,692,636	972,158,390	2%
Total Assets	1,568,716,835	1,534,138,398	2%
Total Current Liabilities	220,534,463	229,147,700	(4%)
Total Liabilities	254,466,411	261,688,644	(3%)
Total Equity	1,314,250,424	1,272,449,754	3%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by Php34.58 million or 2%, from the Php1,534.14 million in 2021 to Php1,568.72 million in 2022.

- Cash and cash equivalents increased by 260% from Php7.09 million in 2021 to Php25.53 million in 2022. This is mainly due to the collection of long outstanding receivables from a related party.

- Current portion of trade and other receivables slightly decreased by 3% from Php952.75 million in 2021 to Php927.03 million in 2022 due to the collection of outstanding receivables from a related party.

- Other current assets increased by 218% from Php12.32 million in 2021 to Php39.13 million in 2022 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City, advances to suppliers and creditable withholding tax.

- Noncurrent assets slightly increased by 2% from Php561.98 million in 2021 to Php577.02 million in 2022

Total consolidated liabilities decreased by Php7.22 million or 3%, from Php261.69 million in 2021 to Php254.47 million in 2022. This is attributable mainly to the decrease in trade payables for the contracting and consulting operations to provide waste disposal services.

Total stockholders' equity increased by Php41.80 million or 3%, from Php1,272.45 million in 2021 to Php1,314.25 million in 2022, reflecting the income for the current year.

Current ratio increased from 4.24x in 2021 to 4.50x in 2022; net working capital increased to Php771.16 million in 2022 versus the Php743.01 million in 2021.

Liquidity and Capital Resource

For the year ended December 31, 2022, net cash provided by operating activities amounted to Php37.89 million, which decreased by Php13.71 million as compared to the Php51.60 million in 2021. This is attributable mainly to the increase in other current assets, decrease in receivables, as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php11.44 million in 2022, which decreased by Php64.94 million as compared to Php76.38 million in 2021. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php25.29 million and payment of advances to landowners of Php5.00 million, net of dividends received from an associate of Php17.60 million.

Net cash used in financing activities amounted to Php8.01 million in 2022, which increased by Php3.09 million as compared to Php4.92 million in 2021, consisting mainly of interest and principal payment on bank loans.

2021 vs 2020

Income

Total consolidated revenues for 2021 amounted to Php330.42 million, which increased by Php34.20 million or 12% from the Php296.22 million posted in 2020. The material changes are as follows:

- Service income increased by Php24.15 million or 10% from the Php247.52 million in 2020 to Php271.68 million in 2021. This is mainly due to the increase in income of the Company's joint venture for the hauling and waste collection in Cagayan de Oro City; tipping fees charged to LGUs; and private hauling revenues.

- Rental income decreased by Php7.46 million or 67%, from the Php11.12 million in 2020 to Php3.66 million in 2021. This is attributable mainly to the decrease in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture increased by Php17.54 million or 48%, from the Php36.34 million in 2020 to Php53.88 million in 2021. This is mainly due to the increase in its equity share in the net income of its associate amounting to Php53.88 million.

- Interest income decreased by Php0.03 million or 3%, from the Php1.22 million in 2020 to Php1.19 million in 2021, attributable to the decrease in earnings from time deposits.

Expenses

Total consolidated expenses for 2021 amounted to Php265.69 million, which increased by Php21.79 million or 9% from the Php243.90 million posted in 2020. The material changes are as follows:

- Cost of services amounted to Php225.81 million, which is Php32.24 million or 17% higher than the Php193.57 million in 2020. This is attributable mainly to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City.

- General and administrative expenses totaled Php34.69 million, Php7.55 million or 18% lower than the Php42.24 million in 2020. This is attributable mainly to the decrease in VAT expense.

- Interest expenses amounted to Php5.19 million, Php2.90 million or 36% lower than the Php8.09 million in 2020. This is mainly due to the decrease in bank loan interest.

Net Income

The twelvemonth operation of the Group resulted in a net income of Php59.99 million for 2021, a significant increase by Php15.85 million or 36% from the Php44.15 million posted in 2020. This is mainly due to the increase in income of the joint venture from hauling and waste collections in Cagayan de Oro and equity share in the net income of an associate amounting to Php53.88 million.

Financial Condition

Statements of financial position data	December 31, 2021	December 31, 2020	% Inc/(Dec)
Total Current Assets	972,158,390	1,059,317,512	(8%)
Total Assets	1,534,138,398	1,505,558,742	2%
Total Current Liabilities	229,147,701	258,386,921	(11%)
Total Liabilities	261,688,644	292,795,601	(11%)
Total Equity	1,272,449,754	1,212,763,141	5%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by Php28.58 million or 2%, from the Php1.51 billion in 2020 to Php1.53 billion in 2021.

- Cash and cash equivalents decreased by 81% from Php36.79 million in 2020 to Php7.09 million in 2021. The decreased was mainly due to the acquisition of property and equipment.

- Trade and other receivables decreased by 6% from Php1.02 billion in 2020 to Php952.75 million in 2021 due to the collection of outstanding receivables from a related party.

- Other current assets increased by 114% from Php5.76 million in 2020 to Php12.32 million in 2021 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City.

- Noncurrent assets increased by 26% from Php446.24 million in 2020 to Php561.98 million in 2021. The increase is mainly due to the additional acquisition of land for the planned project in Bulacan and Bataan, as well as the construction in progress of the Passi City Integrated Waste Management Facility.

Total consolidated liabilities decreased by Php31.11 million or 11%, from Php292.80 million in 2020 to Php261.69 million in 2021. This is attributable to the decrease in trade payables for the contracting and consulting operations to provide waste disposal services.

Total stockholders' equity increased by Php59.69 million or 5%, from Php1.21 billion in 2020 to Php1.27 billion in 2021, reflecting the income for the current year.

Current ratio increased from 4.10x in 2020 to 4.24x in 2021; net working capital declined to Php740.01 million in 2021versus the Php800.93 million in 2020.

Liquidity and Capital Resource

For the year ended December 31, 2021, net cash provided by operating activities amounted to Php51.60 million, which decreased by Php76.32 million as compared to the Php127.92 million in 2020. This is attributable mainly to the decrease in receivables, as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php76.38 million in 2021, which decreased by Php19.81 million as compared to Php96.19 million in 2020. Cash used in investing activities consisted mainly of acquisition of property and equipment (Php72.51 million) and payment of advances to landowners (Php12.00 million), net of dividends received from an associate (Php12.80 million).

Net cash used in financing activities amounted to Php4.92 million in 2021, consisting mainly of interest and principal payment on bank loans.

2020 vs 2019

Income

Total consolidated revenues for 2020 amounted to Php296.22 million, which increased by Php42.70 million or 17% from the Php253.52 million posted in 2019. The material changes are as follows:

- Service income increased by Php76.09 million or 44% from the Php171.43 million in 2019 to Php247.52 million in 2020. This is mainly due to the increase in income of the Company's joint venture for the hauling and waste collection in Cagayan de Oro City; tipping fees charged to LGUs; and private hauling revenues.
- Rental income decreased by Php43.41 million or 80%, from the Php54.53 million in 2019 to Php11.12 million in 2020. This is attributable mainly to the decrease in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Equity in net earnings of an associate and a joint venture increased by Php10.22 million or 39%, from the Php26.12 million in 2019 to Php36.34 million in 2020. This is mainly due to the increase in its equity share in the net income of its associate amounting to Php44.05 million.

- Interest income decreased by Php0.21 million or 15%, from the Php1.43 million in 2019 to Php1.22 million in 2020, attributable to the decrease in earnings from time deposits.

Expenses

Total consolidated expenses for 2020 amounted to Php243.90 million, which increased by Php101.55 million or 71% from the Php142.35 million posted in 2019. The material changes are as follows:

- Cost of services amounted to Php193.57 million, which is Php102.39 million or 112% higher than the Php91.18 million in 2019. This is attributable mainly to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City.

- General and administrative expenses totaled Php42.24 million, a very slight decrease from the Php42.52 million in 2019.

- Interest expenses amounted to Php8.09 million, Php0.56 million or 6% lower than the Php8.65 million in 2019. This is mainly due to the decrease in bank loan interest.

Net Income

The twelve-month operation of the Group resulted in a net income of Php44.15 million for 2020, a significant decline by Php37.26 million or 46% from the Php81.41million posted in 2019. This is mainly due to the increase in cost of services which outstripped the increase in revenues.

Financial Condition

Statements of financial position data	December 31, 2020	December 31, 2019	% Inc/(Dec)
Total Current Assets	1,059,317,512	1,084,735,522	(2%)
Total Assets	1,505,558,742	1,446,413,531	4%
Total Current Liabilities	258,386,921	245,813,573	5%
Total Liabilities	292,795,601	277,558,175	5%
Total Equity	1,212,763,141	1,168,855,356	4%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by Php59.15 million or 4%, from the Php1.45 billion in 2019 to Php1.51 billion in 2020.

- Cash and cash equivalents increased by 238% from Php10.87 million in 2019 to Php36.79 million in 2020. The increase was mainly due to the collection of the outstanding receivables from a related party amounting to Php50.00 million.

- Trade and other receivables decreased by 4% from Php1.06 million in 2019 to Php1.02 billion in 2020 due to the collection of the outstanding receivables from a related party.

- Other current assets decreased by 59% from Php13.97 million in 2019 to Php5.76 million in 2020 due to the decrease in net input VAT.

- Noncurrent assets increased by 23% from Php361.68 million in 2019 to Php446.24 million in 2020. The increase is mainly due to the additional acquisition of land for the expansion of the sanitary landfill in Morong, Rizal and for the planned project in Bataan, as well as the construction in progress of the Passi City Integrated Waste Management Facility.

Total consolidated liabilities increased by Php15.24 million or 5%, from Php277.56 million in 2019 to Php292.80 million in 2020. This is attributable to the increase in trade payables for the contracting and consulting operations to provide waste disposal services.

Total stockholders' equity increased by Php43.91 million or 4%, from Php1.17 billion in 2019 to Php1.21 billion in 2020, reflecting the income for the current year.

Current ratio decreased from 4.41x in 2019 to 4.10x in 2020; net working capital declined to Php800.93 million in 2020 versus the Php838.92 million in 2019.

Liquidity and Capital Resource

For the year ended December 31, 2020, net cash provided by operating activities amounted to Php127.92 million, which increased by Php96.31 million as compared to the Php31.61 million in 2019. This is attributable mainly to the decrease in receivables, as well as increase in trade and other payables.

Net cash used in investing activities amounted to Php96.19 million in 2020, which increased by Php81.05 million as compared to Php15.14 million in 2019. The amount consists of acquisition of property and equipment of Php97.82 million and increase in other noncurrent assets of Php1.57 million, net of cash dividends received from an associate of Php3.20 million.

Net cash used in financing activities amounted to Php5.82 million in 2020, which decreased by Php6.72 million as compared to Php12.54 million in 2019, the difference representing payment of bank loans and interest in 2019.

Key Performance Indicators

The Company's key performance indicators are as follows:

KPI	Calculation	2022	2021	2020
Current Ratio (1)	Current Assets/Current Liabilities	4.50x	4.24x	4.10x
Quick Ratio (2)	Cash + Marketable Securities + Receivables /Current Liabilities	4.32x	4.19x	4.08x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.19x	0.21x	0.24x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	1.90	1.84	1.76
Net Income per Share (5)	Net Income /Weighted Average Number of Shares Outstanding	0.06	0.09	0.06

		December 31, 2022	December 31, 2021	December 31, 2020
(1)	Current Ratio	991,692,636/220,534,463	972,158,390/229,147,701	1,059,317,512/258,386,921
(2)	Quick Ratio	952,558,025/220,534,463	959,839,023/229,147,701	1,053,560,813/258,386,921
(3)	Debt to Equity	254,466,411/1,314,250,424	261,688,644/1,272,449,754	292,795,601/1,212,763,141
(4)	Book Value/Share	1,314,250,424/690,000,000	1,272,449,754/690,000,000	1,212,763,141/690,000,000
(5)	Net Income per Share	41,549,798/690,000,000	59,994,783/690,000,000	44,147,681/690,000,000

The Current Ratio is a general and quick measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Net Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters **(from ANNUAL REPORT)**

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2- Management's Discussion and Plan of Operations.

b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.

c) There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d) There were no material commitments for capital expenditures.

e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis.

f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.

g) There were no seasonal aspects that had material effect on the financial condition or results of operation.

IV. BRIEF DESCRIPTION OF GENERAL NATURE AND SCOPE OF BUSINESS

OVERVIEW

IPM Holdings, Inc., formerly Minerales Industrias Corporation ("IPM" or the "Parent Company") was incorporated on August 31, 1995 to engage in business as an investment holding company.

Its subsidiary, Basic Environmental Systems & Technologies, Inc. ("BEST") was in turn established on September 15, 1999 to engage in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

The Parent Company started commercial operations on September 4, 1995 with an initial capitalization of Php60.00 million. On October 27, 1997, the Parent Company's Board of Directors (BOD) authorized the additional issuance of shares of stock amounting to Php60.00 million from the unissued portion of the Parent Company's authorized capital stock at a par value of Php1.00 per share.

On June 14, 1998, the Parent Company listed its shares of stock in the Philippine Stock Exchange. The Parent Company offered for subscription to the public, 60.00 million unclassified common shares at an offer price equal to its par value of Php1.00 per share, increasing the Company's capitalization to Php180.00 million. The offer accounted for 33.3% outstanding capital stock of the Company. Proceeds from the offering amounting to Php58.20 million were used to partly finance the additional equity investment in Orion Savings Bank Inc.

On December 10, 1999, the Parent Company's stockholders and board of directors approved the increase in its authorized capital stock from 240.00 million shares to 740.00 million shares, all with par value of Php1.00. On the same date, the Board of Directors resolved to amend the Articles of Incorporation and By-Laws of the Company, changing the name of the Company to Multitech Investments Corporation. The resolutions were ratified and approved by the stockholders during its annual meeting in June 2000.

On July 26, 2007 and August 31, 2007, the Board of Directors and stockholders, respectively approved the amendment of the Articles of Incorporation in order to (a) change the corporate name of the company from Multitech Investments Corporation to Minerales Industrias Corporation, (b) change its principal office from Pasig City to Makati City and (c) change the primary purpose clause of the Company to reflect the shift from being an investment company to a mining company.

On September 24, 2007, the Securities and Exchange Commission (SEC) approved the change in company name and primary purpose. The change in registered address was subsequently approved by the SEC on January 14, 2008.

On December 29, 2009, the Board of Directors approved the private placement of a total of 10.0 million common shares out of the unissued authorized capital stock of the Company at a subscription price of Php1.00 per share. Of the total issue price of Php10.00 million, Php5.05 million was paid to the Company on December 31, 2009 while the balance was settled in full on February 1, 2010.

On November 20, 2012, the Board of Directors approved the subscription of the IPM group of companies to a total of 500.00 million shares out of the Php500.00 million increase n the authorized capital stock of the Company previously approved by the stockholders, at a total subscription price of Php500.00 million, payable in cash. Also, the Board of Directors authorized the acquisition of 615.00 million shares in Basic Environmental Systems & Technologies, Inc. (BEST) at par value of Php1.00 per share, which will constitute 75% of the resulting outstanding capital of BEST. BEST is a corporation engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On February 8, 2013, the stockholders of the Parent Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500.00 million shares out of the Php500.00 million increase in the authorized capital stock of the Parent Company previously approved by the shareholders, at a total subscription price of Php500.00 million, payable in cash: (a) IPM Construction and Development Corporation, Php350.00 million; (b) IPM Environmental Services, Inc., Php100.00 million; and (b) IPM Realty and Development Corporation, Php50.00 million. On the same date, the stockholders approved the amendment of the primary purpose of the Parent Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

On March 4, 2013, the Parent Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to Php450.00 million and Php12.50 million, respectively, which resulted in the Company obtaining 75% interest in BEST, thereby treating BEST as its subsidiary starting March 4, 2013.

On June 11, 2013, the SEC approved the Parent Company's application for increase in authorized capital stock from Php240.00 million to Php740.00 million divided into 740.00 million shares, with a par value of Php1 per share and the amendment of the primary purpose of the Parent Company to revert back to a holding company.

On July 18, 2013, the Board of Directors approved the increase in the authorized capital stock of the Parent Company from Php740.00 million divided into 740.00 million shares with a par value of Php1 per share to Php5.00 billion divided into 5.00 billion shares with a par value of Php1 per share. On the same date, the BOD approved the transfer of the principal address of the Parent Company from Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City to its current principal address, Unit 103, Ground Floor, Prestige Tower Condominium, F Ortigas Jr. Avenue Ortigas Center, Pasig City. These were subsequently approved by the shareholders on September 19, 2013. The SEC approved the amended articles of incorporation indicating the change of address on October 18, 2013.

On September 11, 2013, The Philippines Stock Exchange, Inc. (PSE) approved the application of the Parent Company to list the additional 500.00 million common shares (the "Private Placement Shares") with a par value of Php1.00 per share, at a Subscription Price of Php1.00 per share. The Parent Company, the IPM Group, and Metropolitan Bank and Trust Company-Trust Banking Group ("Escrow Agent") executed an Escrow Agreement and Certification and Undertaking on November 15, 2013 and December 4, 2013, respectively, to implement the required lock-up of the Private Placement Shares.

On July 22, 2015 and October 21, 2015, the Board of Directors and stockholders, respectively approved the amendment of the Articles of Incorporation in order to (a) change the corporate name of the Parent Company from Minerales Industrias Corporation to IPM Holdings, Inc., (b) change its ticker symbol from "MIC" to "IPM". The SEC approved the amended Articles of Incorporation indicating the change in the name of the Parent Company on November 25, 2015.

On May 25, 2016, the stockholders of the Parent Company approved the: (a) increase in the Corporation's authorized capital stock to an amount of up to Php7.50 billion consisting of common and/or preferred shares as may be determined by the Board of Directors; (b) amendment of the

Corporation's Articles of Incorporation to include in the company primary purpose clause the authority to issue sureties and guarantees; (c) amendment of the By-laws of the Corporation to create the Offices of the Chief Executive Officer and Chief Operating Officers; and (d) delegation to the Board of Directors of the authority to amend the By-Laws of the Corporation.

On October 21, 2020, the Corporation changed its principal office address from Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City, to the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

BUSINESS DESCRIPTION

The Parent Company through its subsidiary Basic Environmental Systems and Technologies, Inc. ("BEST"), is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

BEST specializes in waste collection, transport and storage, engineered sanitary landfill development, operation and maintenance, site rehabilitation and remediation, waste recycling and recovery, waste treatment and disposal, wastewater treatment, equipment supply and installation, waste reduction, pollution prevention and control, environmental monitoring assessment and evaluation, and environmental consciousness training.

INDUSTRY TRENDS/COMPETITION

BEST, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private sector, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

SOURCES OF RAW MATERIALS AND NAMES OF PRINCIPAL SUPPLIERS

Not Applicable.

DEPENDENCE ON SINGLE CUSTOMER

Not Applicable.

TRANSACTION WITH AND/OR DEPENDENCE ON RELATED PARTIES

Except as disclosed in Note 15 of the audited consolidated financial statements for 2022 and 2021, there were no other transactions entered into with related parties.

PATENTS, TRADEMARKS, ETC.

No product patents, trademarks, licenses were executed for the Company.

GOVERNMENT APPROVALS AND REGULATION

The Company has secured all necessary business permits and licenses granted by the government and its appropriate agencies, which include the Certificate of Registration from the BIR, registration and licenses from the SEC, Social Security System, etc. At present, the Company does not know any specific government regulation imposed on its business that may have material effect on the Company which it has not complied with.

RESEARCH AND DEVELOPMENT

Not Applicable.

ENVIRONMENTAL LAWS

The Company is not involved in any action or proceeding involving non-compliance with relevant environmental laws and regulations of the Philippines.

HUMAN RESOURCES

The Group has 57 employees as of December 31, 2022 of whom fourteen (14) are rank and file, thirty-three (33) are in operations and ten (10) are key officers. The employees were not subject to any Collective Bargaining Agreement (CBA).

Item 2. Properties

The consolidated property, plant and equipment for the year 2022, is as follows: land Php113.81 million, building and improvements Php21.06 million, transportation equipment Php2.04 million, office furniture and fixtures Php0.07 million, development cost Php64.57 million, leasehold improvements Php0.01 million, and construction in progress Php9.84 million, totaled of Php211.40 million.

The property and equipment have no restrictions or not pledged as security for any liability.

Item 3. Legal Proceedings

The Parent Company and its subsidiary are not involved in litigation that occurred in the last three years that would be considered material. Similarly, to the best of the Company's knowledge, there are no material pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party.

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

Except for the matters taken up during the Annual Stockholders' Meeting held on November 29, 2022, there were no other matters submitted to a vote of the security holders in 2022.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) MARKET INFORMATION

The shares of the Parent Company are listed and traded in the Philippine Stock Exchange. The high and low closing prices of the Parent Company's shares for each quarter within the last two (2) years and the first two quarters of 2023 are as follows:

Year	Quarter	High(in Php)	Low(in Php)
2021	First	7.95	4.52
	Second	6.00	4.53
	Third	7.10	5.41
	Fourth	7.10	6.40

2022	First Second Third Fourth	7.05 7.00 7.00 6.70	6.30 6.00 6.20 6.15
2023	First Second	6.65 6.32	6.25 6.00

The closing price at the latest practicable date of the Parent Company's shares on September 15, 2023 was Php4.05 per share.

(2) HOLDERS

The Parent Company has only common stock, with Php1.00 par value. As of September 15, 2023, the number of common shares issued and outstanding was 690,000,000 shares, held by a total of 114 stockholders. The top twenty (20) stockholders of the Parent Company as of September 15, 2023 were as follows:

Name	No. of Shares	Percentage to Total
1. IPM Construction and Development Corp.	350,000,000	50.725%
2. PCD Nominee Corporation (Filipino)	280,464,269	40.647%
3. IPM Realty and Development Corporation	50,000,000	7.246%
4. PCD Nominee Corporation (Non-Filipino)	5,657,502	0.820%
5. William D. Ty	2,000,000	0.290%
6. Isabelita P. Mercado	1,000,000	0.145%
7. Violeta L. Lim	74,000	0.011%
8. Ma. Teresita T. De Leon	61,000	0.009%
Hanson G. So &/or LarcyMarichi Y. So	61,000	0.009%
9. Pei Zhi Lin	60,000	0.009%
10. PCCI Securities Brokers Corporation	50,000	0.007%
11. Romeo G. See	37,000	0.005%
12. Edmund Lee	29,000	0.004%
13. Lucena B. Enriquez	20,000	0.003%
George G. Precilla	20,000	0.003%
Mimi Perez	20,000	0.003%
Alberto Soon	20,000	0.003%
Johnny T. Yu	20,000	0.003%
Kim Sing Yu	20,000	0.003%
14. Elizabeth Ong	18,000	0.003%
15. Gregorio O. Yu Jr.	15,500	0.002%
16. Carrie Lim	15,000	0.002%
Jocelyn C. Lim	15,000	0.002%
17. Bervina Y. Tan	11,300	0.002%
18. Victoria C. Africa	10,000	0.001%
Hernando T. Banal	10,000	0.001%
Carmeli C. Banci	10,000	0.001%
George Dolorfino	10,000	0.001%
Mark Espinosa	10,000	0.001%
Hua Lam Go	10,000	0.001%
Susan C. Go	10,000	0.001%
David L. Kho	10,000	0.001%
Bun Thiam Lao &/or Janet Lao	10,000	0.001%
John Maramara	10,000	0.001%
Franklin Pua &/or Janet Pua	10,000	0.001%
Luz Sogale Ward	10,000	0.001%
Luz Sugale Ward	10,000	0.001%
Rosalind L. Wee	10,000	0.001%

	Kristine C. Yao	10,000	0.001%
	Charity Yap	10,000	0.001%
	Suk Huy Yu	10,000	0.001%
19.	Siok Go Ng	9,000	0.001%
20.	Gordon Landy	8,500	0.001%
21.	Others	123,929	0.018%
	TOTAL	**690,000,000**	**100.000%**

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) years, i.e., 2022, 2021 and 2020, since the Parent Company is in a deficit position. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors so long as such declaration will not impair the capital of the Company.

(4) RECENT SALES OF UNREGISTERED SECURITIES

No sales of unregistered securities or shares of the Parent Company were made during the past five (5) years.

V. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

IPM Holdings, Inc. (Formerly Minerales Industrias Corporation) is fully committed in maintaining a high standard of corporate governance to protect the interest of its shareholders. It has complied throughout the period under review with the applicable principles and provisions set out in the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016) and the Company's 2017 Revised Manual on Corporate Governance. The Company has not deviated from its own Revised Manual on Corporate Governance.

The Company also continues to review and strengthen its policies and procedures, giving due consideration to areas that, for the best interests of the Company and its stockholders, need further improvement. The same is being done by participating in the corporate governance survey of the Philippine Stock Exchange, Inc. The Company will put in place a more comprehensive system to ensure compliance with leading corporate governance practices.

On October 21, 2022, the members of the Board as well as officers of the Company attended the corporate governance seminar via Zoom Webinar, entitled "2022 Corporate Governance". This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

Board of Directors

The Board of Directors consists of six (6) directors, two of whom are executive officers and four are non-executive directors. The Board's membership reflects a blend of different financial and commercial experiences.

Directors	Executive Officers	Non-executive Officers	Independent Director
Isabelita P. Mercado	√		
Alfredo P. Javellana II			√
David L. Kho			√
Francis Neil P. Mercado	√		
Antonio Victoriano F. Gregorio III		√	
Jan Vincent P. Mercado		√	

All non-executive officers are independent of management and free from any business or other relationship with the Company which could materially interfere with the exercise of their independent judgment.

The Nomination Committee ensures that there is a formal and transparent procedure for the appointment of new Directors of the Board. Where appropriate, every director receives training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

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

Board Process

Members of the Board met regularly throughout the year. Their responsibilities to the Company included the:

a. review and approval of the interim and annual financial performance;
b. approval of the Company's key strategic and operational matters;
c. approval of major investments and funding decision;
d. monitoring of internal control; and
e. identification and management of the principal risks of the Company.

Board members were sufficiently notified of ensuing meetings and they worked on an agreed agenda in reviewing the key activities of the business. Relevant papers and presentations, as necessary, were distributed to enable the Board to deliberate on matters effectively. Minutes of the previous meetings are placed on the agenda of the Board.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. The post is currently occupied by Atty. Ana Maria A. Katigbak.

Committees

The Board has delegated authority to the following committees on specific matters. All of the Committee have formal terms of reference.

Audit Committee
Members:

- Alfredo P. Javellana II (Chairman/Independent director)
- David L. Kho (Independent director)
- Francis-Neil P. Mercado
- Antonio Victoriano F. Gregorio III

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary. The Audit Committee reports directly to the Board.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee
Members:

- Isabelita P. Mercado (Chairman)
- Alfredo P. Javellana II (Independent Director)
- Francis Neil P. Mercado

The Committee, which meets as necessary, assesses and recommends to the Board candidates for appointment to executive and non-executive directors' positions. The Committee also makes recommendations to the Board on its composition.

Compensation Committee
Members:

- Francis Neil P. Mercado
- David L. Kho (Independent Director)
- Jan Vincent P. Mercado

The Committee, seeks to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and to provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment

Corporate Governance/Risk Oversight/Related Party Transaction Committee
Members:

- Alfredo P. Javellana II (Chairman/ Independent Director)
- David L. Kho (Independent Director)
- Antonio Victoriano F. Gregorio III
- Jan Vincent P. Mercado

<u>Corporate Governance Committee</u>
The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

<u>Board Risk Oversight Committee</u>
The Board Risk Oversight Committee is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

<u>Related Party Transaction Committee</u>
The Related Party Transaction Committee is tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

Note: No salary or other compensation package was provided to the directors and other Executive Officers.

Compliance Officer

During the meeting of the Board of Directors of the Parent Company held on November 29, 2022, Atty. Ana Maria A. Katigbak was appointed as Corporate Information Officer and Mr. Roberto E. Cabarco as Deputy Corporate Information Officer. He was also designated as the Company's Compliance Officer.

The CO is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

Relation with Shareholders

The directors place a high importance on maintaining good relationships with the shareholders and ensure that they are kept informed of significant Company's development.

The Company encourages shareholders to attend its annual stockholders' meetings, which provide opportunities for shareholders to ask questions of the board.

VI. EXTERNAL AUDIT FEES

1. Audit and Audit-Related Fees

The Group paid its auditors the following fees for the last two years for professional services rendered, exclusive of VAT and out of pocket expenses:

Year	Audit Fees	Tax Fees	All Other Fees
2022	Php1,334,400.00	-	-
2021	Php1,369,805.00	-	-

2. Other assurance and related services by the external auditor that are reasonable related to the performance of the audit review of the Company's financial statements – **NONE**

3. Tax Fees – **NONE**

4. All other fees – **NONE**

5. The Audit Committee has checked all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. They reviewed all audit plans, scope, resources and budget necessary to implement it. The financial statement was then presented to and approved by the Audit Committee and Board of Directors. Payments and fees related to the services by the external auditor were discussed and approved by the Audit Committee.

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO P. JAVELLANA II**, of legal age, Filipino, with address at 230 Anahaw Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am nominated as an Independent Director of **IPM HOLDINGS, INC.** (the "Corporation").

2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
UBS Securities Philippines, Inc.	Independent Director	2009 to present
Wilcon Corporation	Independent Director	2010 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code ("SRC") and its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I am not in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC and its IRR, Code of Corporate Governance and other issuances of the SEC.

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

IN WITNESS WHEREOF, I have hereunto signed this Certification on SEP 04 2023 at Makati City.

ALFREDO P. JAVELLANA II
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, this SEP 04 2023, affiant who personally appeared before me and exhibited his Tax Identification Number 121-522-319.

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ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019/Until 12-31-23
Roll No. 45790/IBP Lifetime #04897/07-03-03
PTR No. 9563523/01-03-2023/Makati City
MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street
Legaspi Village, Makati City

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DAVID L. KHO**, of legal age, Filipino, with address at William Building, 35-B Quezon Avenue, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am nominated as an Independent Director of **IPM HOLDINGS, INC.** (the "Corporation").

2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Kapihan sa Klub Filipino	Trustee	2012 to present
Boulevard Holdings, Inc.	Independent Director	2017 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code ("SRC") and its Implementing Rules and Regulations ("IRR") and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I am not in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC and its IRR, Code of Corporate Governance and other issuances of the SEC.

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

IN WITNESS WHEREOF, I have hereunto signed this Certification on SEP 0 4 2023 at Makati City.

DAVID L. KHO
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, this SEP 0 4 2023, affiant who personally appeared before me and exhibited his Tax Identification Number 183-459-845.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019/Until 12-31-23
Roll No. 45790/IBP Lifetime #04897/07-03-03
PTR No. 9563523/01-03-2023/Makati City
MCLE No. VII-0016370/04-26-2022
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Legaspi Village, Makati City

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

CERTIFICATION

I, **ANA MARIA A. KATIGBAK**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, being the duly elected Corporate Secretary of **IPM HOLDINGS, INC.** (the "Corporation"), a corporation duly organized and existing in accordance with Philippine law, with principal office address at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, hereby certify that as of the date of this Certification, none of the directors or officers of the Corporation is employed by or connected with any government agencies or its instrumentalities.

IN WITNESS WHEREOF, I have hereunto signed this Certification this SEP 26 2023 at Makati City.

ANA MARIA A. KATIGBAK
Corporate Secretary

SUBSCRIBED AND SWORN to before me, a notary public in and for the city named above, personally appeared SEP 26 2023 with Passport Number No. P7145377B expiring on July 6, 2031, who is personally known to me to be the same person who executed the foregoing instrument, signed the same in my presence and who took an oath before me, as to such instrument.

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Book No. IV
Series of 2023.

SHAIN BIANCA C. EPANAG NOTARY PUBLIC ROLL NO. 79039 MAKATI CITY, PHILIPPINES

SHAIN BIANCA C. EPANAG
Appointment No. M-018
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563753; 01-03-2023; Makati City
IBP No. 260293; 01-03-2023; Cavite Chapter
Roll No. 79039

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	8	5	5	7

C O M P A N Y   N A M E

I P M   H O L D I N G S ,   I N C .   A N D

S U B S I D I A R Y

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

P E N T H O U S E ,   T H E   T A I P A N   P L A C E ,   F

.   O R T I G A S   J R .   R O A D ,   O R T I G A S   C E

N T E R ,   P A S I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	C R M D	N / A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@ipmholdings.com.ph	**8424-2550 to 59**	**09176291365**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
114	**4th Wed of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ana Maria A. Katigbak	**AAK@cltpsj**	**8817-6791**	**09176291365**

CONTACT PERSON's ADDRESS

3rd Floor, The Valero Tower, 122 Valero St., Salcedo Village, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission*

IPM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

The management of **IPM Holdings, Inc. and its Subsidiary (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman/Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 24th day of May 2023

SUBSCRIBED AND SWORN to before me this MAY 2 4 2023, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila

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ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019/Until 12-31-23
Roll No. 45790/IBP Lifetime #04897/07-03-03
PTR No. 9563523/01-03-2023/Makati City
MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street
Legaspi Village, Makati City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
IPM Holdings, Inc.
Penthouse, The Taipan Place
F. Ortigas Jr. Avenue, Ortigas Center
Pasig City

Opinion

We have audited the consolidated financial statements of IPM Holdings, Inc. and its Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Adequacy of the allowance for expected credit losses on trade receivables
As of December 31, 2022, the Group has outstanding trade receivables amounting to ₱936.06 million. The estimation of allowance for credit losses (ECL) of these trade receivables is significant to our audit because it requires high level of management judgement. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model, such as timing and amounts of expected net recoveries from defaulted accounts and impact of any credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL. Trade receivables of the Group accounts for 60% of the Group's consolidated total assets.

The disclosures in relation to trade receivables are included in Notes 3, 5, and 15 to the consolidated financial statements.

Audit Response
Our audit procedures included, among others, understanding of the impairment methodology used for the Group's different credit exposures and assessing whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies, (c) tested historical loss rates by inspecting historical recoveries and write-offs and the effects of any credit enhancements provided by any party; (d) analyzed the classification of outstanding exposures to their corresponding aging buckets; and (e) analyzed the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry. Further, we analyzed the data used in the ECL models, such as the historical aging analysis and default and recovery data. We recalculated impairment provisions on a sample basis.

Estimation of capacity and salvage value of sanitary landfill and development costs
The Group's property and equipment includes land used as sanitary landfill and the related development costs amounting to ₱81.51 million and ₱64.57 million as of December 31, 2022, respectively. The land used as sanitary landfill and the related development costs are being amortized using the units-of-production method. Under this method, management is required to estimate the total capacity, utilized capacity and salvage value of the sanitary landfill which are key inputs to the amortization of these assets. This matter is important to our audit because this requires the exercise of significant management judgment and estimations in the determination of the landfill total capacity, utilization capacity, salvage value and discount rate.

Relevant information is disclosed in Notes 3, 10 and 22 to the financial statements.

Audit response
For the estimation of utilized capacity of the sanitary landfill, we obtained an understanding from the project engineer about the Group's bases for estimation on the total capacity, actual volume and compacted volume of trash received to date of the landfill. For the total capacity of the landfill, we obtained the total area in square meters from the sanitary landfill's topographic map and compared it against the corresponding certificates of title for the land. For trash received during the year, we tested on a sample basis the volume against supporting documents such as the trip tickets monitoring report and original copies of letter of billings.

For the estimation of the salvage value of the sanitary landfill, we obtained the latest appraisal report of the land and involved our internal specialist in the evaluation of the methodology, discount rate and comparables used in determining the value of the property. We inquired with the appraiser regarding the inputs used in the appraisal report such as the basis of value, size and shape adjustments. We obtained an understanding from management regarding their plans on the future uses of the sanitary landfill once rehabilitated.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS and SEC Form 17-A for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlo Paolo V. Manalang.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Tax Identification No. 210-730-804
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 111947-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9564656, January 3, 2023, Makati City

May 24, 2023

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	**₱25,528,045**	₱7,088,744
Current portion of receivables (Notes 5 and 15)	**927,029,980**	952,750,279
Other current assets (Note 6)	**39,134,611**	12,319,367
Total Current Assets	**991,692,636**	972,158,390
Noncurrent Assets		
Noncurrent portion of receivables (Notes 5 and 15)	**40,750,820**	39,570,500
Deposits (Note 8)	**1,988,034**	1,988,034
Investments in an associate and a joint venture (Note 7)	**185,388,410**	165,273,210
Property and equipment (Note 10)	**211,400,882**	222,313,441
Investment property (Note 9)	**101,881,105**	103,261,676
Deferred tax assets (Note 20)	**13,622,746**	11,332,892
Other noncurrent assets (Note 11)	**21,992,202**	18,240,255
Total Noncurrent Assets	**577,024,199**	561,980,008
	₱1,568,716,835	₱1,534,138,398
LIABILITIES AND EQUITY		
Current Liabilities		
Loan payable (Note 13)	**₱85,000,000**	₱88,000,000
Income tax payable	**2,222,895**	–
Trade and other payables (Note 12)	**133,311,568**	141,147,700
Total Current Liabilities	**220,534,463**	229,147,700
Noncurrent Liabilities		
Asset rehabilitation obligation (ARO-liability) (Note 22)	**31,275,298**	29,078,635
Net pension liability (Note 19)	**2,656,650**	3,462,309
Total Noncurrent Liabilities	**33,931,948**	32,540,944
Total Liabilities	**254,466,411**	261,688,644
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	**690,000,000**	690,000,000
Retained earnings (Note 14)	**512,161,114**	481,878,148
Other reserves (Notes 1 and 19)	**(298,697,437)**	(298,885,591)
	903,463,677	872,992,557
Noncontrolling interests (Note 2)	**410,786,747**	399,457,197
Total Equity	**1,314,250,424**	1,272,449,754
	₱1,568,716,835	₱1,534,138,398

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE AND OTHER INCOME			
Service income (Notes 15, 16 and 22)	**₱302,008,080**	₱271,678,001	₱247,523,992
Equity in net earnings of an associate and a joint venture - net (Note 7)	**37,715,199**	53,884,320	36,344,541
Rental income (Notes 9, 15 and 22)	**5,695,093**	3,664,200	11,123,665
Interest income (Notes 4, 8 and 15)	**16,363,116**	1,192,572	1,224,609
	361,781,488	330,419,093	296,216,807
EXPENSES AND OTHER CHARGES			
Cost of services (Note 17)	**248,808,934**	225,808,102	193,567,302
General and administrative expenses (Note 18)	**59,889,347**	34,689,545	42,241,841
Interest expense (Notes 13 and 22)	**7,278,989**	5,188,437	8,091,402
	315,977,270	265,686,084	243,900,545
INCOME BEFORE INCOME TAX	**45,804,218**	64,733,009	52,316,262
PROVISION FOR INCOME TAX (Note 20)	**4,254,420**	4,738,226	8,168,581
NET INCOME	**41,549,798**	59,994,783	44,147,681
OTHER COMPREHENSIVE INCOME			
Item not to be reclassified to profit or loss in subsequent periods			
Actuarial losses on defined benefit obligation - net of tax (Note 19)	**250,872**	(308,170)	(239,896)
TOTAL COMPREHENSIVE INCOME	**₱41,800,670**	₱59,686,613	₱43,907,785
Net income attributable to:			
Equity holders of the parent	**₱30,282,966**	₱44,112,115	₱32,316,765
Noncontrolling interests	**11,266,832**	15,882,668	11,830,916
	₱41,549,798	₱59,994,783	₱44,147,681
Total comprehensive income attributable to:			
Equity holders of the parent	**₱30,471,120**	₱43,880,988	₱32,136,843
Noncontrolling interests	**11,329,550**	15,805,625	11,770,942
	₱41,800,670	₱59,686,613	₱43,907,785
BASIC/DILUTED EARNINGS PER SHARE (Note 21)	**₱0.04**	₱0.06	₱0.05

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent					
			Other Reserves			
	Capital Stock (Note 14)	**Retained Earnings-Unappropriated** (Note 14)	**Equity Reserve** (Note 1)	**Actuarial Gains (Losses) on Defined Benefit Obligation** (Note 19)	**Noncontrolling Interests** (Note 2)	**Total Equity**
Balance as of January 1, 2022	**₱690,000,000**	**₱481,878,148**	**(₱298,498,391)**	**(₱387,200)**	**₱399,457,197**	**₱1,272,449,754**
Net income	**–**	**30,282,966**	**–**	**–**	**11,266,832**	**41,549,798**
Other comprehensive income	**–**	**–**	**–**	**188,154**	**62,718**	**250,872**
Total comprehensive income	**–**	**30,282,966**	**–**	**188,154**	**11,329,550**	**41,800,670**
At December 31, 2022	**₱690,000,000**	**₱512,161,114**	**(₱298,498,391)**	**(₱199,046)**	**₱410,786,747**	**₱1,314,250,424**
Balance as of January 1, 2021	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141
Net income	–	44,112,115	–	–	15,882,668	59,994,783
Other comprehensive income	–	–	–	(231,127)	(77,043)	(308,170)
Total comprehensive income	–	44,112,115	–	(231,127)	15,805,625	59,686,613
At December 31, 2021	₱690,000,000	₱481,878,148	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,449,754
Balance as of January 1, 2020	₱690,000,000	₱405,449,268	(₱298,498,391)	₱23,849	₱371,880,630	₱1,168,855,356
Net income	–	32,316,765	–	–	11,830,916	44,147,681
Other comprehensive income	–	–	–	(179,922)	(59,974)	(239,896)
Total comprehensive income	–	32,316,765	–	(179,922)	11,770,942	43,907,785
At December 31, 2020	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱45,804,218**	₱64,733,009	₱52,316,262
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 17 and 18)	**37,584,353**	28,128,753	39,596,410
Interest expense (Notes 13 and 22)	**5,007,600**	2,917,048	5,820,013
Accretion of ARO-liability (Notes 3 and 22)	**2,196,663**	–	2,271,388
Net change in pension liability (Notes 18 and 19)	**(554,787)**	611,067	49,981
Equity in net earnings of an associate and a joint venture - net (Note 7)	**(37,715,200)**	(53,884,320)	(36,344,541)
Loss on receivables due to restructuring (Note 18)	**25,964,264**	–	–
Interest income (Notes 4, 8 and 15)	**(16,363,116)**	(1,192,572)	(1,224,609)
Operating income before changes in working capital	**61,923,995**	41,312,985	62,484,904
Decrease (increase) in:			
Receivables	**14,794,280**	46,623,733	54,524,120
Other current assets	**(23,482,272)**	(4,869,963)	8,398,723
Increase (decrease) in trade and other payables	**(7,836,134)**	(21,506,071)	12,332,894
Net cash generated from operations	**45,399,869**	61,560,684	137,740,641
Interest received	**144,551**	12,252	44,289
Income tax paid (including creditable withholding tax)	**(7,654,350)**	(9,972,713)	(9,860,235)
Net cash provided by operating activities	**37,890,070**	51,600,223	127,924,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment (Note 10)	**(25,291,222)**	(72,506,977)	(97,822,789)
Decrease (Increase) in other noncurrent assets (Note 11)	**1,248,053**	(4,674,255)	(1,566,000)
Payment of advances to landowners (Note 11)	**(5,000,000)**	(12,000,000)	–
Dividends received from an associate (Note 7)	**17,600,000**	12,800,000	3,200,000
Net cash used in investing activities	**(11,443,169)**	(76,381,232)	(96,188,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid (Notes 13 and 25)	**(5,007,600)**	(2,917,048)	(5,820,013)
Payment of bank loan (Notes 13 and 25)	**(3,000,000)**	(2,000,000)	–
Net cash used in financing activities (Note 25)	**(8,007,600)**	(4,917,048)	(5,820,013)
NET INCREASE (DECREASE) IN CASH	**18,439,301**	(29,698,057)	25,915,893
CASH AT BEGINNING OF YEAR	**7,088,744**	36,786,801	10,870,908
CASH AT END OF YEAR (Note 4)	**₱25,528,045**	₱7,088,744	₱36,786,801

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information and Status of Operations**

IPM Holdings, Inc., (the Parent Company) and its subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) (collectively referred to as "the Group"), were incorporated in the Philippines on August 31, 1995 and September 15,1999, respectively. The Parent Company's registered office address is at Penthouse, The Taipan Place, F. Ortigas Jr., Road, Ortigas Center, Pasig City.

The Parent Company is engaged in the business of investment; to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description; and, to manage any business, joint venture, firm partnership, corporation, institution or entity or otherwise act as holding or management corporation thereof.

BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As of December 31, 2022 and 2021, the top four beneficial shareholders of the Parent Company are the following:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were all incorporated in the Philippines. The ultimate parent company of the Group is IPMCDC.

Reverse acquisition
Before the Parent Company acquired 75% interest in BEST, majority of the shareholders of BEST are also the shareholders of IPMCDC, IPMESI and IPMRDC. Hence, the Parent Company's acquisition of 75% interest in BEST effectively qualifies as a reverse acquisition since BEST is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity. Equity reserve pertains to the difference in capital structure of IPM and BEST and recognition of deficit of IPM during the date of acquisition, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group.

Since the Parent Company is not a business as defined in paragraph B7 of PFRS 3, *Business Combination*, the transaction did not qualify a business combination, but a share-based payment transaction whereby BEST has received the net assets of the Parent Company together with the listing status of the Parent Company.

The consolidated financial statements reflect the substance of the transaction which is that BEST is the continuing entity, therefore, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in PFRS 3 were applied in this transaction. However, the listing status did not qualify for recognition as an intangible asset, and therefore expensed in profit or loss.

In 2013, listing expense was recognized in profit or loss and equity reserve at the date of acquisition. Computation of listing expense follows:

Fair value of BEST at acquisition date	₱650,295,426
Interest acquired by Parent Company	75%
	487,721,570
Cash paid by Parent Company	462,500,000
	₱25,221,570

Status of Operations and Management's Plans
The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment and operations of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

As of December 31, 2022, BEST is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, BEST launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

BEST believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. The Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-champions using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, FMCGs, waste management solutions providers, recycling partners, and MSMEs.

Tindahan Extra Mile ™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, BEST, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management.

With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

Approval for Issuance of the Consolidated Financial Statements
The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the Board of Directors (BOD) on May 24, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared using the historical cost basis and presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements prepared following a reverse acquisition are issued under the name of the Parent Company (legal parent or accounting acquiree) but is a continuation of the financial statements of BEST (legal subsidiary or accounting acquirer). The consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles of reverse acquisition involving a non-trading shell company. The accounting acquiree is fully consolidated from the date of acquisition or incorporation, being the date on which the accounting acquirer obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Noncontrolling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of Control
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary are included in the consolidated statements of financial position and consolidated statements of comprehensive income from the date the Group gains control at the subsidiary until the date the Group losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation adjustments recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

As of December 31, 2022 and 2021, NCI pertains to ownership of individuals and companies other than the Parent Company of BEST. The financial information of BEST, with material NCI, is provided below. This information is based on amounts before intercompany eliminations.

	2022	2021
Proportion of equity interests held by NCI	**25%**	25%
Voting rights held by NCI	**25%**	25%
Accumulated balances of NCI	**₱410,786,747**	₱399,457,197
Net income allocated to NCI	**11,266,832**	15,882,668
Comprehensive income allocated to NCI	**11,329,550**	15,805,625

Statements of Financial Position

	2022	2021
Current assets	**₱1,005,560,286**	₱990,283,650
Noncurrent assets	**579,274,201**	557,445,318
Total assets	**₱1,584,834,487**	₱1,547,728,968
Current liabilities	**₱220,040,867**	₱228,828,216
Noncurrent liabilities	**33,931,948**	32,540,944
Total liabilities	**₱253,972,815**	₱261,369,160

Statements of Comprehensive Income

	2022	2021
Revenue	**₱361,942,036**	₱330,579,480
Net income attributable to:		
Equity holders of the parent	**33,800,491**	47,648,000
NCI	**11,266,832**	15,882,668
Total comprehensive income attributable to		
Equity holders of the parent	**33,988,645**	46,416,873
NCI	**11,329,550**	15,805,625

Statements of Cash Flows

	2022	2021
Cash flows from (used in):		
Operating activities	**₱38,093,885**	₱54,105,841
Investing activities	**(11,443,173)**	(76,381,232)
Financing activities	**(8,082,328)**	(7,188,437)
Net increase (decrease) in cash and cash equivalents	**₱18,568,384**	(₱29,463,828)

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

Change in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Standards and Interpretation Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect the future adoption of the said pronouncements to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Non-current Classification
The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset as current when it is:
(a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realized within twelve months after the reporting period; or

(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
(a) It is expected to be settled in normal operating cycle;
(b) It is held primarily for the purpose of trading;
(c) It is due to be settled within twelve months after the reporting period; or
(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets

Initial recognition of financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt
- instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and
- losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As of December 31, 2022 and 2021, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash, receivables and deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate (see Note 3). The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For receivables from related parties, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash in bank and deposits, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 30 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Trade and other payables" (other than "Payable to government agencies" which is covered by other accounting standard) and "Loan Payable".

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings and other payables
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category generally applies to "Trade and other payables" (excluding payable to government agencies) and "Loan payable".

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

"Day 1" loss

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" loss) in profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data that is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" loss amount.

Financial instruments

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spread), without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Nonfinancial asset
Fair value measurement of nonfinancial asset, such as investment property, property and equipment, and investments in an associate and a joint venture takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement. External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management.

Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other Current Assets
Prepayments represent expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input value-added tax and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

Other assets
Other assets pertain to the expenses incurred in relation to the design, engineering, and construction of the sanitary landfill related to the project under the joint venture agreement between the Group and a local government unit. These expenses are considered as costs to fulfill a contract which are capitalizable under PFRS 15, *Revenue from Contracts with Customers*. In order for an entity to recognize an asset from the costs incurred to fulfill a contract, those costs must meet all of the following criteria: (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify; (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recovered.

Investments in an Associate and a Joint Venture
Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value.

The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The consolidated statements of comprehensive income reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "Equity in net earnings (losses) of an associate and a joint venture" account in the consolidated statements of comprehensive income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When there has been a change recognized directly in the equity of the associate and joint venture, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

The reporting dates of the associate, joint venture and the Group are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Interest in a Joint Operation
The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a Joint Operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies into line with those of the Group.

Investment Property
Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost, less any accumulated impairment losses.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development.

Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from its investment property.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group’s land used as sanitary landfill and identified development costs specific to the landfill cells are depreciated using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity).

The estimated salvage value, useful lives and depreciation method are reviewed periodically to ensure that the salvage value, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (i.e., property and equipment, investment property, and investments in an associate and a joint venture) may be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years. Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of Asset Rehabilitation Obligation was recognized by the Group as part of property and equipment under “ARO-Asset” account. The capitalized asset is depreciated on a straight-line basis over the period of expected utilization of the landfill. The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for ARO-liability and adjusts the related liability for changes in estimates.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Equity reserve

Equity reserve pertains to the effect of reverse acquisitions and actuarial gains (losses) on defined benefit obligation.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Composting/waste process

The transaction price is determined to be the contract price stated in each contract services. Each supply of labor, equipment, tools and expertise in transforming all the compostable waste material originated from a location into compost is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from composting/waste process is recognized over the time the related services are rendered and upon the customer’s simultaneous receipt of the services provided by the Group.

Consultancy/field services
The transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

Hauling income
The transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Rental income
Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract.

These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

General and administrative expenses
General and administrative expenses are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

Retirement Cost
The Group has funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method.

This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gains (losses) on defined benefit plan" in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Short-term Benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed as of the reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity, net of tax.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position.
- When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 24.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Basic/Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. Among the significant accounting judgments made by the Group are as follows:

Identification of contract with customers and performance obligation under PFRS 15
The Group applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. The Group viewed each contract as a single performance obligation.

Assessment of principal vs agent on income from hauling services
The Group has contract with customers for the collection, hauling and disposal of municipal solid wastes including street sweeping. The Group acts as a principal and recognizes revenue at gross amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon

receipt of the solid wastes) because this is when the customer benefits from the Group's hauling services. The following factors indicate that the Group control the services before they are being transferred to customers. Therefore, the Group determined that it is acting as a principal in these contracts.

- The Group is primarily responsible for fulfilling the promise to provide the hauling services to the customers.
- The Group is the entity primarily liable to customers in the event of default or non-performance.

Assessment of control
The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

As of December 31, 2022 and 2021, BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in a joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of December 31, 2022 and 2021, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in an associate. The Group exercises significant influence in MCWM due to the presence of BEST's representatives in the Board of Directors of MCWM. Hence, BEST effectively has a participation in the policy-making processes of MCWM.

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property and transportation and heavy equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the property as the group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for expected credit losses on receivables
The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from income from waste collection during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The Group's trade receivables amounting to ₱714.99 million and ₱828.23 million are secured by shares of stocks of the Parent Company as of December 31, 2022 and 2021, respectively (see Note 15). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to ₱13.32 million as of December 31, 2022 and 2021. The carrying amounts of receivables amounted to ₱927.03 million and ₱952.75 million as of December 31, 2022 and 2021, respectively (see Note 5).

Estimation of Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

The assumptions used to compute ARO-liability are reviewed and updated annually by the Group. As of December 31, 2022 and 2021, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2022 and 2021, the Group's ARO-liability has a carrying value of ₱31.28 million and ₱29.08 million, respectively. For the years ended December 31, 2022 and 2020, the related finance cost recognized to accrete the liability amounted to ₱2.20 million and ₱2.27 million, respectively (see Note 22).

Determining Estimated Total Capacity, Utilized Capacity and Salvage Value of Land and Development Costs Used as Landfill
The Group estimates the capacity based on actual volume and compacted volume of trash received. For the salvage value of the land used as sanitary landfill, the Group bases its estimates on the latest appraisal report done by an external appraiser. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost. This rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate and salvage value of the land and development costs and factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets.

As of December 31, 2022 and 2021, the carrying value of the land used as sanitary landfill and development costs amounted to ₱146.08 million and ₱158.17 million, respectively (see Note 10).

Impairment of nonfinancial assets (other than investments in an associate and a joint venture)
The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of December 31, 2022 and 2021, the Group did not recognize any impairment loss on its nonfinancial assets. As of December 31, 2022 and 2021, the carrying values of the Group's nonfinancial assets are as follows:

	2022	2021
Property and equipment (Note 10)	**₱211,400,882**	₱222,313,441
Investment property (Note 9)	**101,881,105**	103,261,676
Other current assets (Note 6)*	**39,118,942**	12,303,698
Other noncurrent assets (Note 11)	**21,992,202**	18,240,255

**Excluding deposits*

Estimating retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines. The present value of defined benefit obligation amounted to ₱3.05 million and ₱3.85 million as of December 31, 2022 and 2021, respectively (see Note 19). Further details about the assumptions used are provided in Note 19.

Recognition of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As of December 31, 2022 and 2021, the Parent Company's deferred tax assets have not been recognized in respect of allowance for impairment losses and carryforward benefit of NOLCO that are available for offset against future taxable income for the succeeding years because management believes that it is more likely than not that the tax benefits will not be realized in the future. As of December 31, 2022 and 2021, unrecognized deferred tax assets amounted to ₱4.16 million and ₱4.19 million, respectively.

Deferred tax assets as of December 31, 2022 and 2021 amounted to ₱13.62 million and ₱11.33 million, respectively (see Note 20).

4. **Cash**

	2022	2021
Cash on hand	**₱164,710**	₱97,210
Cash in bank	**25,363,335**	6,991,534
	₱25,528,045	₱7,088,744

Cash in banks earn interest at the prevailing bank deposit rates.

Interest earned on cash in banks amounted to ₱0.14 million, ₱0.01 million and ₱0.04 million in 2022, 2021 and 2020, respectively.

5. **Receivables - net**

Current receivables

	2022	2021
Trade receivables		
Related parties (Note 15)	**₱877,887,264**	₱914,161,831
Local government units (LGUs) (Note 22)	**20,180,123**	24,032,385
Private entities	**37,993,296**	23,646,843
	936,060,683	961,841,059
Advances to officers and employees	**2,519,283**	2,392,562
Others	**1,773,332**	1,839,976
	940,353,298	966,073,597
Less allowance for expected credit losses	**13,323,318**	13,323,318
	₱927,029,980	₱952,750,279

Trade receivables pertain to receivables from services rendered and rental of equipment by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible on demand.

Advances to officers and employees mainly pertain to various advances for performance bond in relation to bidding activities of BEST. These are noninterest-bearing and subject to liquidation within one year.

Other receivables include receivables of the Parent Company, fully provided with allowance for expected credit losses.

Noncurrent receivables

	2022	2021
Loan receivables – related party (Note 15)	**₱31,000,000**	₱31,000,000
Interest receivable – related party (Note 15)	**9,750,820**	8,570,500
	₱40,750,820	₱39,570,500

The rollforward analysis of the Group's allowance for expected credit losses follows:

2022	**Trade**	**Loans**	**Advances to officers and employees**	**Others**	**Total**
Balance at the beginning and end of year	**₱7,042,454**	**₱5,167,329**	**₱–**	**₱1,113,535**	**13,323,318**

2021	Trade	Loans	Advances to officers and employees	Others	Total
Balance at the beginning of the year:	₱7,042,454	₱5,173,190	₱–	₱1,113,535	₱13,329,179
Provisions (Note 18)	–	–	–	–	–
Recoveries	–	(5,861)	–	–	(5,861)
Balance at end of year	₱7,042,454	₱5,167,329	₱–	₱1,113,535	13,323,318

Allowance for expected credit losses as of December 31, 2022 and 2021 pertains to long-outstanding trade and other receivables of the Group which were determined to be credit impaired and with expected credit losses assessed by the management.

6. Other Current Assets

	2022	2021
Deferred input VAT	**₱8,600,224**	₱5,694,360
Input VAT	**11,103,126**	4,018,421
Prepayments	**17,702,294**	4,029,382
Creditable withholding taxes	**7,865,655**	4,532,683
Deposits	**15,669**	15,669
	45,286,968	18,290,515
Less allowance for impairment losses	**6,152,357**	5,971,148
	₱39,134,611	₱12,319,367

Input VAT represents VAT paid by the Group on its purchases of goods and services from VAT-registered suppliers. This is available for offset against output VAT.

Creditable withholding taxes are applied against income tax payable.

Prepayments include advanced payment to the supplier for the services to be rendered in relation to the development of a software application of the Group.

Deferred input VAT pertains to VAT of unpaid purchases as of reporting period.

The Group provided allowance for impairment on its creditable withholding taxes and input VAT due to low probability that these assets may be utilized in the future.

The movement in allowance for impairment losses follows:

	2022	2021
Balance at beginning of year	**₱5,971,148**	₱7,830,488
Provision (reversal) for the year (Note 18)	**181,209**	(1,859,340)
Balance at end of year	**₱6,152,357**	₱5,971,148

7. Investments in an Associate and a Joint Venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of December 31, 2022 and 2021 follow:

	Associate		**Joint Venture**			
	Metro Clark Waste Management Corporation (MCWM)		**Ecoedge Resources Corporation (ERC)**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
Cost	**₱32,393,358**	₱32,393,358	**51,412,499**	₱51,412,499	**₱83,805,857**	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	**132,879,852**	91,795,532	**(51,412,499)**	(51,406,638)	**81,467,353**	40,388,894
Equity in net earnings (losses) of an associate and a joint venture	**37,715,200**	53,884,320	–	(5,861)	**37,715,200**	53,878,459
Other adjustments to equity in net earnings (losses) of an associate and a joint venture	**–**	–	–	–	**–**	–
Dividends during the year	**(17,600,000)**	(12,800,000)	–	–	**(17,600,000)**	(12,800,000)
Balance at end of year	**152,995,052**	132,879,852	**(51,412,499)**	(51,412,499)	**101,582,553**	81,467,353
	₱185,388,410	₱165,273,210	₱–	₱–	**₱185,388,410**	₱165,273,210

The reconciliation of the associate's and joint venture's net assets multiplied by the ownership interest and the carrying amount of each investments is shown in the table below:

	MCWM		ERC	
	2022	2021	**2022**	2021
Net assets	**₱1,208,677,551**	₱1,052,957,561	**(18,178,596)**	(₱8,964,997)
Dividends	**(50,000,000)**	(20,000,000)	–	–
	1,158,677,551	1,032,957,561	**(18,178,596)**	(8,964,997)
Ownership interest	**16%**	16%	**60%**	60%
Carrying value of investment	**185,388,410**	₱165,273,210	–	–

In 2022, the Group stopped recognizing its share in net losses of ERC since the accumulated losses exceeded the total cost of interest in ERC. The cumulative unrecognized share in net losses of ERC amounted to ₱16.14 and ₱5.23 million as of December 31, 2022 and 2021, respectively.

MCWM
MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga.

Significant financial information of the associate follows (amounts in thousands):

	2022	2021
Current assets	**₱732,975**	₱440,844
Noncurrent assets	**961,442**	1,030,451
Total assets	**₱1,694,417**	₱1,471,295
Current liabilities	**399,219**	₱305,804
Noncurrent liabilities	**86,521**	112,533
Total liabilities	**₱485,740**	₱418,337

	2022	2021	2020
Gross revenue	**₱1,385,517**	₱1,307,796	₱1,049,845
Cost and expenses - net	**1,108,395**	827,242	668,220
Net profit before income tax	**₱277,122**	₱480,554	₱381,625
Net profit	**₱235,720**	₱336,777	₱275,316
Other comprehensive income	–	–	16
Total comprehensive income	**₱235,720**	₱336,777	₱275,332

For the years ended 2022, 2021 and 2020, the Group's dividend income from investment in an associate amounted to ₱17.60 million, ₱12.80 million, and ₱3.20 million, respectively. As of December 31, 2022 and 2021, the Group does not have outstanding dividend receivables.

ERC
On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its

registered address is at Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

Significant financial information of the joint venture follows (amounts in thousands):

	2022	2021
Current assets	**₱16,381**	₱19,203
Noncurrent assets	**44,934**	53,054
Total assets	**₱61,315**	₱72,257
Current liabilities	**₱50,537**	₱50,548
Noncurrent liabilities	**28,956**	30,674
Total liabilities	**₱79,492**	₱81,222

	2022	2021	2020
Revenue and other income	**₱4,801**	₱5,150	₱4,815
Operating expenses	**11,822**	11,774	16,334
General and administrative expenses	**2,192**	2,165	2,531
Loss before income tax	**(₱9,213)**	(₱8,789)	(₱14,050)
Net loss / Total comprehensive loss	**(₱9,213)**	(₱8,789)	(₱12,934)

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

8. Deposits

As of December 31, 2022 and 2021, BEST has deposits to GSIS as surety bond amounting to ₱1.99 million. These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond. Interest income from deposits in 2022 and 2021 were nil.

9. Investment Property

	2022		
	Land	**Condominium Unit**	**Total**
Cost			
Beginning and end of year	**₱70,320,000**	**₱44,762,040**	**₱115,082,040**
Accumulated depreciation			
Balance at beginning of year	**-**	**11,820,364**	**11,820,364**
Depreciation (Note 17)	**-**	**1,380,571**	**1,380,571**
Balance at end of year	–	**13,200,935**	**13,200,935**
Net book value	**₱70,320,000**	**₱31,561,105**	**₱101,881,105**

	2021		
	Land	Condominium Unit	Total
Cost			
Balance at end of year	₱70,320,000	₱44,762,040	₱115,082,040
Accumulated depreciation			
Balance at beginning of year	–	10,439,794	10,439,794
Depreciation (Note 17)	–	1,380,570	1,380,570
Balance at end of year	–	11,820,364	11,820,364
Net book value	₱70,320,000	₱32,941,676	₱103,261,676

Land pertains to a property located in Taytay, Rizal with currently undetermined use as of December 31, 2022 and 2021.

BEST leased out portions of the other unit to its joint venture and to another private company. The rental income recognized from lease agreements amounted to ₱0.21 million, ₱0.21 million and ₱0.80 million in 2022, 2021 and 2020, respectively. Direct costs for investment property pertain to depreciation amounting to ₱1.38 million in 2022, 2021 and 2020 is recognized in cost of services.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2022 and 2021, based on an appraisal made by an independent appraiser who holds a recognized and relevant professional qualifications.

2022			**Fair value using**		
	Date of Valuation	**Total**	**Quoted priced in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land property	**March 30, 2023**	**₱309,984,000**	**₱–**	**₱–**	**₱309,984,000**
Building properties	**March 30, 2023**	**115,888,000**	**–**	**–**	**115,888,000**

2021			Fair value using		
	Date of Valuation	Total	Quoted priced in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land property	May 4, 2022	₱299,022,000	₱–	₱–	₱299,022,000
Building properties	May 4, 2022	106,669,000	–	–	106,669,000

For land property, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. For building properties, the income approach was used in determining the fair value which is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

The fair value of the investment property is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. For sales comparison approach, the inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset. For income approach, the inputs used were the value of income, cash flow or cost saving generated by the asset.

10. **Property and Equipment**

	2022								
	Land	**Condominium Unit and Improvements**	**Transportation and Heavy Equipment**	**Office Furniture and Fixtures**	**Development Costs**	**Leasehold Improvements**	**ARO-Asset** (Note 22)	**Construction in Progress** (Note 11)	**Total**
Cost									
At January 1	**₱133,414,160**	**₱30,829,613**	**₱124,224,371**	**₱8,333,881**	**₱230,943,937**	**₱793,187**	**₱11,323,307**	**₱3,380,207**	**₱543,242,663**
Additions	**–**	**–**	**–**	**60,214**	**19,271,375**	**–**	**–**	**6,459,633**	**25,791,222**
Other adjustments	**(500,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(500,000)**
At December 31	**132,914,160**	**30,829,613**	**124,224,371**	**8,394,095**	**250,215,312**	**793,187**	**11,323,307**	**9,839,840**	**568,533,885**
Accumulated Depreciation and Amortization									
At January 1	**15,404,679**	**8,872,866**	**119,781,036**	**6,431,775**	**158,480,852**	**634,707**	**11,323,307**	**–**	**320,929,222**
Depreciation and amortization (Notes 17 and 18)	**3,700,036**	**899,833**	**2,399,387**	**1,894,261**	**27,163,763**	**146,501**	**–**	**–**	**36,203,781**
At December 31	**19,104,715**	**9,772,699**	**122,180,423**	**8,326,036**	**185,644,615**	**781,208**	**11,323,307**	**-**	**357,133,003**
Net Book Value	**₱113,809,445**	**₱21,056,914**	**₱2,043,948**	**₱68,059**	**₱64,570,697**	**₱11,979**	**₱–**	**₱9,839,840**	**₱211,400,882**

	2021								
	Land	Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	₱114,360,660	₱30,829,613	₱123,814,371	₱4,515,238	₱153,204,376	₱793,187	₱14,202,829	₱31,894,934	₱473,615,208
Additions	19,053,500	–	410,000	3,818,643	–	–	–	49,224,834	72,506,977
Reclassifications (Note 11)	–	–	–	–	77,739,561	–	–	(77,739,561)	–
Other adjustments	–	–	–	–	–	–	(2,879,522)	–	(2,879,522)
At December 31	133,414,160	30,829,613	124,224,371	8,333,881	230,943,937	793,187	11,323,307	3,380,207	543,242,663
Accumulated Depreciation and Amortization									
At January 1	15,411,954	7,973,011	108,180,488	4,515,058	143,802,799	476,070	13,492,687	–	293,852,067
Depreciation and amortization (Notes 17 and 18)	–	899,855	11,600,548	1,916,717	14,678,053	158,637	710,142	–	29,963,952
Other adjustments	(7,275)	–	–	–	–	–	(2,879,522)	–	(2,886,797)
At December 31	15,404,679	8,872,866	119,781,036	6,431,775	158,480,852	634,707	11,323,307	–	320,929,222
Net Book Value	₱118,009,481	₱21,956,747	₱4,443,335	₱1,902,106	₱72,463,085	₱158,480	₱–	₱3,380,207	₱222,313,441

The Group's property and equipment have no restrictions nor pledged as security for any liability.

As of December 31, 2022 and 2021, the carrying value of the land used as sanitary landfill (included as part of Land) amounted to ₱81.51 million and ₱98.57 million, respectively. In 2021, the Group acquired a land for the expansion of sanitary landfill in Morong, Rizal, amounting to ₱19.05 million.

Joint Operation
On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo, a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs (CLGU). The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, the CLGU shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group has started the design and engineering of the sanitary landfill and has capitalized expenses amounting to ₱9.32 million and ₱45.84 million as part of Development Cost in 2022 and 2021, respectively. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as "Joint Operation" since the joint arrangement's legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties and there is an indication that the parties have no rights to the net assets of the Joint Operation.

The Group's share in the assets and liabilities of the Joint Operation as at December 31, 2022 and 2021 and for the years then ended, which are consolidated line by line in the financial statements, are as follows:

	2022	2021
Current assets	**₱6,641,342**	₱1,499,287
Noncurrent assets	**69,361,943**	60,039,751
Total assets	**₱76,003,285**	₱61,539,038
Total current liabilities	**₱13,078,805**	₱4,031,452

The noncurrent assets pertain to development cost amounting to ₱69.36 million and ₱60.04 million as of December 31, 2022 and 2021 which is included as part of "Development Cost" (see Note 10).

Below is the share of the Group on the net income of the Joint Operation:

	2022	2021
Income	**₱7,807,442**	₱1,152,441
Cost and expenses	**(17,214,285)**	(4,657,679)
Net loss	**(₱9,406,843)**	(₱3,505,238)

11. **Other Noncurrent Assets**

	2022	2021
Advances to landowners	**₱17,000,000**	₱12,000,000
Intangible assets	**4,992,202**	6,240,255
Total	**₱21,992,202**	₱18,240,255

Advances to landowners pertain to downpayment on purchase of land with a total purchase price of ₱69.55 million. The remaining balance will be payable in three (3) equal tranches subject to the following conditions:

a. 1st tranche, upon lapse of 3 months from the date of downpayment and upon submission to the Group of the certified true copy of the transfer certificate of title which the Group paid in 2022 amounting to ₱5.00 million;
b. 2nd tranche, upon lapse of 3 months from the date of 1st tranche and upon submission to the Group of the supporting documents for processing of title transfer; and
c. 3rd tranche, upon lapse of 3 months from the date of 2nd tranche and upon execution of the deed of absolute sale.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal.

12. **Trade and Other Payables**

	2022	2021
Trade payables		
Related parties (Note 15)	**5,114,385**	₱15,505,053
Third parties	**1,082,185**	10,333,101
	6,196,570	25,838,154
Deferred output VAT	**101,633,047**	103,098,822
Payable to government agencies	**23,869,333**	10,674,391
Accrued expenses	**1,612,618**	1,536,333
	₱133,311,568	₱141,147,700

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. These are noninterest-bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

13. Loan Payable

On November 5, 2015, BEST obtained a loan from a local bank for working capital requirements amounting to ₱100.00 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

Interest expense on loan payable amounted to ₱5.08 million, ₱5.19 million, and ₱5.82 million and in 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the outstanding balance of loan payable amounted to ₱85.00 million and ₱88.00 million, respectively. The Group paid a portion of the outstanding principal amounting to ₱3.00 million in 2022 and the remaining balance of ₱85.00 million was extended until June 28, 2023 at an interest rate of 5.50% per annum.

14. Equity

Capital Stock

The authorized capital stock of the Parent Company with ₱1 par value per share as of December 31, 2022 and 2021 follows:

Authorized number of shares:	
At the beginning and end of the year	740,000,000
Number of shares issued and outstanding:	
At the beginning and end of the year	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common Shares	Number of Shares Registered	Issue /Offer Price	Date of Approval
180,000,000	180,000,000	₱1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's total number of shareholders is 114 as of December 31, 2022 and 2021.

On May 25, 2016, the stockholders approved the increase in the Parent Company's authorized capital stock to an amount of up to ₱7.50 billion consisting of common and/ or preferred shares as may be determined by the BOD. As of December 31, 2022, the Parent Company has not yet filed its application for the increase in authorized capital stock with the SEC.

The Parent Company's unissued authorized capital stock amounted to ₱50,000,000 as of December 31, 2022 and 2021.

Retained Earnings

For purposes of dividend declaration, the retained earnings shall be that of the Parent Company presented in the separate financial statements. As of December 31, 2022 and 2021, the Parent Company is in a deficit position, hence, no dividends were declared during the years covered.

The details of the Parent Company's deficit follows:

	2022	2021
Balance at beginning of year	**₱222,968,717**	₱219,432,831
Net loss during the year	**3,517,527**	3,535,886
	₱226,486,244	₱222,968,717

As of December 31, 2022 and 2021, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounting to ₱153.00 million and ₱132.88 million, respectively, and undistributed earnings of its subsidiary amounting to ₱602.51 million and ₱578.07 million, respectively, are not available for distribution as dividends until declared by the associate and subsidiary. The investment in a joint venture has an accumulated share in net losses as of December 31, 2022 and 2021.

15. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; (c) joint venture; and (d) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

The coverage of the Group's Material Related Party Transactions (RPT) are any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on the latest audited financial statement. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.

The Group has a Related Party Transaction Committee tasked with reviewing all Material RPTs which should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman. After the review and evaluation of the Material RPTs, the committee shall endorse the same to the Board of Directors for approval.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

2022

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	**₱3,429,796**	**₱196,537,369**	**Noninterest-bearing; within one year**	**Secured, no impairment**
IPMESI (c)	**80,373,254**	**518,451,626**	**Noninterest-bearing; on demand**	**Secured, no impairment**
IPMRDC (d)	**–**	**34,687**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
Affiliate				
JV BEST Inc. & IPMCDC (b)	**144,642,857**	**162,840,958**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
Joint Venture				
ERC (e)	**57,321**	**22,624**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
		₱877,887,264		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	**₱–**	**₱31,000,000**	**Interest-bearing; within five years**	**Unsecured, with impairment**
Interest receivable (Note 5)				
ERC (f)	**1,180,320**	**9,750,820**	**Within five years**	**Unsecured, no impairment**
		₱40,750,820		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	**₱–**	**₱5,114,385**	**Noninterest-bearing; on demand**	**Unsecured**
Accrued expenses			**Noninterest-bearing; on demand**	**Unsecured**
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	**180,000**	**–**	**Noninterest-bearing; on demand**	**Unsecured**
BOD (i)	**600,000**	**–**	**Noninterest-bearing; on demand**	**Unsecured**
		₱5,114,385		

2021

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱1,165,179	₱214,485,217	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	30,000,000	613,745,655	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	–	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	144,642,857	85,878,424	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	53,571	17,847	Noninterest-bearing; on demand	Unsecured, no impairment
		₱914,161,830		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	1,180,320	8,570,500	Within five years	Unsecured, no impairment
		₱39,570,500		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	₱140,416,644	₱15,505,053	Noninterest-bearing; on demand	Unsecured
Accrued expenses			Noninterest-bearing; on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	540,000	–	Noninterest-bearing; on demand	Unsecured
		₱15,505,053		

a. BEST provides composting of waste materials services to IPMCDC and charges composting and waste processing fees based on a fixed contract price specified in the composting agreement. In 2022 and 2021, BEST charged IPMCDC for transportation and heavy equipment rental fees.

   The income payment is based on a fixed amount specified in the consultancy agreement. The Group's revenue from IPMCDC for the years 2022, 2021 and 2020 is composed of the following:

	2022	2021	2020
Equipment rental	**₱3,196,071**	₱1,165,179	₱7,874,643
Composting (Note 16)	**–**	–	9,000,000
	₱3,196,071	₱1,165,179	₱16,874,643

   In 2019, BEST agreed with IPMCDC that receivables will be payable upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDC assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱4.12 million and ₱2.74 million, respectively, in

2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of the Parent Company.

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMCDC, the pledged shares will be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMCDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

b. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2022 which was subsequently renewed for another twelve months. As of and for the year ended December 31, 2022 and 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million. Receivable from joint venture amounted to ₱162.84 million and ₱85.88 million in 2022 and 2021, respectively (see Note 22).

c. In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of ₱15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 22). On April 26, 2018, BEST entered into a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of the Parent Company to guarantee BEST's receivables from IPMESI amounting to ₱693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱21.84 million and ₱12.29 million, respectively, in 2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMESI and IPMRDC, the pledged shares will be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMESI and IPMRDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

In 2022 and 2021, BEST collected ₱80.37 million and ₱30.00 million from IPMESI, respectively.

d. In January 2017, BEST entered into a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The lease agreement has been renewed in 2021 until December 31, 2022.

e. In 2014, BEST granted loans to ERC amounting to ₱19.00 million with 3.864% interest rate per annum and ₱12.00 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable from the latter. Receivables pertaining to interest receivables amounting to ₱3.00 million are collectible within (1) year. The principal amounting to ₱31.00 million and interest receivable amounting to ₱2.03 million are collectible within five (5) years from 2018.

   In 2019, BEST agreed with ERC that the principal balance amounting to ₱31.00 million and interest receivable amounting to ₱6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to ₱31.00 million as of December 31, 2022 and 2021.

   For the years ended 2022, 2021 and 2020, interest income earned from the loans amounted to ₱1.18 million each year. Accrued interest receivable amounted to ₱9.75 million and ₱8.57 million as of December 31, 2022 and 2021, respectively.

f. IPMCDC charges BEST for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST (see Note 17).

   On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to ₱146.96 million and ₱140.42 million in 2022 and 2021, respectively (see Notes 17 and 22).

g. The Parent Company entered into an agreement with GNCA, an entity controlled by one of the Parent Company's director, for the sharing of common costs incurred on the leased office space of the Parent Company. The agreement provides that Parent Company shall pay fixed monthly utility charges of ₱15,000 in 2022, 2021 and 2020, in lieu of its proportionate share in monthly rentals on the leased premises. The Parent Company has no unpaid utilities expense as of December 31, 2022 and 2021.

h. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD.

   On June 27, 2018, the BOD approved the 100% increase in the *per diem* of each director. Total per diem paid to the directors amounted to ₱0.60 million , ₱0.62 million and ₱0.54 million in 2022, 2021 and 2020, respectively (see Note 18).

   Transactions with related parties are based on terms agreed to by the parties. Outstanding balances as of reporting date are to be settled in cash, unless otherwise stated. Based on management's assessment, no provision for impairment of receivables for related parties is necessary. This assessment is done on a regular basis.

Compensation of Key Management Personnel
Details of the compensation of key management personnel of the Group are as follows:

	2022	2021	2020
Salaries and other short-term employee benefits (Notes 17 and 18)	**₱8,977,523**	₱11,385,846	₱8,751,507
Long-term employee benefits	**221,335**	219,182	216,853
	₱9,198,858	₱11,605,028	₱8,968,360

16. **Revenues from Contracts with Customers**

	2022	2021	2020
Income from tipping fee	**₱112,320,909**	₱94,837,154	₱84,210,770
Income from waste collection	**144,642,857**	144,642,857	132,589,266
Hauling income	**31,445,458**	27,146,637	21,723,956
Composting/waste process (Note 15)	–	–	9,000,000
Consultancy/field services (Note 15)	**7,780,312**	3,564,876	–
Trash to cashback	**5,818,544**	1,486,477	–
	₱302,008,080	₱271,678,001	₱247,523,992

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house to house collection of garbage and delivery to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. On January 11, 2021, the service agreement between IPMCDC and BEST's JV and BEST has been renewed to twelve months, starting January 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months (see Note 22). In 2022 and 2021, BEST reported an income from this agreement which amounted to ₱144.64 million.

Consultancy/field services pertains to the Group's revenue from maintaining IPMCDC and Passi's landfill facilities. During the year, the Group's income from consultancy services resulted from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

Composting/waste process pertains to services for composting of biodegradable organic waste such as food waste, manure, leaves, grass trimmings, paper, wood, feathers, crop residue and others which turns it into a valuable organic fertilizer.

17. **Cost of Services**

	2022	2021	2020
Subcontracting costs (Note 15)	**₱146,956,202**	₱140,416,644	₱122,767,857
Depreciation and amortization (Notes 9 and 10)	**29,670,262**	25,755,756	37,229,166
Rent (Note 15)	**25,444,437**	19,650,780	12,874,887
Salaries, wages and employee benefits (Note 15)	**16,124,728**	12,469,674,	9,206,103
Fuel and oil (Note 15)	**7,935,064**	2,451,847	2,805,350
Repairs and maintenance (Note 15)	**3,857,025**	849,331	,144,712
Taxes and licenses	**2,306,814**	11,669,555	595,985
Transportation and travel	**1,115,817**	960,478	576,982
Supplies	**899,111**	1,272,274	342,632
Utilities	**628,416**	461,030	292,548
Materials	**369,062**	175,446	–
Others	**13,501,996**	9,675,287	5,731,080
	₱248,808,934	₱225,808,102	₱193,567,302

Others include professional fees, management fees, bid expenses and documentation fees.

18. **General and Administrative Expenses**

	2022	2021	2020
Loss on receivables due to restructuring (Note 15)	**₱25,964,264**	₱–	₱–
Salaries, wages and employee benefits (Note 15)	**12,870,395**	11,969,245	12,723,434
Taxes and licenses	**9,296,587**	9,704,499	12,467,494
Professional fees	**2,833,363**	1,313,238	3,997,385
Depreciation and amortization (Note 10)	**2,520,407**	2,372,996	2,367,244
Entertainment amusement and recreation	**1,051,092**	1,405,840	789,939
Pension expense (Note 19)	**709,989**	611,067	549,981
Directors' fee (Note 15)	**600,000**	620,000	540,000
Repairs and maintenance	**552,352**	718,061	483,166
Stock exchange listing fee	**494,025**	559,125	501,575
Utilities (Note 15)	**450,567**	501,777	480,558
Office supplies and printing costs	**370,297**	479,535	439,429
Advertising and promotion	**219,795**	821,510	627,319
Transportation and travel	**198,538**	138,191	143,271
Rent (Note 15)	**182,142**	231,163	147,411
Provision for impairment losses (Notes 5 and 6)	**181,208**	185,105	5,120,235
Insurance	**89,008**	31,003	10,416
Seminars and trainings	**36,000**	28,000	21,000
Others	**1,269,318**	2,999,190	831,984
	₱59,889,347	₱34,689,545	₱42,241,841

19. **Pension Plan**

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2022.

The following tables summarize the components of plan expense recognized in profit or loss and other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

		2022	
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net pension liability**
At January 1	**₱3,847,511**	**(₱385,202)**	**₱3,462,309**
Benefit cost in profit or loss			
Current service cost (Note 18)	**542,067**	**-**	**542,067**
Net interest expense (income) (Note 18)	**186,604**	**(18,682)**	**167,922**
	728,671	**(18,682)**	**709,989**
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset		**12,179**	**12,179**
Actuarial loss - changes in financial assumptions	**(304,480)**		**(304,480)**
Actuarial loss - changes in experience	**(173,347)**		**(173,347)**
	(477,827)	**12,179**	**(465,648)**
Benefits paid directly by the Company	**(1,050,000)**		**(1,050,000)**
At December 31	**₱3,048,355**	**(₱391,705)**	**₱2,656,650**

		2021	
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱2,834,500	(₱383,976)	₱2,450,524
Benefit cost in profit or loss			
Current service cost (Note 18)	524,809	–	524,809
Net interest expense (income) (Note 18)	99,774	(13,516)	86,258
	624,583	(13,516)	611,067
	3,459,083	(397,492)	3,061,591
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset	–	12,290	12,290
Actuarial loss - changes in financial assumptions	(268,027)	–	(268,027)
Actuarial loss - changes in experience	656,455	–	656,455
	388,428	12,290	400,718
At December 31	₱3,847,511	(₱385,202)	₱3,462,309

Remeasurement loss on defined benefit obligations, presented in OCI are as follows:

	2022	2021
Actuarial gain (loss)	**₱334,497**	(₱400,718)
Less tax effect	**(83,625)**	92,548
Actuarial gain (loss) recorded in OCI	**₱250,872**	(₱308,170)

The Group's plan assets are invested mainly in cash and cash equivalents. The plan assets do not have any concentration risk. The actual return on plan assets amounted to ₱6,503 and ₱1,226 in 2022 and 2021, respectively.

The Group did not make any contribution in 2022 and 2021 to the defined benefit pension plan. The Group does not expect any contribution to the defined benefit pension plan in 2022. The present value of the pension obligation is determined using an actuarial valuation, which involves making various assumptions.

The principal assumptions used in determining pension benefits are as follows:

	2022	2021
Discount rate	**7.00%**	4.85%
Salary increase rate	**2.00%**	2.00%

The following sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

		Increase (decrease) in present value of defined benefit obligation	
	Change in variable	**2022**	2021
Discount rate	+100 bps	**(₱118,253)**	(₱175,039)
	-100 bps	**132,076**	197,387
Salary increase rate	+100 bps	**137,518**	201,163
	-100 bps	**(124,891)**	(181,321)

Changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

The weighted average duration of the defined benefit obligation is 4.8 years and 5.60 years as of December 31, 2022 and 2021, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2022	2021
Less than 1 year	**₱953,244**	₱1,863,799
More than 1 year to 5 years	**2,591,991**	2,645,490
More than 5 years to 10 years	**570,809**	548,502
	₱4,116,044	₱5,057,791

20. **Income Tax**

The provision for income tax recognized in profit or loss consists of:

	2022	2021	2020
Current	**₱8,200,044**	₱2,879,303	₱9,902,892
Final	**28,877**	2,385	8,858
Deferred	**(3,974,501)**	1,856,538	(1,743,169)
	₱4,254,420	₱4,738,226	₱8,168,581

The provision for current income tax represents regular corporate income tax of BEST in 2022 and 2021. The components of the Parent Company's unrecognized deferred tax assets follow:

	2022	2021
NOLCO	**₱9,418,104**	₱9,730,588
Allowance for impairment losses	**7,218,530**	7,037,321
	16,636,634	16,767,909
Tax rate	**25%**	25%
	₱4,159,159	₱4,191,977

The Group's deferred tax assets pertaining to the Parent Company's NOLCO and allowance for impairment loss on receivables were not recognized in the books because management believes that it is not probable that taxable profits will be available in the future against which these can be utilized. The Group will recognize a previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the deferred tax asset to be recovered.

The components of the Group's recognized deferred tax assets follow:

	2022	2021
Presented in profit or loss		
Allowance for expected credit losses	**₱1,962,435**	₱1,962,435
Discount on receivables	**2,731,505**	–
ARO-asset	**2,830,827**	3,915,517
ARO-liability	**4,987,998**	4,438,832
Net pension liability	**1,055,279**	877,782
	13,568,044	11,194,566
Presented in other comprehensive income		
Actuarial changes on defined benefit obligation	**54,702**	138,326
Net deferred tax assets	**₱13,622,746**	₱11,332,892

The reconciliation between the statutory income tax and the effective income tax follows:

	2022	2021	2020
At statutory tax rate	**₱11,451,055**	₱16,183,252	₱16,567,101
Add (deduct) tax effects of:			
Nondeductible expense	**1,907,329**	1,800,572	1,014,298
Effect of change in tax rate	**–**	(590,025)	–
Expired NOLCO	**881,213**	736,957	795,912
Change in unrecognized deferred tax assets	**(541,922)**	79,776	85,727
Interest income subjected to final tax	**(14,455)**	(1,226)	(4,429)
Equity in net earnings of an associate and a joint venture	**(9,428,800)**	(13,471,080)	(10,903,362)
Provision for impairment	**–**	–	613,334
Effective income tax	**₱4,254,420**	₱4,738,226	₱8,168,581

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4 of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Parent Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2022	₱3,212,370	₱–	₱–	₱3,212,368	2025
2019	3,524,852	–	3,524,852	–	2022
	₱6,737,222	₱–	₱3,524,852	₱3,212,368	

The Parent Company's NOLCO incurred in 2021 can be claimed as deduction against future taxable income over five (5) years, which is until 2026. The extension of its validity as a deduction against future taxable income from three (3) years to five (5) years, is pursuant to the issuance of Revenue Regulation No. 25-2020, implementing Section 4 of the Bayanihan To Recover As One or Bayanihan 2 Act, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2021	₱3,266,935	₱–	₱–	₱3,266,935	2026
2020	2,938,801	–	–	2,938,801	2025
	₱6,205,736	₱–	₱–	₱6,205,736	

21. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the parent company (a)	**₱30,282,966**	**₱44,112,115**	₱32,316,765
Weighted average number of outstanding common share (b)	**690,000,000**	**690,000,000**	690,000,000
Basic earnings per share (a/b)	**₱0.04**	**₱0.06**	₱0.05

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

22. Commitments

As of December 31, 2022 and 2021, the Group has the following contractual commitments:

- The Group has entered into a contractual agreement with IPMCDC, the ultimate parent, to undertake the following:

  a. The Group recognized income amounting ₱7.78 million and ₱3.56 million in 2022 and 2021, respectively, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

  b. In 2020, BEST entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for twelve (12) months beginning February 1, 2020. The agreement was renewed for another 12 months until January 31, 2023. The JV between BEST and IPM CDC was registered as a taxable entity in 2020.

     The capital contribution, participation interest in the net profits of the Joint Venture shall be shared by parties equally (50% -BEST, 50% - IPMCDC).

     On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months. As of and for the year ended December 31, 2022 and 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million.

     On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2021 to January 31, 2023 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to ₱146.96 million and ₱140.42 million in 2022 and 2021, respectively (see Note 17).

- On June 19, 2019, BEST entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 30, 2021 until June 1, 2023 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2022, 2021 and 2020 from this agreement amounted to ₱2.45 million.

- The Group entered into contractual commitments with various municipalities of Rizal for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties.

  As of and for the years ended December 31, 2022 and 2021, the amount of income recognized by the Group and outstanding balance per municipality follow:

	Income (in millions)		**Outstanding Balance** (in millions)	
Municipality	**2022**	2021	**2022**	2021
Binangonan, Rizal	**₱40.13**	₱37.93	**4.09**	₱3.93
Angono, Rizal	**18.51**	14.52	**3.86**	3.06
Teresa, Rizal	**7.71**	7.52	**1.08**	1.86
Baras, Rizal	**7.86**	7.15	**0.69**	1.40
Tanay, Rizal	**7.99**	6.93	**2.60**	2.41
Pililla, Rizal	**6.90**	6.25	**1.92**	1.75
Morong, Rizal	**4.21**	4.60	**4.54**	4.39
Cardona, Rizal	**2.69**	3.20	**1.31**	1.41
Jalajala, Rizal	**2.13**	1.37	**0.40**	0.35
Taytay, Rizal	–	–	**2.7**	2.73
Famy, Laguna	**0.41**	–	**0.21**	–
Pakil, Laguna	**0.19**	–	**0.18**	–
Siniloan, Laguna	**0.02**	–	**0.03**	–
Pangil, Laguna	–	–	–	0.02
	₱98.75	₱89.47	**₱23.61**	₱23.31

In 2018, the Group entered into the contract agreement for garbage disposal services for the municipality of Baras and Cardona. Contract terms was for ten (10) months beginning March 2018 until December 31, 2018. These cossntracts were renewed in 2019 with the same terms in 2018. The contract covers the Group's provision of professional services within its disposal facility and includes all programming, planning, calculation, specifications equipment and management services necessary to carry out the agreed services. In 2022, the Group continued to extend its services after bidding in December 2019 for municipality of Baras.

Beginning March 22, 2018, the Group has renewed its contract of solid waste disposal and service of a sanitary landfill with the municipality of Binangonan. The term of the contract shall be for nine months until December 31, 2018 unless sooner terminated. In 2020, the Group continued to extend its services after bidding in January 2020 and an extension of contract was awarded.

The contract with municipality of Teresa was entered into by the Group in January 2022. Under this agreement, the Group allows these municipalities to dump residual wastes to its landfill in Morong. The agreement took effect on January 2016 and shall end on December 2022 unless sooner terminated.

As of December 31, 2022 and 2021, outstanding balance of receivables from LGUs amounted to ₱20.18 million and ₱24.03 million, respectively (see Note 5).

- Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group through BEST, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

  The Group shall prepare, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources – Environmental Management Bureau

  (DENR-EMB). The implementation of the approved Closure Action Plan shall include the following:

  a. Stabilization of critical slopes or reformation of shape/slope;
  b. Provision of waste storage bank, suitable retaining wall or embankment structures;
  c. Installation of final soil cover and suitable vegetation;
  d. Provision of proper drainage systems to channel rainwater from the disposal site to the discharge drains; and
  e. Provision of adequate facilities for the management of the landfill gas and leachate.

  In addition, the Group shall be responsible and shall provide for the post-closure management and post-closure land use of the Facility, including maintenance and rehabilitation activities after the physical closure of the sanitary landfill. The Group shall also continuously monitor the implementation of the Closure Action Plan of the landfill for a period of ten (10) years. As of December 31, 2022 and 2021, the Group's ARO-liability has a carrying value of ₱31.28 million and ₱29.08 million, respectively. For the period ended December 31, 2022 and 2021, the related interest expense recognized to accrete the liability amounted to ₱2.20 million and nil, respectively.

23. Financial Risk Management Objectives and Policies

The Group's principal financial assets and liabilities comprise of cash, receivables, deposits, due to/from related parties, trade and other payables (excluding payable to government agencies) and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk and liquidity risk. It also supports the effective implementation of such policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

Credit risk
Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash, receivables and deposits. Credit risk pertains to the risk that a party to a

financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

2022

	Gross Maximum Exposure	**Fair Value of Collateral**	**Net Exposure**	**Financial Effect of Collateral**
Financial assets at amortized cost				
Cash*	**₱25,363,335**	**₱–**	**₱25,363,335**	**₱–**
Receivables:				
Trade				
Related parties	**877,887,264**	**816,724,305**	**61,162,959**	**816,724,305**
LGUs	**20,180,123**	**–**	**20,180,123**	**–**
Private Entities	**37,993,296**	**–**	**37,993,296**	**–**
Loan	**31,000,000**	**–**	**31,000,000**	**–**
Interest	**9,750,820**	**–**	**9,750,820**	**–**
Deposits	**1,988,034**	**–**	**1,988,034**	**–**
	₱1,004,162,872	**₱816,724,305**	**₱187,438,567**	**₱816,724,305**

**Excluding cash on hand.*

2021

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱6,991,534	₱–	₱6,991,534	₱–
Receivables:				
Trade				
Related parties	914,161,831	1,077,380,366	–	914,161,831
LGUs	24,032,385	–	24,032,385	–
Private Entities	23,646,843	–	23,646,843	–
Loan	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	–	1,988,034	–
	₱1,010,391,127	₱1,077,380,366	₱96,229,296	₱914,161,831

**Excluding cash on hand.*

On April 26, 2018, BEST entered into a Memorandum of Agreement with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares of the Parent Company, respectively, to guarantee BEST's receivables from IPMESI amounting to ₱693.74 million (see Notes 5 and 15). On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. The agreement is valid, binding and in full force and effect until the secured obligations are fully paid by IPMESI. IPMESI committed to pay its total liability to BEST. On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

In March 2020, BEST entered into a Memorandum of Agreement with IPMCDC wherein the latter assigned 54,200,000 shares of the Parent Company, to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of the Parent Company.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as December 31, 2022 and 2021 amounted to ₱816.72 million and ₱1,077.38, respectively.

There were no amounts that are set-off in accordance with the requirements of PAS 32, *Financial Instruments: Disclosures and Presentations*. There were no amounts subject to an enforceable master-netting arrangement or similar agreement as of December 31, 2022 and 2021.

Credit Quality. The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets:

	2022			
		Stage 1	**Stage 2**	**Stage 3**
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	**₱25,363,335**	**₱25,363,335**	**₱–**	**₱–**
Receivables				
Trade	**936,060,683**	**44,850,101**	**877,887,264**	**13,323,318**
Loans	**31,000,000**	–	**31,000,000**	–
Interest	**9,750,820**	–	**9,750,820**	–
Deposits	**1,988,034**	**1,988,034**	–	–
	₱1,004,162,872	**₱72,201,470**	**₱918,638,084**	**₱13,323,318**

**excluding cash on hand*

	2021			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	₱6,991,534	₱6,991,534	₱–	₱–
Receivables				
Trade	961,841,059	34,355,910	914,161,831	13,323,318
Loans	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	1,988,034	–	–
	₱1,010,391,127	₱43,335,478	₱953,732,331	₱13,323,318

**excluding cash on hand*

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. It maintains an adequate cash in the event of unforeseen interruption of its cash collections. The Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
At amortized cost					
Cash	₱25,528,045	₱–	₱–	₱–	₱25,528,045
Receivables:					
Trade	27,915,374	19,829,754	31,265,572	857,049,983	936,060,683
Loan	–	–	–	31,000,000	31,000,000
Interest	–	–	–	9,750,820	9,750,820
Deposits	–	–	–	1,988,034	1,988,034
	₱53,443,419	₱19,829,754	₱31,265,572	₱899,788,837	₱1,004,327,582

	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	₱–	₱7,809,188	₱–	₱–	₱7,809,188
Loan payable	–	–	₱85,000,000	–	85,000,000
	₱–	₱7,809,188	₱85,000,000	–	₱92,809,188

	2021				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
At amortized cost					
Cash	₱7,088,744	₱–	₱–	₱–	₱7,088,744
Receivables:					
Trade	24,347,134	24,829,997	912,663,928	–	961,841,059
Loan	–	–	–	31,000,000	31,000,000
Interest	–	–	–	8,570,500	8,570,500
Deposits	–	–	–	1,988,034	1,988,034
	₱31,435,878	₱24,829,997	₱912,663,928	₱41,558,534	₱1,010,488,337
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	₱–	₱27,388,823	₱–	₱–	₱27,388,823
Loan payable	–	–	88,000,000	–	88,000,000
	₱–	₱27,388,823	₱88,000,000	₱–	₱115,388,823

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its total equity amounting to ₱1,314.25 million and ₱1,272.45 million as of December 31, 2022 and 2021, respectively, as capital.

Fair Value Information

Due to the short-term nature of the Group's financial instruments except for noncurrent loan receivables, their fair values approximate their carrying amounts as of December 31, 2022 and 2021. The fair value of the noncurrent loan receivables as of December 31, 2022 and 2021 amounted to ₱28.31 million, discounted using the Bloomberg Valuation (BVAL) rates. The carrying amount of the noncurrent loan receivables as of December 31, 2022 and 2021 amounted to ₱31.00 million.

Fair Value Hierarchy
As of December 31, 2022 and 2021, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

24. Segment Information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	2022				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue and other income					
Revenue from external customers	**₱–**	**₱307,703,173**	**₱307,703,173**	**₱–**	**₱307,703,173**
Intersegment revenue	**–**	**160,714**	**160,714**	**(160,714)**	**–**
Interest income	**167**	**16,362,949**	**16,363,116**	**–**	**16,363,116**
Equity earnings	**–**	**37,715,199**	**37,715,199**	**–**	**37,715,199**
Interest expense	**–**	**7,278,989**	**7,278,989**	**–**	**7,278,989**
Income (loss) before tax	**(3,517,490)**	**49,321,708**	**45,804,218**	**–**	**45,804,218**
Provision for income tax	**36**	**4,770,718**	**4,770,754**	**(516,334)**	**4,254,420**
Net income (loss)	**(3,517,526)**	**44,550,990**	**41,033,464**	**516,334**	**41,549,798**
Segment assets	**485,536,011**	**1,584,318,152**	**2,069,854,163**	**(501,137,328)**	**1,568,716,835**
Segment liabilities	**22,022,253**	**253,972,812**	**275,995,065**	**(21,528,654)**	**254,466,411**
Depreciation and amortization	**–**	**33,548,069**	**33,548,069**	**–**	**33,548,069**

	2021				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱–	₱275,342,201	₱275,342,201	₱–	₱275,342,201
Intersegment revenue	–	160,714	160,714	(160,714)	–
Interest income	327	1,192,245	1,192,572	–	1,192,572
Equity earnings	–	53,884,320	53,884,320	–	53,884,320
Interest expense	–	5,188,437	5,188,437	–	5,188,437
Income (loss) before tax	(3,535,820)	68,268,829	64,733,009	–	64,733,009
Provision for income tax	65	4,738,161	4,738,226	–	4,738,226
Net income (loss)	(3,535,885)	63,530,668	59,994,783	–	59,994,783
Segment assets	485,665,094	1,546,898,304	2,032,563,398	(498,425,000)	1,534,138,398
Segment liabilities	18,633,810	261,354,834	279,988,644	(18,300,000)	261,688,644
Depreciation and amortization	–	28,128,753	28,128,753	–	28,128,753

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Service and rental income derived from IPMCDC, IPMESI and IPMRDC (entities under common control of IPM Group) amounted to ₱147.84 million, ₱145.81 million and ₱141.75 million in 2022, 2021 and 2020, respectively.

25. **Notes to Consolidated Statements of Cash Flows**

Rollforward of liabilities under financing activities as of December 31, 2022 and 2021 as follows:

2022

	January 1, 2022	**Non-cash change**	**Cash flows**	**December 31, 2022**
Loan payable	**₱88,000,000**	**₱–**	**(₱3,000,000)**	**₱85,000,000**
Interest payable	**–**	**5,007,600**	**(5,007,600)**	**–**
	₱88,000,000	**₱5,007,600**	**(₱8,007,600)**	**₱85,000,000**

2021

	January 1, 2021	Non-cash change	Cash flows	December 31, 2021
Loan payable	₱90,000,000	₱–	(₱2,000,000)	₱88,000,000
Interest payable	–	2,917,048	(2,917,048)	–
	₱90,000,000	₱2,917,048	(₱4,917,048)	₱88,000,000

In 2022 and 2021, the non-cash changes in interest payable pertains to interest expenses amounting to ₱5.01 million and ₱2.92 million, respectively (see Notes 13 and 22).

SyCip Gorres Velayo & Co.
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
IPM Holdings, Inc.
Penthouse, The Taipan Place
F. Ortigas Jr. Avenue Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of IPM Holdings, Inc. and its Subsidiary (collectively, the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 24, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Tax Identification No. 210-730-804
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 111947-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9564656, January 3, 2023, Makati City

May 24, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
IPM Holdings, Inc.
Penthouse, The Taipan Place
F. Ortigas Jr. Avenue Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of IPM Holdings, Inc. and its Subsidiary (collectively, the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 24, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Tax Identification No. 210-730-804
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 9564656, January 3, 2023, Makati City

May 24, 2023

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule A - Financial Assets
December 31, 2022

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Cash and cash equivalents	-	25,528,045	25,528,045	-
Trade receivables	-	936,060,683	936,060,683	-
Loan receivables	-	31,000,000	31,000,000	-
Interest	-	9,750,820	-	9,750,820
Deposits	-	1,988,034	1,988,034	-
	-	**1,004,327,582**	**994,576,762**	**9,750,820**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
December 31, 2022

			Deductions				
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Trade	914,161,831	324,930,596	361,205,163	-	-	-	877,887,264
Loans receivable	31,000,000	-	-	-	-	-	31,000,000
Advances to officers & employees	2,392,562	5,854,118	5,727,348	-	-	-	2,519,332
Interest receivable	8,570,500	1,180,320	-	-		-	9,750,820
	956,124,893	**331,965,034**	**366,932,511**	**-**	**-**	**-**	**921,157,416**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2022

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
IPM Holdings Inc.	18,460,714	3,200,000	160,714		21,500,000		21,500,000
	18,460,714	**3,200,000**	**160,714**	**-**	**21,500,000**	**-**	**21,500,000**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule D- Intangible Assets - Other Assets
December 31, 2022

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
My Basurero App	**6,240,255**			-	(1,248,053)	4,992,202
	6,240,255	**-**	**-**	**-**	**(1,248,053)**	**4,992,202**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule E- Long Term Debt
December 31, 2022

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)
None			

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule F- Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2022

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)

None

IPM HOLDINGS, INC. AND SUBSIDIARY

Schedule G - Guarantees of Securities of Other Issuers
December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

None

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule H - Capital Stock
December 31, 2022

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights	Number of Shares Held By		
				Related parties	Directors, officers and employees	Others
Common shares - Php1 par value	740,000,000	690,000,000	none	470,000,000	2,333,800	217,666,200
	740,000,000	**690,000,000**		**470,000,000**	**2,333,800**	**217,666,200**

IPM HOLDINGS, INC. AND SUBSIDIARY
Spplementary Schedule of Deficit of the Parent Company
December 31, 2022

Unappropriated deficit, as adjusted, beginning	222,968,717
Net loss during the period closed to deficit	3,517,527
Unappropriated deficit, as adjusted, ending	**226,486,244**

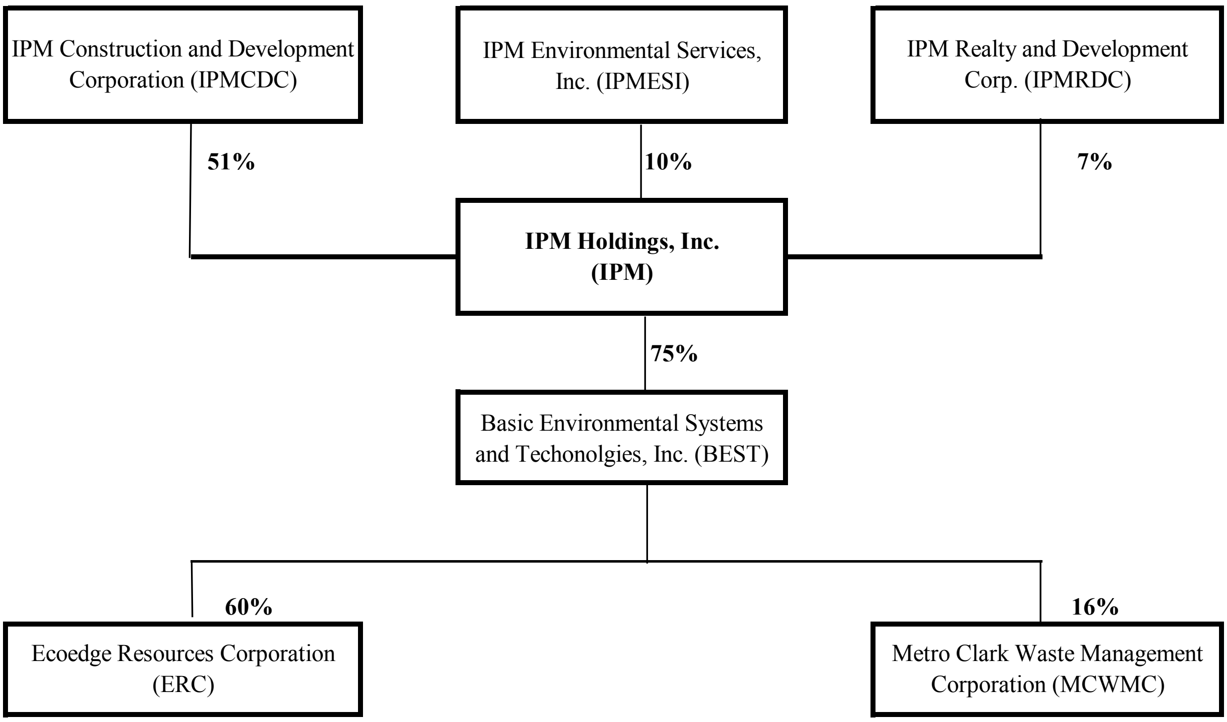
IPM HOLDINGS, INC. AND SUBSIDIARY

Financial Soundness Indicators
December 31, 2022

		Years Ended December 31	
FSI	**Calculation**	**2022**	2021
Current Ratio	Current Assets/Current Liabilities	**4.50x**	4.24x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	**4.32x**	4.19x
Solvency Ratio	Total Assets/Total Liabilities	**6.16x**	5.86x
Debt Ratio	Total Debts/Total Assets	**0.16x**	0.17x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	**0.19x**	0.21x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	**7.29x**	13.48x
Asset to Equity Ratio	Assets/Stockholders' Equity	**1.19x**	1.21x
Gross Profit Margin	Gross Profit/Net Sales	**0.19**	0.18
Net Profit Margin	Net Income/Revenues	**0.14**	0.22
Return on Assets	Net Income/Total Assets	**0.03**	0.04
Return on Equity	Net Income/Total Stockholders' Equity	**0.06**	0.05
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	**1.90**	1.84
Net Income per Share	Net Income/Outstanding Shares	**0.06**	0.09
Net Income per Share-Parent	Net Income/Outstanding Shares	**0.04**	0.06

	31-Dec-2022	31-Dec-2021
Current Ratio	**991,692,636/220,534,463**	972,158,390/229,147,700
Quick Ratio	**952,558,025/220,534,463**	959,839,023/229,147,700
Solvency ratio	**1,568,716,835/254,466,411**	1,534,138,398/261,688,644
Debt Ratio	**254,466,411/1,568,716,835**	261,688,644/1,534,138,398
Debt-to-Equity Ratio	**254,466,411/1,314,250,424**	261,688,644/1,272,449,754
Interest Coverage Ratio	**53,083,207/7,278,989**	69,921,446/5,188,437
Asset to Equity Ratio	**1,568,716,835/1,314,250,424**	1,534,138,398/1,272,449,754
Gross Profit Margin	**58,894,239/307,703,173**	49,534,099/275,342,201
Net Profit Margin	**41,549,798/307,703,173**	59,994,783/275,342,201
Return on Asset	**41,549,798/1,568,716,835**	59,994,783/1,534,138,398
Return on Equity	**41,549,798/690,000,000**	59,994,783/1,272,449,754
Book Value/Share	**1,314,250,424/690,000,000**	1,272,449,754/690,000,000
Net Income per Share	**41,549,798/690,000,000**	59,994,783/690,000,000
Net Income per Share-Parent	**30,282,966/690,000,000**	44,112,115/690,000,000

MAP OF IPM HOLDINGS, INC.
Group of Companies



COVER SHEET

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SEC Registration Number

I P M H O L D I N G S I N C . A N D S U B S I D I A R Y

(Company's Full Name)

P E N T H O U S E T H E T A I P A N P L A C E F .
O R T I G A S J R . R O A D O R T I G A S C E N T E R
P A S I G C I T Y

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

Atty. Ana Katigbak	8424-2550 to 59/8817-6791
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-Q **June 30, 2023**	4^{th} Wed of May
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2023**
2. SEC Identification Number: AS095-008557
3. BIR Tax Identification Number: 004-636-077
4. **IPM HOLDINGS, INC.**
   Exact name of issuer as specified in its charter
5. Pasig City, Philippines
   Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
   Address of issuer's principal office Postal Code: 1605
8. (632) 8424-2550 to 59/8817-6791
   Issuer's telephone number, including area code
9. n/a
   Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

    Yes (√) No ( )

12. Indicate by check mark whether the registrant:

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

    Yes[x] No [ ]

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

    Yes[x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operations

PLAN OF OPERATIONS

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenances of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the BEST. The facility was opened in 2021.

As of June 30, 2023, the BEST is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Company plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, BEST launched My Basurero App – a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

BEST believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. The Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-champions using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, FMCGs, waste management solutions providers, recycling partners, and MSMEs.

Tindahan Extra Mile ™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, BEST, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World-Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management.

With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached interim consolidated financial statements as of June 30, 2023.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Income

Total consolidated revenues for the six-month period ending June 30, 2023 amounted to Php89.01 million, down by Php62.09 million from the Php151.10 million posted in the same period of 2022. The material changes are as follows:

- Service Income amounted to Php86.35 million, which is Php61.77 million lower than the Php148.12 million posted in the same period of 2022. This is mainly due to the decrease in income of the Company's joint venture from hauling and waste collection.

- Rental Income amounted to Php1.95 million, which is Php0.44 million lower than the Php2.39 million posted in the same period of 2022. This is mainly attributable to the decrease in rental income from equipment and trucks, which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the first six months of 2023 amounted to Php82.46 million, down by Php49.54 million from the Php132.00 million posted in the same period of 2022. The material changes are as follows:

- Cost of services amounted to Ph65.84 million, which is Php50.23 million lower than the Php116.07 million posted in the same period of 2022. This is mainly attributable to the decrease in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities.

- General and administrative expenses amounted to Php13.16 million, which slightly decreased by 3% as compared to Php13.51 million posted in the same period of 2022. This is mainly attributable to the decrease in professional fees.

- Interest expense amounted to Php3.47 million, which is Php1.04 million higher than the Php2.43 million in the same period of 2022.

Net Income

The first six-month period ending June 30, 2023 resulted in a net income of Php4.69 million, a decrease of Php9.25 million from the Php13.94 million posted in the same period of 2022. This is mainly due to the decrease in income of the joint venture from hauling and waste collections.

Liquidity and Capital Resources

For the first half of 2023, net cash provided by operating activities amounted to Php15.51 million, which decreased by Php6.45 million as compared to Php21.96 million in the same period of 2022. This is mainly due to the decrease in receivables and trade and other payables.

Net cash used in investing activities amounted to Php6.77 million in the first half of 2023, which decreased by Php5.13 million as compared to Php11.90 million in the same period of 2022. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php12.95 million, other noncurrent assets of Php1.82 million and net of dividends received from an associate of Php8.00 million.

Net cash used in financing activities amounted to Php2.71 million in the first half of 2023, which decreased by Php0.72 million as compared to Php3.43 million in the same period of 2022. These amounts represent payment of bank loans and interest.

Second Quarter Ended June 30, 2023 Compared to Second Quarter Ended June 30, 2022

Total consolidated revenues for the second quarter ending June 2023 amounted to Php38.82 million, down by Php35.23 million from the Php74.05 million posted in the same period of 2022. The material changes are as follows:

- Service Income amounted to Php37.32 million, which is Php35.24 million lower than the Php72.56 million posted in the same period of 2022. This is mainly due to the decrease in income of the Company’s joint venture from hauling and waste collection.

- Rental Income amounted to Php1.14 million, which is 4% lower than the Php1.19 million posted in the same period of 2022. This is mainly attributable to the decrease in rental income from equipment and trucks which are now being used for the Company’s own hauling activities.

Expenses

Total consolidated expenses for the second quarter ending June 30, 2023 amounted to Php37.00 million, which decreased by Php32.56 million from the Php69.56 million posted in the same period of 2022. The material changes are as follows:

- Cost of services amounted to Php28.43 million, which is Php32.27 million lower than the Php60.70 million in the same period of 2022. This is mainly attributable to the decrease in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities.

- General and administrative expenses amounted to Php7.02 million, which is 8% lower than the Php7.64 million in the same period of 2022. This is mainly attributable to the decrease in taxes and licenses.

- Interest expense amounted to Php1.59 million, which is Php0.33 million higher than the Php1.22 million in the same period of 2022.

Net Income

The second quarter of 2023 resulted in a net income of Php1.07 million, which is Php1.88 million lower than the Php2.96 million posted in the same period of 2022. This is mainly due to the decrease in income of the joint venture from hauling and waste collections.

Liquidity and Capital Resources

For the second quarter of 2023, net cash provided by operating activities amounted to Php8.21 million, which decreased by Php6.16 million as compared to Php14.37 million posted in the same period 2022. This is mainly attributable to the decrease other current assets, income tax paid as well as repayment of trade and other payables.

Net cash used in investing activities amounted to Php1.43 million in the second quarter of 2023, which decreased by Php4.93 million as compared to Php6.38 million in the same period of 2022. Cash used in investing activities consisted mainly of acquisition of property and equipment of Php4.49 million, other noncurrent assets of Php0.94 million and net of dividends received from an associate of Php4.00 million.

Net cash used in financing activities amounted to Php1.36 million in the second quarter of 2023, which slightly decreased by Php0.14 million as compared to Php1.22 million in the same period of 2022. These amounts represent payment of bank loans and interest.

Financial Position as of June 30, 2023 Compared to Financial Position as of December 31, 2022

Statements of financial position data	**June 30, 2023**	December 31, 2022	**% Inc/(Dec)**
Total Current Assets	**999,701,526**	991,692,636	0.81%
Total Assets	**1,566,411,579**	1,568,716,835	0.15%
Total Current Liabilities	**213,534,310**	220,534,463	3.17%
Total Liabilities	**247,466,258**	254,466,411	3.17%
Total Stockholders' Equity	**1,318,945,321**	1,314,250,424	0.36%

The Company's consolidated total assets slightly increased by 0.15%, from Php1,568.72 million as of December 31, 2022 to Php1,566.41 million as of June 30, 2023.

- Cash and cash equivalents increased by Php6.03 million or 24%, from Php25.53 million as of December 31, 2022 to Php31.56 million as of June 30, 2023. The increase was mainly due to the collection of receivables.

- Current portion of trade and other receivables decreased by 2% from Php927.03 million as of December 31, 2022 to Php909.38 million as of June 30, 2023 due to the collection of the outstanding receivables.

- Other current assets increased by Php19.63 million or 50% from Php39.13 million as of December 31, 2022 to Php58.76 million as of June 30, 2023 due to the increase in input VAT and prepaid expenses.

- Noncurrent assets slightly decreased by 1.79% from Php577.02 million as of December 31, 2022 to Php566.71 million as of June 30, 2023.

Total consolidated liabilities slightly increased by 2.75%, from Php254.47 million as of December 31, 2022 to Php247.47 million as of June 30, 2023.

Total stockholders' equity slightly increased by 0.36%, from Php1,314.25 million as of December 31, 2022 to Php1,318.94 million as of June 30, 2023, reflecting the income for the current year.

Current ratio decreased from 4.50x as of December 31, 2022 to 4.68x as of June 30, 2023; net working capital increased to Php786.17 million as of June 30, 2023 versus the Php771.16 million as of December 31, 2022.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	June 30, 2023	December 31, 2022
Current Ratio (1)	Current Assets/Current Liabilities	**4.68x**	4.50x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	**4.41x**	4.32x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	**0.19x**	0.19x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	**1.91**	1.90
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	**0.007**	0.06

		June 30, 2023	December 31, 2022
(1)	Current Ratio	999,701,526/213,534,310	991,692,636/220,534,463
(2)	Quick Ratio	940,939,664/213,534,310	952,558,025/220,534,463
(3)	Debt to Equity	247,466,258/1,318,945,321	254,466,411/1,314,250,424
(4)	Book Value/Share	1,318,945,321/690,000,000	1,314,250,424/690,000,000
(5)	Income per Share	4,694,897/690,000,000	41,549,798/690,000,000

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt-to-Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2- Management's Discussion and Plan of Operations.

b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.

c) There were no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d) There were no material commitments for capital expenditures.

e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis;

f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.

g) There were no seasonal aspects that had 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 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.

Not Applicable

S I G N A T U R E S

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

Issuer : IPM HOLDINGS, INC.

ISABELITA P. MERCADO
Chairman and Chief Executive Officer
Date: August 11, 2023

FRANCIS NEIL P. MERCADO
Treasurer and Chief Financial Officer
Date: August 11, 2023

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	December 31, 2022
	Unaudited	Audited
ASSETS		
Current Assets		
Cash (Note 4)	**₱31,561,060**	₱25,528,045
Current portion of receivables (Notes 5 and 15)	**909,378,604**	927,029,980
Other current assets (Note 6)	**58,761,862**	39,134,611
Total Current Assets	**₱999,701,526**	₱991,692,636
Noncurrent Assets		
Noncurrent portion of receivables (Notes 5 and 15)	**41,340,980**	40,750,820
Deposits (Note 8)	**1,988,034**	1,988,034
Investments in an associate and a joint venture (Note 7)	**177,388,410**	185,388,410
Property and equipment (Note 10)	**210,310,128**	211,400,882
Investment property (Note 9)	**101,190,820**	101,881,105
Deferred tax assets (Note 20)	**10,680,910**	13,622,746
Other noncurrent assets (Note 11)	**23,810,771**	21,992,202
Total Noncurrent Assets	**566,710,053**	577,024,199
	₱1,566,411,579	₱1,568,716,835
LIABILITIES AND EQUITY		
Current Liabilities		
Loan payable (Note 13)	**₱83,000,000**	₱85,000,000
Income tax payable	**3,113,284**	2,222,895
Trade and other payables (Note 12)	**127,421,026**	133,311,568
Total Current Liabilities	**213,534,310**	220,534,463
Noncurrent Liabilities		
Asset rehabilitation obligation (ARO-liability) (Note 22)	**31,275,298**	31,275,298
Net pension liability (Note 19)	**2,656,650**	2,656,650
Total Noncurrent Liabilities	**33,931,948**	33,931,948
Total Liabilities	**247,466,258**	254,466,411
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	**690,000,000**	690,000,000
Retained earnings (Note 14)	**515,264,919**	512,161,114
Other reserves (Notes 1 and 19)	**(298,697,437)**	(298,697,437)
	906,567,482	903,463,677
Noncontrolling interests (Note 2)	**412,377,839**	410,786,747
Total Equity	**1,318,945,321**	1,314,250,424
	₱1,566,411,579	₱1,568,716,835

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June	
	2023	2022
REVENUE AND OTHER INCOME		
Service income (Notes 15, 16 and 22)	**₱37,324,052**	₱72,565,205
Rental income (Notes 9, 15 and 22)	**1,139,436**	1,188,505
Interest income (Notes 4, 8 and 15)	**358,217**	296,422
	38,821,705	74,050,132
EXPENSES AND OTHER CHARGES		
Cost of services (Note 17)	**28,428,831**	60,698,845
General and administrative expenses (Note 18)	**7,016,152**	7,637,345
Interest expense (Notes 13 and 22)	**1,558,083**	1,222,832
	37,003,066	69,559,022
INCOME BEFORE INCOME TAX	**1,818,639**	4,491,110
PROVISION FOR INCOME TAX (Note 20)	**745,313**	1,533,694
NET INCOME	**1,073,326**	2,957,416
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱1,073,326**	₱2,957,416
Net income attributable to:		
Equity holders of the parent	**₱619,908**	₱1,983,582
Noncontrolling interests	**453,418**	973,834
	₱1,073,326	₱2,957,416
Total comprehensive income attributable to:		
Equity holders of the parent	**₱619,908**	₱1,983,582
Noncontrolling interests	**453,418**	973,834
	₱1,073,326	₱2,957,416
BASIC/DILUTED EARNINGS PER SHARE-PARENT (Note 21)	**₱0.001**	₱0.003

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2023	2022
REVENUE AND OTHER INCOME		
Service income (Notes 15, 16 and 22)	**₱86,351,582**	₱148,119,777
Rental income (Notes 9, 15 and 22)	**1,945,939**	2,392,011
Interest income (Notes 4, 8 and 15)	**715,504**	591,868
	89,013,025	151,103,656
EXPENSES AND OTHER CHARGES		
Cost of services (Note 17)	**65,840,910**	116,070,450
General and administrative expenses (Note 18)	**13,156,288**	13,505,317
Interest expense (Notes 13 and 22)	**3,471,377**	2,432,833
	82,468,575	132,008,600
INCOME BEFORE INCOME TAX	**6,544,450**	19,095,056
PROVISION FOR INCOME TAX (Note 20)	**1,849,553**	5,150,098
NET INCOME	**4,694,897**	13,944,958
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱4,694,897**	₱13,944,958
Net income attributable to:		
Equity holders of the parent	**₱3,103,804**	₱10,109,830
Noncontrolling interests	**1,591,093**	3,835,128
	₱4,694,897	₱13,944,958
Total comprehensive income attributable to:		
Equity holders of the parent	**₱3,103,804**	₱10,109,830
Noncontrolling interests	**1,591,093**	3,835,128
	₱4,694,897	₱13,944,958
BASIC/DILUTED EARNINGS PER SHARE-PARENT (Note 21)	**₱0.004**	₱0.015

See accompanying Notes to Consolidated Financial Statements

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent					
			Other Reserves			
	Capital Stock (Note 14)	**Retained Earnings-Unappropriated** (Note 14)	**Equity Reserve** (Note 1)	**Actuarial Gains (Losses) on Defined Benefit Obligation** (Note 19)	**Noncontrolling Interests** (Note 2)	**Total Equity**
Balance as of March 31, 2023	**₱690,000,000**	**₱514,774,094**	**(₱298,498,391)**	**(₱199,046)**	**₱411,795,338**	**₱1,317,871,995**
Net income for the second quarter	**–**	**619,908**	**–**	**–**	**453,418**	**1,073,326**
Other comprehensive income	**–**	**–**	**–**	**-**		**-**
Total comprehensive income	**–**	**619,908**	**–**	**-**	**453,418**	**1,073,326**
At June 30, 2023	**₱690,000,000**	**₱515,394,001**	**(₱298,498,391)**	**(₱199,046)**	**₱412,248,756**	**1,318,945,321**
Balance as of January 1, 2022	₱690,000,000	₱481,878,148	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,973,236
Net income	–	30,282,966	–	–	11,266,832	41,549,798
Other comprehensive income	–	–	–	188,154	62,718	250,872
Total comprehensive income	–	30,282,966	–	188,154	11,329,550	41,800,670
At December 31, 2022	₱690,000,000	₱512,161,114	(₱298,498,391)	(₱199,046)	₱410,786,747	₱1,314,250,424
Balance as of March 31, 2022	₱690,000,000	₱490,581,449	(₱298,498,391)	(₱387,200)	₱402,318,491	₱1,284,014,349
Net income for the second quarter	–	1,930,011	–	–	973,834	2,903,845
Other comprehensive income	–	–	–	-	-	-
Total comprehensive income	–	1,930,011	–	-	973,834	2,903,845
At June 30, 2022	₱690,000,000	₱492,511,460	(₱298,498,391)	(₱387,200)	₱403,292,325	₱1,286,918,194

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent					
			Other Reserves			
	Capital Stock (Note 14)	Retained Earnings- Unappropriated (Note 14)	Equity Reserve (Note 1)	Actuarial Gains (Losses) on Defined Benefit Obligation (Note 19)	Noncontrolling Interests (Note 2)	Total Equity
Balance as of January 1, 2023	**₱690,000,000**	**₱512,290,197**	**(₱298,498,391)**	**(₱199,046)**	**₱410,657,664**	**₱1,314,250,424**
Net income for the six months period	**–**	**3,103,804**	**–**	**–**	**1,591,093**	**4,694,897**
Other comprehensive income	**–**	**–**	**–**	**-**		**-**
Total comprehensive income	**–**	**3,103,804**	**–**	**-**	**1,591,093**	**4,694,897**
At June 30, 2023	**₱690,000,000**	**₱515,394,001**	**(₱298,498,391)**	**(₱199,046)**	**₱412,248,757**	**1,318,945,321**
Balance as of January 1, 2022	₱690,000,000	₱481,878,148	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,973,236
Net income	–	30,282,966	–	–	11,266,832	41,549,798
Other comprehensive income	–	–	–	188,154	62,718	250,872
Total comprehensive income	–	30,282,966	–	188,154	11,329,550	41,800,670
At December 31, 2022	₱690,000,000	₱512,161,114	(₱298,498,391)	(₱199,046)	₱410,786,747	₱1,314,250,424
Balance as of January 1, 2022	₱690,000,000	₱482,401,630	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,973,236
Net income for the six months period	–	10,109,830	–	–	3,835,128	13,944,958
Other comprehensive income	–	–	–	-	-	-
Total comprehensive income	–	10,109,830	–	-	3,835,128	13,944,958
At June 30, 2022	₱690,000,000	₱492,511,460	(₱298,498,391)	(₱387,200)	₱403,292,325	₱1,286,918,194

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,818,639**	₱4,491,110
Adjustments for:		
Depreciation and amortization (Notes 9, 10, 17 and 18)	**6,722,656**	9,378,591
Interest expense (Notes 13 and 22)	**358,095**	1,222,833
Interest income (Notes 4, 8 and 15)	**(357,287)**	296,318
Operating income before changes in working capital	**8,542,103**	15,388,852
Decrease (increase) in:		
Receivables	**15,084,354**	5,235,202
Other current assets	**(7,148,098)**	4,802,989
Increase (decrease) in trade and other payables	**(6,624,472)**	(6,987,222)
Net cash generated from operations	**9,853,887**	18,439,821
Interest received	**62,207**	(296,318)
Income tax paid (including creditable withholding tax)	**(1,709,495)**	(3,772,653)
Net cash provided by operating activities	**8,206,599**	14,370,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 10)	**(4,488,910)**	(12,780,625)
Other noncurrent assets (Note 11)	**(936,777)**	-
Dividends received from an associate (Note 7)	**4,000,000**	6,400,000
Net cash used in investing activities	**(1,425,687)**	((6,380,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid (Notes 13 and 25)	**(358,095)**	(1,222,833)
Payment of bank loan (Notes 13 and 25)	**(1,000,000)**	-
Net cash used in financing activities (Note 25)	**(1,358,095)**	(1,222,833)
NET INCREASE (DECREASE) IN CASH	**5,422,817**	6,767,392
CASH AT BEGINNING OF YEAR	**26,136,243**	3,593,998
CASH AT END OF YEAR (Note 4)	**₱31,561,060**	₱10,361,390

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,544,450**	₱19,095,056
Adjustments for:		
Depreciation and amortization (Notes 9, 10, 17 and 18)	**14,731,710**	15,478,372
Interest expense (Notes 13 and 22)	**713,306**	2,432,833
Interest income (Notes 4, 8 and 15)	**715,504**	(591,868)
Operating income before changes in working capital	**22,704,970**	36,414,393
Decrease (increase) in:		
Receivables	**16,578,586**	2,866,038
Other current assets	**(19,360,914)**	(6,296,505)
Increase (decrease) in trade and other payables	**(5,890,547)**	(7,844,720)
Net cash generated from operations	**14,032,095**	25,139,206
Interest received	**(232,873)**	591,868
Income tax paid	**1,716,337**	(3,772,659)
Net cash provided by operating activities	**15,515,559**	21,958,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 10)	**(12,950,671)**	(18,302,257)
Increase in other noncurrent assets (Note 11)	**(1,818,567)**	-
Dividends received from an associate (Note 7)	**8,000,000**	6,400,000
Net cash used in investing activities	**(6,769,238)**	(11,902,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid (Notes 13 and 25)	**(713,306)**	(2,777,451)
Payment of bank loan (Notes 13 and 25)	**(2,000,000)**	(1,000,000)
Net cash used in financing activities (Note 25)	**(2,713,306)**	(3,432,833)
NET INCREASE (DECREASE) IN CASH	**6,033,015**	6,623,325
CASH AT BEGINNING OF YEAR	**25,528,045**	3,738,065
CASH AT END OF YEAR (Note 4)	**₱31,561,060**	₱10,361,390

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF FINANCIAL POSITION

	June 30, 2023 Unaudited	December 31, 2022 Audited
ASSETS		
Current Assets		
Cash (Note 4)	**₱791,349**	₱121,012
Other current assets - net (Note 6)	**365,607**	40,000
Total Current Assets	**1,156,956**	161,012
Noncurrent Asset		
Investment in a subsidiary	**485,375,000**	485,375,000
	₱486,531,956	₱485,536,012
LIABILITIES AND EQUITY		
Current Liabilities		
Advances from related party	**₱24,500,000**	₱21,500,000
Accrued expenses and other payables (Note 12)	**187,683**	522,256
Total Current Liabilities	**24,687,683**	22,022,256
Equity		
Capital stock (Note 14)	**690,000,000**	690,000,000
Deficit	**(228,155,727)**	(226,486,244)
Total Equity	**461,844,273**	463,513,756
	₱486,531,956	₱485,536,012

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June 30	
	2023	2022
INCOME		
Interest (Note 4)	**₱49**	₱52
EXPENSES		
Professional fees	**141,495**	196,152
Salaries and wages	**146,000**	146,000
Directors' per diem (Note 17)	**160,000**	240,000
Stock exchange listing fee	**115,575**	121,613
Utilities (Note 17)	**75,000**	60,000
Rent expense (Note 17)	**40,179**	53,571
Entertainment, amusement and recreation	**41,151**	33,673
Transportation	**10,500**	16,253
Taxes and licenses		-
Office supplies and printing costs		41,161
Miscellaneous	**10,495**	29,538
	740,395	937,961
LOSS BEFORE INCOME TAX	**(740,346)**	(937,909)
PROVISION FOR INCOME TAX (Note 20)	**9**	10
NET LOSS / TOTAL COMPREHENSIVE LOSS	**₱(740,355)**	(937,919)

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2023	2022
INCOME		
Interest (Note 4)	**₱104**	₱81
EXPENSES		
Professional fees	**316,495**	276,152
Salaries and wages	**292,000**	292,000
Directors' per diem (Note 17)	**440,000**	240,000
Stock exchange listing fee	**231,150**	243,225
Utilities (Note 17)	**90,000**	90,000
Rent expense (Note 17)	**80,357**	80,357
Entertainment, amusement and recreation	**98,075**	47,173
Transportation	**21,000**	26,753
Taxes and licenses	**18,200**	22,500
Office supplies and printing costs	**8,560**	41,161
Miscellaneous	**73,730**	36,297
	1,669,567	1,395,618
LOSS BEFORE INCOME TAX	**(1,669,463)**	(1,395,537)
PROVISION FOR INCOME TAX (Note 20)	**21**	16
NET LOSS / TOTAL COMPREHENSIVE LOSS	**₱(1,669,484)**	(1,395,553)

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	Deficit	Total
At March 31, 2023	**₱690,000,000**	**(₱227,415,372)**	**₱462,584,628**
Net loss for the second quarter	–	**(740,355)**	**(740,355)**
At June 30, 2023	**₱690,000,000**	**(₱228,155,727)**	**₱461,844,273**
At January 1, 2022	₱690,000,000	(₱222,968,717)	₱467,031,283
Net loss	–	(3,517,527)	(3,517,527)
At December 31, 2022	₱690,000,000	(₱226,486,244)	₱463,513,756
At March 31, 2022	₱690,000,000	(₱223,426,351)	₱466,573,649
Net loss for the second quarter	–	(937,919)	(937,919)
At June 30, 2022	₱690,000,000	(₱224,364,270)	₱465,635,730

See accompanying Notes to Parent Company Financial Statements.,

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	**Deficit**	**Total**
At January 1, 2023	**₱690,000,000**	**(₱226,486,244)**	**₱463,513,756**
Net loss for the six months period	–	**(1,669,483)**	**(1,669,483)**
At June 30, 2023	**₱690,000,000**	**(228,155,727)**	**₱461,844,273**
At January 1, 2022	₱690,000,000	(₱222,968,717)	₱467,031,283
Net loss	–	(3,517,527)	(3,517,527)
At December 31, 2022	₱690,000,000	(₱226,486,244)	₱463,513,756
At January 1, 2022	₱690,000,000	(₱222,968,717)	₱467,031,283
Net loss for the six months period	–	(1,395,553)	(1,395,553)
At June 30, 2022	₱690,000,000	(₱224,364,270)	₱465,635,730

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱740,346)**	(₱937,909)
Adjustments for:		
Provision for impairment losses (Note 5)	**-**	-
Interest income (Note 4)	**(49)**	(52)
Operating loss before changes in working capital	**(740,395)**	(937,961)
Changes in operating assets and liabilities:		
Increase in other current assets	**96,236**	95,494
Increase/(decrease) in accrued expenses and other payables	**(61,302)**	(163,365)
Net cash used in operations	**(705,461)**	(1,005,832)
Interest received	**49**	52
Income tax paid	**(9)**	(10)
Net cash flows used in operating activities	**(705,421)**	(1,005,790)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from advances from related party (Note 10)	**1,000,000**	1,000,000
NET DECREASE IN CASH	**294,579**	(5,790)
CASH AT BEGINNING OF PERIOD	**496,770**	106,028
CASH AT END OF PERIOD (Note 4)	**₱791,349**	₱100,238

See accompanying Notes to Parent Company Financial Statements

IPM HOLDINGS, INC.
INTERIM PARENT STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱1,669,463)**	(₱1,395,537)
Adjustments for:		
Provision for impairment losses (Note 5)	**-**	-
Interest income (Note 4)	**(104)**	(81)
Operating loss before changes in working capital	**(1,669,567)**	(1,395,618)
Changes in operating assets and liabilities:		
Increase in other current assets	**(325,607)**	(334,331)
Increase/(decrease) in accrued expenses and other payables	**(334,572)**	(119,973)
Net cash used in operations	**(2,329,746)**	(1,849,922)
Interest received	**104**	81
Income tax paid	**(21)**	(16)
Net cash flows used in operating activities	**(2,329,663)**	(1,849,857)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from advances from related party (Note 10)	**3,000,000**	1,700,000
NET DECREASE IN CASH	**670,337**	(149,857)
CASH AT BEGINNING OF PERIOD	**121,012**	250,095
CASH AT END OF PERIOD (Note 4)	**₱791,349**	₱100,238

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

IPM Holdings, Inc., (the Parent Company) and its subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) (collectively referred to as "the Group"), were incorporated in the Philippines on August 31, 1995 and September 15,1999, respectively. The Parent Company's registered office address is at Penthouse, The Taipan Place, F. Ortigas Jr., Road, Ortigas Center, Pasig City.

The Parent Company is engaged in the business of investment; to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description; and, to manage any business, joint venture, firm partnership, corporation, institution or entity or otherwise act as holding or management corporation thereof.

BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As of June 30, 2023 and December 31, 2022, the top four beneficial shareholders of the Parent Company are the following:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were all incorporated in the Philippines. The ultimate parent company of the Group is IPMCDC.

Reverse acquisition
Before the Parent Company acquired 75% interest in BEST, majority of the shareholders of BEST are also the shareholders of IPMCDC, IPMESI and IPMRDC. Hence, the Parent Company's acquisition of 75% interest in BEST effectively qualifies as a reverse acquisition since BEST is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity. Equity reserve pertains to the difference in capital structure of IPM and BEST and recognition of deficit of IPM during the date of acquisition, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group.

Since the Parent Company is not a business as defined in paragraph B7 of PFRS 3, *Business Combination*, the transaction did not qualify a business combination, but a share-based payment transaction whereby BEST has received the net assets of the Parent Company together with the listing status of the Parent Company.

The consolidated financial statements reflect the substance of the transaction which is that BEST is the continuing entity, therefore, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in PFRS 3 were applied in this transaction. However, the listing status did not qualify for recognition as an intangible asset, and therefore expensed in profit or loss.

In 2013, listing expense was recognized in profit or loss and equity reserve at the date of acquisition. Computation of listing expense follows:

Fair value of BEST at acquisition date	₱650,295,426
Interest acquired by Parent Company	75%
	487,721,570
Cash paid by Parent Company	462,500,000
	₱25,221,570

Status of Operations and Management's Plans

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment and operations of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

As of June 30, 2023, BEST is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, BEST launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

BEST believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. The Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-champions using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, FMCGs, waste management solutions providers, recycling partners, and MSMEs.

Tindahan Extra Mile ™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, BEST, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management.

With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim consolidated financial statements have been prepared using the historical cost basis and presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The interim consolidated financial statements prepared following a reverse acquisition are issued under the name of the Parent Company (legal parent or accounting acquiree) but is a continuation of the financial statements of BEST (legal subsidiary or accounting acquirer). The consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The interim consolidated financial statements are prepared based on the principles of reverse acquisition involving a non-trading shell company. The accounting acquiree is fully consolidated from the date of acquisition or incorporation, being the date on which the accounting acquirer obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Noncontrolling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of Control
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary are included in the consolidated statements of financial position and consolidated statements of comprehensive income from the date the Group gains control at the subsidiary until the date the Group losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation adjustments recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

Change in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

<u>Standards and Interpretation Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Group does not expect the future adoption of the said pronouncements to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Non-current Classification
The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset as current when it is:
(a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realized within twelve months after the reporting period; or
(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
(a) It is expected to be settled in normal operating cycle;
(b) It is held primarily for the purpose of trading;
(c) It is due to be settled within twelve months after the reporting period; or
(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

As of June 30, 2023 and December 31, 2022, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash, receivables and deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

For receivables from related parties, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Financial liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Trade and other payables" (other than "Payable to government agencies" which is covered by other accounting standard) and "Loan Payable".

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings and other payables
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category generally applies to "Trade and other payables" (excluding payable to government agencies) and "Loan payable".

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

Financial instruments

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spread), without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Nonfinancial asset

Fair value measurement of nonfinancial asset, such as investment property, property and equipment, and investments in an associate and a joint venture takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement. External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management.

Other Current Assets
Prepayments represent expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input value-added tax and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

Other assets
Other assets pertain to the expenses incurred in relation to the design, engineering, and construction of the sanitary landfill related to the project under the joint venture agreement between the Group and a local government unit. These expenses are considered as costs to fulfill a contract which are capitalizable under PFRS 15, *Revenue from Contracts with Customers.* In order for an entity to recognize an asset from the costs incurred to fulfill a contract, those costs must meet all of the following criteria: (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify; (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recovered.

Investments in an Associate and a Joint Venture
Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value.

The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The consolidated statements of comprehensive income reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "Equity in net earnings (losses) of an associate and a joint venture" account in the consolidated statements of comprehensive income.

Interest in a Joint Operation
The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a Joint Operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its financial statements.

Investment Property
Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost, less any accumulated impairment losses.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development.

Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group's land used as sanitary landfill and identified development costs specific to the landfill cells are depreciated using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity).

The estimated salvage value, useful lives and depreciation method are reviewed periodically to ensure that the salvage value, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (i.e., property and equipment, investment property, and investments in an associate and a joint venture) may

be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

Investments in an associate and a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years. Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill. The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of Asset Rehabilitation Obligation was recognized by the Group as part of property and equipment under "ARO-Asset" account. The capitalized asset is depreciated on a straight-line basis over the period of expected utilization of the landfill. The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for ARO-liability and adjusts the related liability for changes in estimates.

Equity
Capital stock
Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings
Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Equity reserve
Equity reserve pertains to the effect of reverse acquisitions and actuarial gains (losses) on defined benefit obligation.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

Income from tipping fee
Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Consultancy/field services
The transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

Hauling income
The transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Rental income
Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract.

These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

General and administrative expenses
General and administrative expenses are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

Retirement Cost
The Group has funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method.

This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Short-term Benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Value-Added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position.
- When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 24.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Basic/Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. Among the significant accounting

judgments made by the Group are as follows:

Identification of contract with customers and performance obligation under PFRS 15
The Group applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. The Group viewed each contract as a single performance obligation.

Assessment of principal vs agent on income from hauling services
The Group has contract with customers for the collection, hauling and disposal of municipal solid wastes including street sweeping. The Group acts as a principal and recognizes revenue at gross amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon receipt of the solid wastes) because this is when the customer benefits from the Group's hauling services. The following factors indicate that the Group control the services before they are being transferred to customers. Therefore, the Group determined that it is acting as a principal in these contracts.

- The Group is primarily responsible for fulfilling the promise to provide the hauling services to the customers.
- The Group is the entity primarily liable to customers in the event of default or non-performance.

Assessment of control
The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

As of June 30, 2023 and December 31, 2022, BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in a joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders' resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

Assessment of significant influence

The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of June 30, 2023 and December 31, 2022, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in an associate. The Group exercises significant influence in MCWM due to the presence of BEST's representatives in the Board of Directors of MCWM. Hence, BEST effectively has a participation in the policy-making processes of MCWM.

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property and transportation and heavy equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the property as the group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for expected credit losses on receivables
The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from income from waste collection during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The Group's trade receivables amounting to ₱715.75 million and ₱725.92 million are secured by shares of stocks of the Parent Company as of June 30, 2023 and December 31, 2022, respectively (see Note 15). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to ₱13.32 million as of June 30, 2023 and December 31, 2022. The carrying amounts of receivables amounted to ₱909.38 million and ₱927.03 million as of June 30, 2023 and December 31, 2022, respectively (see Note 5).

Estimation of Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

The assumptions used to compute ARO-liability are reviewed and updated annually by the Group. As of June 30, 2023 and December 31, 2022, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of June 30, 2023 and December 31, 2022, the Group's ARO-liability has a carrying value of ₱31.28 million. (see Note 22).

Determining Estimated Total Capacity, Utilized Capacity and Salvage Value of Land and Development Costs Used as Landfill
The Group estimates the capacity based on actual volume and compacted volume of trash received. For the salvage value of the land used as sanitary landfill, the Group bases its estimates on the latest appraisal report done by an external appraiser. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost. This rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate and salvage value of the land and development costs and factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets.

As of June 30, 2023 and December 31, 2022, the carrying value of the land used as sanitary landfill and development costs amounted to ₱142.45 million and ₱146.08 million, respectively (see Note 10).

Impairment of nonfinancial assets (other than investments in an associate and a joint venture)
The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of June 30, 2023 and December 31, 2022, the Group did not recognize any impairment loss on its nonfinancial assets. As of June 30, 2023 and December 31, 2022, the carrying values of the Group's nonfinancial assets are as follows:

	June 30, 2023	December 31, 2022
Property and equipment (Note 10)	**₱210,310,128**	₱211,400,882
Investment property (Note 9)	**101,190,820**	101,881,105
Other current assets (Note 6)*	**58,746,192**	39,118,942
Other noncurrent assets (Note 11)	**23,810,771**	21,992,203

**Excluding deposits*

Estimating retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines. The present value of defined benefit obligation amounted to ₱3.05 million as of June 30, 2023 and December 31, 2022. Further details about the assumptions used are provided in Note 19.

Recognition of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Deferred tax assets as of June 30, 2023 and December 31, 2022 amounted to ₱10.68 million and ₱13.62 million, respectively (see Note 20).

4. Cash

	June 30, 2023	December 31, 2022
Cash on hand	**₱2,210**	₱164,710
Cash in bank	**31,558,850**	25,363,335
	₱31,561,060	₱25,528,045

Cash in banks earn interest at the prevailing bank deposit rates.

Interest earned on cash in banks amounted to ₱0.14 million and ₱0.01 million in 2022 and 2021, respectively.

5. Receivables - net

Current receivables

	June 30, 2023	December 31, 2022
Trade receivables		
Related parties (Note 15)	**₱856,266,728**	₱877,887,264
Local government units (LGUs) (Note 22)	**35,091,921**	20,180,123
Private entities	**27,534,224**	37,993,296
	918,892,873	936,060,683
Advances to officers and employees	**2,742,877**	2,519,283
Others	**1,066,172**	1,773,332
	922,701,922	940,353,298
Less allowance for expected credit losses	**13,323,318**	13,323,318
	₱909,378,604	₱927,029,980

Trade receivables pertain to receivables from services rendered and rental of equipment by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible on demand.

Advances to officers and employees mainly pertain to various advances for performance bond in relation to bidding activities of BEST. These are noninterest-bearing and subject to liquidation within one year.

Other receivables include receivables of the Parent Company, fully provided with allowance for expected credit losses.

Noncurrent receivables

	June 30, 2023	December 31, 2022
Loan receivables – related party (Note 15)	**₱31,000,000**	₱31,000,000
Interest receivable – related party (Note 15)	**10,340,980**	9,750,820
	₱41,340,980	₱40,750,820

The rollforward analysis of the Group's allowance for expected credit losses follows:

30-Jun-2023	**Trade**	**Loans**	**Advances to officers and employees**	**Others**	**Total**
Balance at the beginning and end of year	**₱7,042,454**	**₱5,167,329**	**₱–**	**₱1,113,535**	**13,323,318**

31-Dec-2022	Trade	Loans	Advances to officers and employees	Others	Total
Balance at the beginning and end of year	₱7,042,454	₱5,167,329	₱–	₱1,113,535	13,323,318

Allowance for expected credit losses as of June 30, 2023 and December 31, 2022 pertains to long-outstanding trade and other receivables of the Group which were determined to be credit impaired and with expected credit losses assessed by the management.

6. Other Current Assets

	June 30, 2023	December 31, 2022
Deferred input VAT	**₱10,401,752**	₱8,600,224
Input VAT	**14,385,871**	11,103,126
Prepayments	**31,978,935**	17,702,294
Creditable withholding taxes	**8,131,992**	7,865,655
Deposits	**15,669**	15,669
	64,914,219	45,286,968
Less allowance for impairment losses	**6,152,357**	6,152,357
	₱58,761,862	₱39,134,611

Input VAT represents VAT paid by the Group on its purchases of goods and services from VAT-registered suppliers. This is available for offset against output VAT.

Creditable withholding taxes are applied against income tax payable.

Prepayments include advanced payment to the supplier for the services to be rendered in relation to the development of a software application of the Group.

Deferred input VAT pertains to VAT of unpaid purchases as of reporting period.

The Group provided allowance for impairment on its creditable withholding taxes and input VAT due to low probability that these assets may be utilized in the future.
The movement in allowance for impairment losses follows:

	June 30, 2023	December 31, 2022
Balance at beginning of year	**₱6,152,357**	₱5,971,148
Provision (reversal) for the year (Note 18)	**-**	181,209
Balance at end of year	**₱6,152,357**	₱6,152,357

7. Investments in an Associate and a Joint Venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of June 30, 2023 and December 31, 2022 follow:

	Associate		**Joint Venture**			
	Metro Clark Waste Management Corporation (MCWM)		**Ecoedge Resources Corporation (ERC)**		**Total**	
	30-Jun-2023	31-Dec-2022	**30-Jun-2023**	31-Dec-2022	**30-Jun-2023**	**31-Dec-2022**
Cost	**₱32,393,358**	₱32,393,358	**51,412,499**	51,412,499	**₱83,805,857**	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	**152,995,052**	132,879,852	**(51,412,499)**	(51,412,499)	**101,582,553**	81,467,353
Equity in net earnings (losses) of an associate and a joint venture	**-**	37,715,200			**-**	37,715,200
Other adjustments to equity in net earnings (losses) of an associate and a joint venture	**–**	–			**–**	–
Dividends during the year	**(8,000,000)**	(17,600,000)			**(8,000,000)**	(17,600,000)
Balance at end of year	**144,995,052**	152,995,052	**(51,412,499)**	(51,412,499)	**93,582,553**	101,582,553
	₱177,388,410	₱185,388,410	**₱–**	₱–	**₱177,388,410**	₱185,388,410

In 2022, the Group stopped recognizing its share in net losses of ERC since the accumulated losses exceeded the total cost of interest in ERC. The cumulative unrecognized share in net losses of ERC amounted to ₱16.14 and ₱5.23 million as of December 31, 2022 and 2021, respectively.

MCWM
MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga.

ERC
On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is at Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

8. Deposits

As of June 30, 2023 and December 31, 2022, BEST has deposits to GSIS as surety bond amounting to ₱1.99 million. These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

9. Investment Property

	June 30, 2023		
	Land	**Condominium Unit**	**Total**
Cost			
Beginning and end of year	**₱70,320,000**	**₱44,762,040**	**₱115,082,040**
Accumulated depreciation			
Balance at beginning of year	**-**	**13,200,935**	**13,200,935**
Depreciation (Note 17)	**-**	**690,285**	**690,285**
Balance at end of year		**13,891,220**	**13,891,220**
Net book value	**₱70,320,000**	**₱30,870,820**	**₱101,190,820**

	December 31, 2022		
	Land	Condominium Unit	Total
Cost			
Balance at end of year	₱70,320,000	₱44,762,040	₱115,082,040
Accumulated depreciation			
Balance at beginning of year	-	11,820,364	11,820,364
Depreciation (Note 17)	-	1,380,571	1,380,571
Balance at end of year		13,200,935	11,3200,935
Net book value	₱70,320,000	₱31,561,105	₱101,881,105

Land pertains to a property located in Taytay, Rizal with currently undetermined use as of June 30, 2023 and December 31, 2022.

BEST leased out portions of the other unit to its joint venture and to another private company. The rental income recognized from lease agreements amounted to ₱0.21 million, ₱0.21 million and ₱0.80 million in 2022, 2021 and 2020, respectively. Direct costs for investment property pertain to depreciation amounting to ₱1.38 million in 2022, 2021 and 2020 is recognized in cost of services.

The following table provides the fair value hierarchy of the Group's investment properties as of June 30, 2023 and December 31, 2022, based on an appraisal made by an independent appraiser who holds a recognized and relevant professional qualifications.

For land property, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. For building properties, the income approach was used in determining the fair value which is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

The fair value of the investment property is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. For sales comparison approach, the inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset. For income approach, the inputs used were the value of income, cash flow or cost saving generated by the asset.

10. Property and Equipment

June 30, 2023

	Land	Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	₱132,914,160	₱30,829,613	₱124,224,371	₱8,394,095	₱250,215,313	₱793,187	₱11,323,308	₱9,839,839	₱568,533,886
Additions		–	886,965	109,821	8,988,344	–	–	2,965,543	12,950,672
Other adjustments			-		-				-
At June 30	132,914,160	30,829,613	125,111,336	8,503,916	259,203,657	793,187	11,323,308	12,805,382	581,484,558
Accumulated Depreciation and Amortization									
At January 1	19,104,715	9,772,699	122,180,423	8,326,036	185,644,615	781,208	11,323,308	–	357,133,004
Depreciation and amortization (Notes 17 and 18)	1,886,684	396,318	938,440	81,166	10,726,840	11,979	–		14,041,425
At June 30	20,991,399	10,169,017	123,118,863	8,407,202	196,371,455	793,187	11,323,308	-	371,174,429
Net Book Value	₱111,922,761	₱20,660,596	₱1,992,473	₱96,714	₱62,832,202	₱	₱–	₱12,805,382	₱210,310,128

December 31, 2022

	Land	Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	₱133,414,160	₱30,829,613	₱124,224,371	₱8,333,881	₱230,943,937	₱793,187	₱11,323,307	₱3,380,207	₱543,242,663
Additions		–	–	60,214	19,271,375	–	–	6,459,832	25,791,222
Other adjustments	(500,000)								(500,000)
At December 31	132,914,160	30,829,613	124,224,371	8,394,095	250,215,312	793,187	11,323,307	9,839,839	568,533,885
Accumulated Depreciation and Amortization									
At January 1	15,404,679	8,872,866	119,781,036	6,431,775	158,480,852	634,707	11,323,307	–	320,929,222
Depreciation and amortization (Notes 17 and 18)	3,700,036	899,853	2,399,387	1,894,261	27,163,763	146,501	–		36,203,781
At December 31	19,104,715	9,772,699	122,180,423	8,326,036	185,644,615	781,208	11,323,307	-	357,133,003
Net Book Value	₱113,809,445	₱21,056,914	₱2,043,948	₱68,059	₱64,570,698	₱11,978	₱–	₱9,839,839	₱211,400,882

The Group's property and equipment have no restrictions nor pledged as security for any liability.

As of June 30, 2023 and December 31, 2022, the carrying value of the land used as sanitary landfill (included as part of Land) amounted to ₱79.62 million and ₱81.51 million, respectively. In 2021, the Group acquired a land for the expansion of sanitary landfill in Morong, Rizal, amounting to ₱19.05 million.

Joint Operation
On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo, a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs (CLGU). The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, the CLGU shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group has started the design and engineering of the sanitary landfill and has capitalized expenses amounting to ₱9.32 million and ₱45.84 million as part of Development Cost in 2022 and 2021, respectively. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as "Joint Operation" since the joint arrangement's legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties and there is an indication that the parties have no rights to the net assets of the Joint Operation.

11. Other Noncurrent Assets

	June 30, 2023	December 31, 2022
Advances to landowners	**₱17,000,000**	₱17,000,000
Intangible assets	**6,810,771**	4,992,202
Total	**₱23,810,771**	₱21,992,202

Advances to landowners pertain to downpayment on purchase of land with a total purchase price of ₱69.55 million. The remaining balance will be payable in three (3) equal tranches subject to the following conditions:

a. 1st tranche, upon lapse of 3 months from the date of downpayment and upon submission to the Group of the certified true copy of the transfer certificate of title which the Group paid in 2022 amounting to ₱5.00 million;

b. 2nd tranche, upon lapse of 3 months from the date of 1st tranche and upon submission to the Group of the supporting documents for processing of title transfer; and

c. 3rd tranche, upon lapse of 3 months from the date of 2nd tranche and upon execution of the deed of absolute sale.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal.

12. Trade and Other Payables

	June 30, 2023	December 31, 2022
Trade payables		
Related parties (Note 15)	**₱**	₱5,114,385
Third parties	**1,395,946**	1,082,185
	1,395,946	6,196,570
Deferred output VAT	**99,589,308**	101,633,047
Payable to government agencies	**25,018,175**	23,869,333
Accrued expenses	**1,417,597**	1,612,618
	127,421,026	₱133,311,568

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. These are noninterest-bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

13. Loan Payable

On November 5, 2015, BEST obtained a loan from a local bank for working capital requirements amounting to ₱100.00 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

Interest expense on loan payable amounted to ₱5.08 million, ₱5.19 million, and ₱5.82 million and in 2022, 2021 and 2020, respectively.

As of June 30, 2023 and December 31, 2022, the outstanding balance of loan payable amounted to ₱83.00 million and ₱85.00 million, respectively. The Group paid a portion of the outstanding principal amounting to ₱2.00 million in 2023 and the remaining balance of ₱83.00 million was extended until June 28, 2023 at an interest rate of 5.50% per annum.

14. Equity

Capital Stock

The authorized capital stock of the Parent Company with ₱1 par value per share as of June 30, 2023 and December 31, 2022 follows:

Authorized number of shares:	
At the beginning and end of the year	740,000,000
Number of shares issued and outstanding:	
At the beginning and end of the year	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common Shares	Number of Shares Registered	Issue /Offer Price	Date of Approval
180,000,000	180,000,000	₱1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's total number of shareholders is 114 as of June 30, 2023 and December 31, 2022, respectively.

On May 25, 2016, the stockholders approved the increase in the Parent Company's authorized capital stock to an amount of up to ₱7.50 billion consisting of common and/ or preferred shares as may be determined by the BOD. As of June 30, 2023, the Parent Company has not yet filed its application for the increase in authorized capital stock with the SEC.

The Parent Company's unissued authorized capital stock amounted to ₱50,000,000 as of June 30, 2023 and December 31, 2022.

Retained Earnings

For purposes of dividend declaration, the retained earnings shall be that of the Parent Company presented in the separate financial statements. As of June 30, 2023 and December 31, 2022, the Parent Company is in a deficit position, hence, no dividends were declared during the years covered.

The details of the Parent Company's deficit follows:

	June 30, 2023	December 31, 2022
Balance at beginning of year	**₱226,486,244**	₱222,968,717
Net loss during the year	**1,669,483**	3,517,527
	₱228,155,727	₱226,486,244

As of June 30, 2023 and December 31, 2022, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounting to ₱148.99 million and ₱153.00 million, respectively, and undistributed earnings of its subsidiary amounting to ₱610.54 million and ₱602.51 million, respectively, are not available for distribution as dividends until declared by the associate and subsidiary. The investment in a joint venture has an accumulated share in net losses as of June 30, 2023 and December 31, 2022.

15. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include:

(a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; (c) joint venture; and (d) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

The coverage of the Group's Material Related Party Transactions (RPT) are any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on the latest audited financial statement. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

June 30, 2023

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	**₱756,898**	**₱197,294,268**	**Noninterest-bearing; within one year**	**Secured, no impairment**
IPMESI (c)		**518,451,626**	**Noninterest-bearing; on demand**	**Secured, no impairment**
IPMRDC (d)	–	**34,687**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
Affiliate				
JV BEST Inc. & IPMCDC (b)	**13,258,929**	**140,463,523**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
Joint Venture				
ERC (e)	**28,661**	**22,624**	**Noninterest-bearing; on demand**	**Unsecured, no impairment**
		₱856,266,728		
Loans receivable (Note 5)				
Joint venture				
ERC (d)	**₱–**	**₱31,000,000**	**Interest-bearing; within five years**	**Unsecured, with impairment**
Interest receivable (Note 5)				
ERC (d)	**590,160**	**10,340,980**	**Within five years**	**Unsecured, no impairment**
		₱41,340,980		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	**₱5,437,327**	**₱-**	**Noninterest-bearing; on demand**	**Unsecured**
Accrued expenses			**Noninterest-bearing; on demand**	**Unsecured**

Affiliate				
BOD (i)	**440,000**	**–**	**Noninterest-bearing; on demand**	**Unsecured**
		₱-		

December 31, 2022

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱3,429,796	₱196,537,369	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	80,373,254	518,451,626	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	–	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	159,107,143	162,840,958	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	57,321	22,624	Noninterest-bearing; on demand	Unsecured, no impairment
		₱877,887,264		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	1,180,320	9,750,820	Within five years	Unsecured, no impairment
		₱40,750,820		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	₱–	₱5,114,385	Noninterest-bearing; on demand	Unsecured
Accrued expenses			Noninterest-bearing; on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	600,000	–	Noninterest-bearing; on demand	Unsecured
		₱5,114,385		

a. BEST provides composting of waste materials services to IPMCDC and charges composting and waste processing fees based on a fixed contract price specified in the composting agreement. In 2022 and 2021, BEST charged IPMCDC for transportation and heavy equipment rental fees.

   In 2019, BEST agreed with IPMCDC that receivables will be payable upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDC assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱4.12 million and ₱2.74 million, respectively, in 2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 35,000,000 shares of the Parent Company.

b. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2022 which was subsequently renewed for another twelve months. As of June 30, 2023 and December 31, 2022, BEST reported an income from hauling and waste collection in CDO amounting to ₱12.05 million and ₱144.64 million, respectively. Receivable from joint venture amounted to ₱140.46 million and ₱162.84 million as of June 30, 2023 and December 31, 2022, respectively (see Note 22).

c. In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of ₱15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 22). On April 26, 2018, BEST entered into a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of the Parent Company to guarantee BEST's receivables from IPMESI amounting to ₱693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱21.84 million and ₱ 12.29 million, respectively, in 2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

   In 2022 and 2021, BEST collected ₱80.37 million and ₱30.00 million from IPMESI, respectively.

d. In January 2017, BEST entered into a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The lease agreement has been renewed in 2022 until December 31, 2023.

   In 2014, BEST granted loans to ERC amounting to ₱19.00 million with 3.864% interest rate per annum and ₱12.00 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable from the latter. Receivables pertaining to interest receivables amounting to ₱3.00 million are collectible within (1) year. The principal amounting to ₱31.00 million and interest receivable amounting to ₱2.03 million are collectible within five (5) years from 2018.

   In 2019, BEST agreed with ERC that the principal balance amounting to ₱31.00 million and interest receivable amounting to ₱6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to ₱31.00 million as of June 30, 2023 and December 31, 2022.

   For the years ended 2022, 2021 and 2020, interest income earned from the loans amounted to ₱1.18 million each year. Accrued interest receivable amounted to ₱10.34 million and ₱9.75 million as of June 30, 2023 and December 31, 2022, respectively.

e. IPMCDC charges BEST for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST (see Note 17).

   On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2022 which was subsequently renewed for another twelve months. The Group incurred subcontractor costs amounting to ₱11.16 million and ₱146.96 million as of June 30, 2023 and December 31, 2022. (see Notes 17 and 22).

f. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD.

On June 27, 2018, the BOD approved the 100% increase in the *per diem* of each director. Total per diem paid to the directors amounted to ₱0.44 million and ₱0.60 million as of June 30, 2023 and December 31, 2022, respectively (see Note 18).

Revenues from Contracts with Customers

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Income from tipping fee	**₱27,221,125**	₱25,975,864	**₱55,010,771**	₱54,395,803
Income from waste collection	**-**	36,160,714	**12,053,571**	72,321,429
Hauling income	**7,424,348**	7,420,461	**14,491,740**	15,870,541
Consultancy/Field Services	**1,363,536**	2,138,925	**2,727,073**	4,277,850
Trash to cashback	**1,315,043**	869,241	**2,068,427**	1,254,155
	₱37,324,052	₱72,565,205	**₱86,351,582**	₱148,119,778

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house to house collection of garbage and delivery to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. On January 11, 2021, the service agreement between IPMCDC and BEST's JV and BEST has been renewed to twelve months, starting January 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months (see Note 22). BEST reported an income from this agreement which amounted to ₱12.05 million ₱144.64 million as of June 30, 2023 and December 31, 2022, respectively.

Consultancy/field services pertains to the Group's revenue from maintaining IPMCDC and Passi's landfill facilities. During the year, the Group's income from consultancy services resulted from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

16. Cost of Services

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Subcontracting costs (Note 15)	**₱**	₱35,621,068	**₱11,160,714**	₱71,242,136
Depreciation and amortization	**7,722,263**	8,748,490	**14,149,132**	14,218,168
Rent (Note 15)	**8,719,798**	5,837,688	**16,598,288**	11,757,420
Salaries, wages and employee benefits	**4,747,723**	3,037,221	**8,881,956**	6,195,733
Fuel and oil (Note 15)	**1,653,635**	2,240,976	**3,271,311**	3,426,661
Repairs and maintenance (Note 15)	**188,005**	211,908	**317,844**	778,016
Taxes and licenses	**427,007**	449,865	**1,051,757**	978,768
Transportation and travel	**910,851**	768,120	**2,111,584**	806,961
Supplies	**355,696**	157,830	**514,192**	304,689
Utilities	**94,226**	195,616	**181,405**	288,268
Materials	**-**	-	**40,179**	-

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Security and janitorial	**-**	605,620	**-**	894,946
Others	**3,609,627**	2,824,443	**7,562,548**	5,178,684
	₱28,428,831	₱60,698,845	**₱65,840,910**	₱116,070,450

Others include professional fees, management fees, bid expenses and documentation fees.

17. General and Administrative Expenses

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Salaries and wages	**₱2,940,092**	₱3,341,382	**₱5,583,064**	₱6,117,717
Professional fees	**581,395**	623,295	**1,343,538**	949,009
Depreciation	**598,802**	630,101	**1,206,603**	1,260,203
Taxes and licenses	**751,232**	1,401,382	**1,038,599**	2,140,711
Entertainment, amusement and recreation	**284,143**	120,822	**595,741**	490,146
Transportation and travel	**39,207**	28,613	**184,054**	53,139
Repairs and maintenance	**120,100**	125,463	**215,883**	235,571
Directors' per diem	**160,000**	240,000	**440,000**	240,000
Utilities	**115,168**	99,825	**165,671**	191,393
Stock exchange listing fee	**115,575**	121,612	**231,150**	243,225
Fuel and oil	**155,418**	161,431	**287,757**	242,567
Office supplies	**31,353**	138,760	**129,847**	227,439
Retirement Benefits	**-**	150,000	**-**	200,000
Rent	**91,071**	135,756	**91,071**	181,291
Pension expense	**-**		**112,716**	-
Insurance		78,245		78,245
Miscellaneous	**1,032,5956**	240,656	**1,530,594**	654,661
	₱7,016,152	₱7,637,343	**₱13,156,288**	₱13,505,317

18. Pension Plan

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2022.
The following tables summarize the components of plan expense recognized in profit or loss and other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

	June 30, 2023		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net pension liability**
At January 1	**₱3,048,355**	**(₱391,705)**	**₱2,656,650**
Benefit cost in profit or loss			
Current service cost (Note 18)			
Remeasurements in other comprehensive income			
Benefits paid directly by the Company	-	-	-
At June 2023	**₱3,048,355**	**(₱391,705)**	**₱2,656,650**

	December 31, 2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱3,847,511	(₱385,202)	₱3,462,309
Benefit cost in profit or loss			
Current service cost (Note 18)	542,067	-	542,067
Net interest expense (income) (Note 18)	186,604	(18,682)	167,922
	728,671	(18,682)	709,989
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset		12,179	12,179
Actuarial loss - changes in financial assumptions	(304,480)		(304,480)
Actuarial loss - changes in experience	(173,347)		(173,347)
	(477,827)	12,179	(465,648)
Benefits paid directly by the Company	(1,050,000)		(1,050,000)
At December 31	₱3,048,355	(₱391,705)	₱2,656,650

19. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Net income attributable to equity holders of the parent company (a)	**₱619,908**	₱1,983,582	**₱3,103,804**	₱10,109,830
Weighted average number of outstanding common share (b)	**690,000,000**	690,000,000	**690,000,000**	690,000,000
Basic earnings per share (a/b)	**₱0.001**	₱0.003	**₱0.004**	₱0.015

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

20. Commitments

As of June 30, 2023 and December 31, 2022, the Group has the following contractual commitments:

- The Group has entered into a contractual agreement with IPMCDC, the ultimate parent, to undertake the following:

  a. The Group recognized income amounting ₱0.65 million and ₱7.78 million as of June 30, 2023 and December 31, 2022, respectively, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

b. In 2020, BEST entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for twelve (12) months beginning February 1, 2020. The agreement was renewed for another 12 months until January 31, 2023. The JV between BEST and IPM CDC was registered as a taxable entity in 2020.

   The capital contribution, participation interest in the net profits of the Joint Venture shall be shared by parties equally (50% -BEST, 50% - IPMCDC).

   On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months. As of June 30, 2023 and December 31, 2022, BEST reported an income from hauling and waste collection in CDO amounting to ₱12.05 million ₱144.64 million, respectively.

   On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2021 to January 31, 2023 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to ₱ 11.16 million and ₱133.93 million as in June 30, 2023 and December 31, 2022, respectively (see Note 17).

- On June 19, 2019, BEST entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 30, 2021 until June 1, 2023 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2022, 2021 and 2020 from this agreement amounted to ₱2.45 million.

- The Group entered into contractual commitments with various municipalities of Rizal for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties.

  As of June 30, 2023 and December 31, 2022, outstanding balance of receivables from LGUs amounted to ₱27.53 million and ₱20.18 million, respectively (see Note 5).

- Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group through BEST, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

  The Group shall prepare, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources – Environmental Management Bureau.

21. **Financial Risk Management Objectives and Policies**

The Group's principal financial assets and liabilities comprise of cash, receivables, deposits, due to/from related parties, trade and other payables (excluding payable to government agencies) and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk and liquidity risk. It also supports the effective implementation of such policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash, receivables and deposits. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

June 30, 2023

	Gross Maximum Exposure	**Fair Value of Collateral**	**Net Exposure**	**Financial Effect of Collateral**
Financial assets at amortized cost				
Cash*	**₱31,558,850**	**₱–**	**₱31,558,850**	**₱–**
Receivables:				
Trade				
Related parties	**856,266,728**	**731,394,900**	**124,871,828**	**731,394,900**
LGUs	**27,534,224**	**–**	**27,534,224**	**–**
Private Entities	**35,091,921**	**–**	**35,091,921**	**–**
Loan	**31,000,000**	**–**	**31,000,000**	**–**
Interest	**10,340,980**	**–**	**10,340,980**	**–**
Deposits	**1,988,034**	**–**	**1,988,034**	**–**
	₱993,780,737	**₱731,394,900**	**₱262,385,837**	**₱731,394,900**

**Excluding cash on hand.*

December 31, 2022

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱25,363,335	₱–	₱25,363,335	₱–
Receivables:				
Trade				
Related parties	877,887,264	816,724,305	61,162,959	816,724,305
LGUs	20,180,123	–	20,180,123	–
Private Entities	37,993,296	–	37,993,296	–
Loan	31,000,000	–	31,000,000	–
Interest	9,750,820	–	9,750,820	–
Deposits	1,988,034	–	1,988,034	–
	₱1,004,162,872	₱816,724,305	₱187,438,567	₱816,724,305

**Excluding cash on hand.*

On April 26, 2018, BEST entered into a Memorandum of Agreement with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares of the Parent Company, respectively, to guarantee BEST's receivables from IPMESI amounting to ₱693.74 million (see Notes 5 and 15). On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. The agreement is valid, binding and in full force and effect until the secured obligations are fully paid by IPMESI. IPMESI committed to pay its total liability to BEST. On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

In March 2020, BEST entered into a Memorandum of Agreement with IPMCDC wherein the latter assigned 54,200,000 shares of the Parent Company, to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 35,000,000 shares of the Parent Company.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as June 30, 2023 and December 31, 2022 amounted to ₱715.75 million and ₱816.72, respectively.

There were no amounts that are set-off in accordance with the requirements of PAS 32, *Financial Instruments: Disclosures and Presentations*. There were no amounts subject to an enforceable master-netting arrangement or similar agreement as of June 30, 2023 and December 31, 2022.

Credit Quality. The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets:

	June 30, 2023			
		Stage 1	**Stage 2**	**Stage 3**
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	**₱31,558,850**	**₱31,558,850**	**₱–**	**₱–**
Receivables				
Trade	**918,892,873**	**26,032,549**	**879,537,006**	**13,323,318**
Loans	**31,000,000**	–	**31,000,000**	–
Interest	**10,340,980**	**590,160**	**9,750,820**	–
Deposits	**1,988,034**	**1,988,034**	–	–
	₱993,780,737	**₱60,169,593**	**₱920,287,826**	**₱13,323,318**

**excluding cash on hand*

	December 31, 2022			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	₱25,363,335	₱25,363,335	₱–	₱–
Receivables				
Trade	936,060,683	44,850,101	877,887,264	13,323,318
Loans	31,000,000	–	31,000,000	–
Interest	9,750,820	–	9,750,820	–
Deposits	1,988,034	1,988,034	–	–
	₱1,004,162,872	₱72,201,470	₱918,638,084	₱13,323,318

**excluding cash on hand*

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. It maintains an adequate cash in the event of unforeseen interruption of its cash collections. The Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of June 30, 2023 and December 31, 2022 based on contractual undiscounted payments:

	June 30, 2023				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial assets					
At amortized cost					
Cash	**₱31,561,060**	**₱–**	**₱–**	**₱–**	**₱31,561,060**
Receivables:					
Trade	**26,142,940**	**–**	**–**	**892,749,933**	**918,892,873**
Loan	**–**	**–**	**–**	**31,000,000**	**31,000,000**
Interest	**–**	**295,080**	**295,080**	**9,750,820**	**10,340,980**
Deposits	**–**	**–**	**–**	**1,988,034**	**1,988,034**
	₱57,704,000	**₱295,080**	**₱295,080**	**₱935,488,787**	**₱993,782,947**
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	**₱–**	**₱2,813,543**	**₱–**	**₱–**	**₱2,813,543**
Loan payable	**–**	**–**	**₱83,000,000**	**–**	**83,000,000**
	₱–	**₱1,813,543**	**₱83,000,000**	**–**	**₱85,813,543**

	December 31, 2022				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
At amortized cost					
Cash	₱25,528,045	₱–	₱–	₱–	₱25,528,045
Receivables:					
Trade	27,915,374	19,829,754	31,265,572	857,049,983	936,060,683
Loan	–	–	–	31,000,000	31,000,000
Interest	–	–	–	9,750,820	9,750,820
Deposits	–	–	–	1,988,034	1,988,034
	₱53,443,419	₱19,829,754	₱31,265,572	₱899,788,837	₱1,004,327,582
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	₱–	₱7,809,188	₱–	₱–	₱7,809,188
Loan payable	–	–	₱85,000,000	–	85,000,000
	₱–	₱7,809,188	₱85,000,000	–	₱92,809,188

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its total equity amounting to ₱1,318.95 million and ₱1,314.25 million as of June 30, 2023 and December 31, 2022, respectively, as capital.

Fair Value Information

Due to the short-term nature of the Group's financial instruments except for noncurrent loan receivables, their fair values approximate their carrying amounts as of June 30, 2023 and December 31,

2022. The carrying amount of the noncurrent loan receivables as of June 30, 2023 and December 31, 2022 amounted to ₱31.00 million.

Fair Value Hierarchy
As of June 30, 2023 and December 31, 2022, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

22. Segment Information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	June 30, 2023				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue and other income					
Revenue from external customers	**₱–**	**₱88,297,521**	**₱88,297,521**	**₱–**	**₱88,297,521**
Intersegment revenue	**–**	**80,357**	**80,357**	**(80,357)**	**–**
Interest income	**104**	**715,504**	**715,608**	**–**	**715,608**
Equity earnings	**–**	**-**	**-**	**–**	**-**
Interest expense	**₱–**	**₱3,471,377**	**₱3,471,377**	**₱–**	**₱3,471,377**
Income (loss) before tax	**(1,669,463)**	**8,213,913**	**6,544,450**	**–**	**6,544,450**
Provision for income tax	**21**	**2,365,865**	**2,365,886**	**(516,333)**	**1,849,553**
Net income (loss)	**(1,669,484)**	**5,848,048**	**4,178,564**	**516,333**	**4,694,897**
Segment assets	**486,531,956**	**1,583,988,290**	**2,070,520,246**	**(504,108,667)**	**1,566,411,579**
Segment liabilities	**24,687,682**	**247,278,576**	**271,966,258**	**(24,500,000)**	**247,466,258**
Depreciation and amortization	**–**	**15,355,735**	**15,355,735**	**–**	**15,355,735**

	December 31, 2022				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱–	₱307,703,173	₱307,703,173	₱–	₱307,703,173
Intersegment revenue	–	160,714	160,714	(160,714)	–
Interest income	167	16,362,949	16,363,116	–	16,363,116
Equity earnings	–	37,715,199	37,715,199	–	37,715,199
Interest expense	₱–	₱7,278,989	₱7,278,989	₱–	₱7,278,989
Income (loss) before tax	(3,517,490)	49,321,708	45,804,218	–	45,804,218
Provision for income tax	36	4,770,718	4,770,754	(516,334)	4,254,420
Net income (loss)	(3,517,526)	44,550,990	41,033,464	516,334	41,549,798
Segment assets	485,536,011	1,584,318,152	2,069,854,163	(501,137,328)	1,568,716,835
Segment liabilities	22,022,253	253,972,812	275,995,065	(21,528,654)	254,466,411
Depreciation and amortization	–	33,548,069	33,548,069	–	33,548,069

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

IPM HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL SOUNDNESS INDICATORS

June 30, 2023

FSI	Calculation	June 30, 2023	December 31, 2022
Current Ratio	Current Assets/Current Liabilities	**4.68x**	4.50x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	**4.41x**	4.32x
Solvency Ratio	Total Assets/Total Liabilities	**6.33x**	6.16x
Debt Ratio	Total Debts/Total Assets	**0.16x**	0.16x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	**0.19x**	0.19x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	**2.89x**	7.29x
Asset to Equity Ratio	Assets/Stockholders' Equity	**1.19x**	1.19x
Gross Profit Margin	Gross Profit/Net Sales	**0.11**	0.19
Net Profit Margin	Net Income/Revenues	**0.05**	0.14
Return on Assets	Net Income/Total Assets	**0.003**	0.03
Return on Equity	Net Income/Total Stockholders' Equity	**0.004**	0.06
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	**1.91**	1.90
Net Income per Share	Net Income/Outstanding Shares	**0.007**	0.06
Net Income per Share-Parent	Net Income/Outstanding Shares	**0.004**	0.04

	30-June-2023	31-Dec-2022
Current Ratio	**999,701,526/213,534,310**	991,692,636/220,534,463
Quick Ratio	**940,939,664/213,534,310**	952,558,025/220,534,463
Solvency ratio	**1,566,411,579/247,466,258**	1,568,716,835/254,466,411
Debt Ratio	**247,466,258/1,566,411,579**	254,466,411/1,568,716,835
Debt-to-Equity Ratio	**247,466,258/1,318,945,321**	254,466,411/1,314,250,424
Interest Coverage Ratio	**10,015,827/3,471,377**	53,083,207/7,278,989
Asset to Equity Ratio	**1,566,411,579/1,318,945,321**	1,568,716,835/1,314,250,424
Gross Profit Margin	**9,300,323/88,297,521**	58,894,239/307,703,173
Net Profit Margin	**4,694,897/88,297,521**	41,549,798/307,703,173
Return on Asset	**4,694,897/1,566,411,579**	41,549,798/1,568,716,835
Return on Equity	**4,694,897/1,318,945,321**	41,549,798/690,000,000
Book Value/Share	**1,318,945,321/690,000,000**	1,314,250,424/690,000,000
Net Income per Share	**4,694,897/690,000,000**	41,549,798/690,000,000
Net Income per Share- Parent	**3,103,804/690,000,000**	30,282,966/690,000,000

IPM HOLDINGS, INC. AND SUBSIDIARY

AGING OF RECEIVABLES
June 30, 2023

Nature/Description	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Income from Tipping Fee	9,364,929	4,693,390	2,337,199	820,500	6,568,469	23,784,486
Hauling Income	2,972,645	3,846,163	1,269,497	1,177,945	4,611,538	13,877,786
Waste Collection	-	-	-	-	140,463,523	140,463,523
Consultancy/Field Services	509,054	509,054	509,054	509,054	533,250,119	535,286,335
Rental	27,514	198,332	116,363	182,282	192,699,105	193,223,597
Loans Receivable	-	-	-	-	31,000,000	31,000,000
Interest Receivable	98,360	98,360	98,360	98,360	9,947,540	10,340,980
Others	220,297	127,585	146,358	24,675	2,223,960	2,742,877
Total	**13,192,799**	**9,472,884**	**4,476,831**	**2,812,816**	**920,764,254**	**950,719,584**