

# 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)

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 1 6 0 5

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

Atty. Ana A. Katigbak

Contact Person

8817 6791/ 8897-5257

Company Telephone Number

1 2

Month  
Fiscal Year

3 1

Day

SEC Form 20-IS  
Definitive Information Statement

FORM TYPE

Annual Meeting of  
Stockholders  
**November 29, 2022**

Month Day  
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

**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) 8897-5257/8817-6791
8. Date, time and place of the meeting of security holders:  
 November 29, 2022, Tuesday  
 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:  
November 8, 2022
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) 8897-5257/8817-6791
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 3<sup>rd</sup> Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, being the duly elected Assistant Corporate Secretary of **IPM HOLDINGS, INC.** (the "Corporation"), a corporation duly organized in accordance with Philippine law, with principal office at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, do hereby certify that at the regular meeting of the Board of Directors of the Corporation held on May 11, 2022 via remote communication, the following resolutions were unanimously adopted and approved:

**"RESOLVED**, that the Board of Directors of **IPM HOLDINGS, INC.** (the "Corporation") hereby approves the use of remote communication by shareholders during the Annual Stockholders' Meeting in accordance with SEC Memorandum Circular No. 6-2020, provided that shareholders and directors availing of this option shall, to the extent practicable, notify the Presiding Officer and the Corporate Secretary in advance of his/her intention to participate in the Meetings through such remote communication;

**RESOLVED, FURTHER**, that shareholders and directors who attend and participate in the meeting by remote communication shall be deemed present for purposes of attaining quorum for the meeting;

**RESOLVED, FINALLY**, that shareholders and directors shall be allowed to exercise their right to vote at the meeting by remote communication, in accordance with SEC Memorandum Circular No. 6-2020."

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 12 2022 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 OCT 12 2022 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.

Doc. No. 387;  
Page No. 79;  
Book No. XIV;  
Series of 2022.



  
**PORTIA JESSICA J. MACLAN**  
Appointment No. M-125  
Notary Public for Makati City  
Until December 31, 2023  
Castillo Laman Tan Pantaleon  
& San Jose Law Firm  
The Valero Tower, 122 Valero Street  
Salcedo Village, Makati City  
PTR No. 8853447; 01-03-2022; Makati City  
BP No. 174017; 01-03-2022; Makati Chapter  
CLE No. VII-0014242; valid from 03-31-2022;  
valid until 04-14-2025; Pasig City  
Roll No. 73308

**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 November 29, 2022, Tuesday, at 10:00 a.m., at the Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City. Due to the Covid-19 pandemic and 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=MHo5VUJTUU1uY3hjZUpQTER0QStPUT09>**

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. Management Report and Audited Financial Statements for the year ended December 31, 2021
5. Ratification of All Acts of the Board of Directors and Management
6. Election of Directors
7. Appointment of the External Auditor
8. Other Matters
9. Adjournment

For purposes of the meeting, stockholders of record as of October 21, 2022 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](mailto:ipmholdings.asm@yahoo.com) on or before November 19, 2022. Please refer to the **Procedure for Registration, Participation, and Voting at the 2022 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 November 24, 2022.

By registering to participate in the virtual meeting, a stockholder or a 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](mailto:ipmholdings.asm@yahoo.com).

Makati City, October 12, 2022.

Very truly yours,

  
**ANA MARIA A. KATIGBAK**  
Corporate Secretary

**ANNEX TO THE NOTICE OF THE  
2022 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 October 21, 2022, 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 September 30, 2021**

Electronic copies of the draft minutes of the previous stockholders' meeting were uploaded prior to the meeting 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 September 30, 2021 be, as it is hereby, approved."*

**4. Management Report & Audited Financial Statements for Year Ended December 31, 2021**

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 2021, 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, 2021 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, 2021 and the interim financial report as of September 30, 2022. 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](mailto: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, 2021. 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, 2021 be, as it is hereby, approved."*

## **5. Ratification of 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 such 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.

For Regular Directors

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

For Independent Directors

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

**7. Appointment of External Auditor**

The Corporation's external auditor, Sycip Gorres Velayo & Co. is proposed to be reappointed for the current year 2022-2023. The following is the proposed resolution:

*"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."*

**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 NOVEMBER 29, 2022, TUESDAY, 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 October 21, 2022. 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 November 19, 2022 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 November 24, 2022 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 November 29, 2022.
- (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 September 30, 2021**

[ ] FOR                      [ ] AGAINST                      [ ] ABSTAIN



2. *Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2021*

☐ 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<sup>1</sup>*

- ( ) 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. *Approval of the selection of Sycip Gorres Velayo & Co. as external auditor*

☐ 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.

<sup>1</sup> 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 November 29, 2022, Tuesday, 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=MH05VUJTUU1uY3hjZUpQTER0QStPUT09>.

The information statement and form of proxy will be sent to the stockholders of record as of October 21, 2022 (the “Record Date”) on or before November 8, 2022.

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.

**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 October 21, 2022, the Corporation has the following outstanding shares:

Common shares (voting)	-	690,000,000 shares
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As of October 21, 2022, 684,019,796 common shares of the Corporation are registered under Filipinos and 5,980,204 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 30, 2022, 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.

<b>Title of Class</b>	<b>Name and Address of Record Owner and Relationship with Issuer</b>	<b>Name and Address of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent of Class</b>
Common	IPM Construction and Development Corporation*  Unit 804 Ortigas Building, Ortigas Avenue, Pasig City  Relationship: Majority Stockholder	All the shares of IPM Construction and Development Corporation are directly owned by its shareholders.	Filipino	350,000,000	50.725%
Common	PCD Nominee Corporation	The beneficial owners of such shares are Philippine Depository &	Filipino	280,212,069	40.610%

	Relationship: Stockholder	Trust Corporation (PDTC) participants who hold the shares on their behalf or on behalf of their clients			
Common	IPM Environmental Services, Inc.  Unit 804 Ortigas Building, Ortigas Avenue, Pasig City  Relationship: Stockholder	All the shares of IPM Environmental Services, Inc. are directly owned by its shareholders.	Filipino	65,000,000	9.42%
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:

<b>Title of Class</b>	<b>Name and Address of Record Owner and Relationship with Issuer</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent of Class</b>
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City	Filipino	211,792,800	30.695%

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 November 19, 2022.

**(e) Security Ownership of Management**

The table sets forth as of September 30, 2022 the record or beneficial stock ownership of the Directors and Officers of the Corporation and all Officers and Directors as a group.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Isabelita P. Mercado <i>Chairman and Chief Executive Officer</i>	1,000,000 (Direct) 500,000 (Indirect)	Filipino	0.21739%
Common	Gener T. Mendoza* <i>President and Chief Operating Officer</i>	-	-	-
Common	Alfredo P. Javellana II <i>Independent Director</i>	1,000 (Direct) 179,000 (Indirect)	Filipino	0.02608%
Common	Antonio Victoriano F. Gregorio III <i>Director</i>	1,000 (Direct)	Filipino	0.00014%
Common	Francis Neil P. Mercado <i>Director and Treasurer</i>	2,000 (Direct)	Filipino	0.00029%
Common	David L. Kho <i>Independent Director</i>	10,000 (Direct) 449,800 (Indirect)	Filipino	0.06664%
Common	Jan Vincent P. Mercado <i>Director and Treasurer</i>	2,000 (Direct) 184,000 (Indirect)	Filipino	0.02696%
Common	Ana Maria A. Katigbak <i>Corporate Secretary</i>	0	Filipino	0.00000 %
	<b>TOTAL</b> (Directors and Officers as a Group)	<b>2,328,800</b>		<b>0.33751%</b>

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.

\* Mr. Gener T. Mendoza, President/Chief Operating Officer (COO) of IPM Holdings, Inc., passed away on July 31, 2022.

**(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\*:



<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Citizenship</b>
Isabelita P. Mercado	Chairman	71	Filipino
Alfredo P. Javellana II	Independent Director	76	Filipino
Antonio Victoriano F. Gregorio III	Director	48	Filipino
Francis Neil P. Mercado	Director	42	Filipino
David L. Kho	Independent Director	74	Filipino
Jan Vincent P. Mercado	Director	45	Filipino

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

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Citizenship</b>
Isabelita P. Mercado	Chairman/Chief Executive Officer	71	Filipino
Francis Neil P. Mercado	Treasurer	42	Filipino
Ana Maria A. Katigbak	Corporate Secretary	53	Filipino

*\* Mr. Gener T. Mendoza, served as Director and President/Chief Operating Officer (COO) of IPM Holdings, Inc., until he passed away on July 31, 2022.*

**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. Mr. Gener T. Mendoza was elected as President and Chief Operating Officer since September 30, 2021 however he passed away on July 31, 2022. 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**, 71 years old, for the past five years has been the chair and chief executive officer of IPM Construction and Development Corporation (1991 to present), IPM Environment Services Inc. (2003 to present), IPM Realty & Development Corporation (1991 to present), IPM Trading and Development Corporation (1989 to present) and TRX Global Corporation (2008 to present). She also serves as president of Lee Gardens Property and Development Corporation (1997 to present) and director of several other companies within the IPM Group.

**ALFREDO P. JAVELLANA II**, 76 years old, is an independent director of USB Securities Phil. Inc. Mr. Javellana earned his Bachelor of Science in Commerce Major in Accounting and Bachelor of Laws from the University of San Agustin, Iloilo City. He was an independent director of UBS Securities Philippines, Inc. from December 16, 2009 to February 10, 2010. For the past five years he was a director of Philippine Savings Bank and Toyota Motor Philippines. Previously, he was the Chief Finance Officer of the Metropolitan Bank & Trust Company, Inc. likewise held several other positions in the same bank prior to his appointment as CFO.

**ANTONIO VICTORIANO F. GREGORIO III**, 48 years old, Mr. 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. He is a Partner at Gregorio Law Offices and sits as director and officer of various public and private companies, including Cuervo Far East, Inc. (Director and Corporate Secretary, 2005 - present), Abacore Capital Holdings, Inc. (Director, 2009 - present and Vice Chairman, 2017 - present), Philippine Regional Investment Development Corporation (Director, 2017 - present), among other companies.

**FRANCIS-NEIL P. MERCADO**, 42 years old, 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/or officer of various companies' including Metro luxury Mining Corp. (2009 to present), Zinith Mines Inc. (2009-present), IPM Construction and Development Corp. (2007-present), IPM Realty and Development Corp. (2007-present) and IPM Trading and Development Corp. (2007-present).

**DAVID L. KHO**, 74 years old, has been a legal and business practitioner since his graduation. He finished his Business Administration degree, major in Banking and Finance, at the University of the Philippines-Diliman and later earned his Bachelor of Laws degree also from University of the Philippines. He was a member of the 15<sup>th</sup> Congress of the Philippines where he served as Vice chairman of two committees and member of ten others and is currently a director of Boulevard Holdings, Inc. He also an incumbent Trustee of the Kapihan sa Klub Filipino, 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**, 45 years old, 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**, 52 years old, is a member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws at the University of the Philippines. She is a Partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. For the past five years, she has served as assistant corporate secretary in certain publicly-listed companies such as Energy Development Corp., Philippine Infradev Holdings, Inc., Marcventures Holdings, Inc., Premiere Entertainment Philippines, Inc., Paxys, Inc., and Solid Group, Inc. She is also a director and assistant corporate secretary of Mabuhay Holdings, Inc. and corporate secretary of Alsons Consolidated Resources, Inc.

The following incumbent directors are being nominated for election:

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

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

**(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. 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**

	<b>Amount</b>	<b>Nature</b>	<b>Relationship</b>	<b>Valuation</b>	<b>Terms</b>	<b>Condition</b>
IPM Construction and Development Corp.**	₱214,485,217	Service Contract	Shareholder	Measured at Cost	Noninterest-bearing; within one year	Secured, no impairment

IPM Environmental Services, Inc.*	613,745,655	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	85,878,424	Service Contract	Affiliate	Measured at Cost	Noninterest-bearing; on demand	Unsecured, no impairment
Ecoedge Resources Corp.	17,847		Joint Venture	Measured at Cost	Noninterest-bearing; on demand	Unsecured, no impairment
Total	₱914,161,830					
Ecoedge Resources Corp.	31,000,000	Loans	Joint Venture	Measured at Cost	Interest-bearing; within five years	Unsecured, with impairment
Ecoedge Resources Corp.	8,570,500	Interest	Joint Venture	Measured at Cost	Within five years	Unsecured, no impairment
Total	₱39,570,500					
<b>Advances from Related Party</b>						
IPM Construction and Development Corp.	₱15,519,383	Service Contract	Shareholder	Measured at Cost	Noninterest-bearing; on demand	Unsecured
Total	₱15,519,383					

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 Note 5). On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMESI due to be paid in installment until 2026. 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.

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 from IPMCDC due to be paid in installment until 2023.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as of December 31, 2021 amounted to ₱1,077.38 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, 2021 and 2020 and for the ensuing fiscal year 2022 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 <i>Chairman and Chief Executive Officer</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	120,000 120,000 120,000
Gener T. Mendoza* <i>President and Chief Operating Officer</i>	2022-Jan to Jul 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	60,000 100,000 80,000
Alfredo P. Javellana II <i>Independent Director</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	100,000 100,000 80,000
Francis Neil P. Mercado <i>Director and Treasurer</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	100,000 100,000 80,000
Antonio Victoriano F. Gregorio III <i>Director</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	60,000 60,000 60,000
David L. Kho <i>Independent Director</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	100,000 100,000 80,000
Jan Vincent P. Mercado <i>Director</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	60,000 20,000 -
Ana Maria A. Katigbak <i>Corporate Secretary</i>	2022-Jan to Dec 31 (Est) 2021-Jan to Dec 31 2020-Jan to Dec 31	NIL	NIL	60,000 60,000 60,000
TOTAL OF THE GROUP	2022 (Est) 2021 2020	NIL	NIL	660,000 660,000 560,000

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

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 2021

Name	Total Amount
Isabelita P. Mercado	120,000.00
Gener T. Mendoza	100,000.00
Alfredo P. Javellana II	100,000.00
Francis Neil P. Mercado	100,000.00
Victoriano F. Gregorio III	60,000.00
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 auditing firm of SyCip Gorres Velayo & Co. will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. 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. is the principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2021).
- (c) Representatives of SyCip Gorres Velayo & Co are expected to be present at the November 29, 2022 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) SyCip Gorres Velayo & 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.
- (e) There are no disagreements on any matter of accounting principle or practices, financial statement disclosures, etc., between SyCip Gorres Velayo & Co and the Corporation.
- (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
	Gener T. Mendoza
	<i>(Mr. Gener T. Mendoza passed away on July 31, 2022)</i>

#### **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, 2021 and the interim consolidated financial statement as of September 30, 2022, 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**

#### **Item 15. 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 September 30, 2021***

The minutes of the annual stockholders' meeting held on September 30, 2021 will be submitted for approval of the stockholders at the annual meeting to be held on November 29, 2022. The following is a summary of the items and/or resolutions approved at the annual stockholders' meeting held on September 30, 2021:

- (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 December 16, 2020.
- (c) Atty. Dwight Ramos, BEST Senior Vice President, and Ms. Emelita C. Aguinaldo, BEST Senior Vice President for Operations, presented the Corporation's operational highlights and financial results and the audited financial statements for the year ended December 31, 2020. They also reported on the interim period financial report as of June 30, 2021 together with Atty. Jade Lapinig. The stockholders approved the annual report of management and the audited financial statements for the year ended December 31, 2020.

- (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 2021-2022, 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  
Rhodora G. Uy  
Gener T. Mendoza  
Francis Neil P. Mercado  
Antonio Victoriano F. Gregorio III

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 2021-2022.
- (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, 2021***

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, 2021.

**(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) *Approval of the Appointment of External Auditor***

The auditing firm of Sycip Gorres Velayo & Co. will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year.

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**

### **(a) Summary of Matters to be presented to the Stockholders**

- (1) Approval/ratification of the minutes of the annual meeting of stockholders held on September 30, 2021. Approval of said minutes shall constitute confirmation of all the matters stated in the minutes.
- (2) Approval of the Management Report and the Audited Financial Statements for the year ended December 31, 2021
- (3) 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 treasury matters, engagement of consultants, approval of financial statements, designation of authorized bank signatories, and election of the officers and members of the various Board committees and including the following:
  - a. Election of officers
  - b. Appointment of Board Committee members
  - c. Approval of the Quarterly Report for the period ended September 30, 2021
  - d. Application with the Philippine Depository and Trust Corporation for the List of Top 100 Participants of the Corporation
  - e. Approval of Quarterly Report for period ended March 31, 2022 and June 30, 2022
  - f. Approval of the Integrated Annual Corporate Governance Report
  - g. Approval of the Annual Report and Audited Financial Statements for the year ended December 31, 2021
  - h. Postponement of Annual Stockholders' Meeting for the year 2022 and authority of the Chairman to determine the new date of the meeting and the record date
  - i. Approval of the holding of the annual stockholders' meeting by remote communication
  - j. Delegation to Approve the Audit Report to the Audit Committee
  - k. Authorizing the Corporation to Act as Corporate Guarantor for Basic Environmental Systems & Technologies, Inc.'s ("BEST, Inc.") Loan Application with the Development Bank of the Philippines ("DBP")
  - l. Re-nomination of Atty. Alfredo P. Javellana II as independent director
- (4) Selection of Sycip Gorres Velayo & Co. as external auditor
- (5) Election of Directors



Election of six (6) directors, each of whom will hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified. The nominees for directors are:

***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

All of the above nominees are currently directors of the Corporation.

The nominees for Independent Directors<sup>1</sup> of the Corporation for the Annual Stockholders' Meeting of November 29, 2022 within the purview of SRC Rule 38 are Atty. Alfredo P. Javellana II and Atty. David L. Kho.

**(b) 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 November 19, 2022 (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 November 24, 2022.

- (1) Approval/ratification of the minutes of the annual stockholders' meeting held on September 30, 2021.
  - (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.

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<sup>1</sup>An "Independent Director" shall mean a person other than an officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

- (2) Management Report and Audited Financial Statements for the year ended December 31, 2021
  - (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 2022 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 November 29, 2022.

**Item 2. Instruction**

- (a) The proxy must be duly accomplished by the stockholder of record as of October 21, 2022. 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 November 19, 2022 (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 November 24, 2022 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 November 29, 2022.
- (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 September 30, 2021.

☐ FOR                      ☐ AGAINST                      ☐ ABSTAIN

- (2) Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2021

☐ 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) Approval of the Selection of Sycip Gorres Velayo & Co., as External Auditor.

☐ 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 November 29, 2022 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 INSTRUMENT; (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, 2021; (5) QUARTERLY REPORT ON SEC FORM 17Q FOR THE PERIOD ENDED SEPTEMBER 30, 2022, AND (6) CERTIFICATIONS OF QUALIFICATION OF INDEPENDENT DIRECTORS.**

**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, November 4, 2022.

**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 September 30, 2021*

**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 September 30, 2021*

**c. The matters discussed and resolutions reached:**

*See attached Minutes of the Annual Stockholders' Meeting held on September 30, 2021*

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

*See attached Minutes of the Annual Stockholders' Meeting held on September 30, 2021*

**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
Rhodora G. Uy	Director/ President/ Chairman of the Compensation Committee
Francis Neil P. Mercado	Director/ Treasurer/ Chief Financial Officer
Antonio Victoriano F. Gregorio III	Director
Gener T. Mendoza	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 October 21, 2022, 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 2021*

**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 2021, 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 2022, 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 September 30, 2021 at 10:00 a.m. in Pasig City  
via remote communication at  
<https://zoom.us/j/8382431000?pwd=a2grUTRPaHM1R2RkU2o2RG90QU44Zz09>

PRESENT

<b>Total No. of Shares Present/Represented</b>	613,674,600
<b>Total No. of Shares Outstanding</b>	690,000,000
<b>Percentage of total outstanding shares present in person or represented by proxy</b>	88.94%

**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
Rhodora G. Uy	Director/ President/ Chief Operating Officer
Francis Neil P. Mercado	Director/ Treasurer/ Chief Financial Officer
Antonio Victoriano F. Gregorio III	Director
Gener T. Mendoza	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 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. Certification of Quorum**

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 will be included in the determination of quorum. By participating remotely in this meeting or by proxy, a stockholder will be deemed present for purposes of determining quorum.

Based on the foregoing, the Corporate Secretary reported that at least 613,674,600 shares or 88.94% 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 also said 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. She also said that 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 said that management will endeavor to reply to these questions or address these comments during this meeting. Questions not answered during the meeting would be answered via email.

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

The Chairman then informed the stockholders that, since the stockholders' meeting is being held virtually or via remote communication, technical difficulties may be encountered which would prevent the stockholders from having a seamless discussion of the matters set forth in the agenda. Hence, she would requested one of our directors to co-chair the stockholders' meeting with her and preside in case technical difficulties arise from my end. Thus, upon motion made and duly seconded, Director Gener T. Mendoza was chosen to act as Co-Chairman of the annual stockholders' meeting.

## **4. Approval of Minutes of the Previous Stockholders' Meeting**

The Corporate Secretary reported that each stockholder was given a copy of the Minutes of the Annual Meeting of the Stockholders held on December 16, 2020. 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 December 16, 2020 be, as it is hereby, approved.”

The Corporate Secretary noted that stockholders owning at least 613,674,600 shares representing at least 88.94% of the outstanding capital stock, voted in favor of approving the minutes, -0- shares voted against, and -0- shares abstained on the matter.

**5. Approval of Management Report and Audited Financial Statements for the Year Ended December 31, 2020**

Atty. Dwight Ramos, BEST Senior Vice President, and Ms. Emelita C. Aguinaldo, BEST Senior Vice President for Operations, presented the Corporation’s operational highlights and financial results, the audited financial statements for the year ended December 31, 2020, and interim period financial report as of June 30, 2021. 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.

Atty. Ramos and Ms. Aguinaldo gave updates on the Corporation’s core business segments and initiatives, namely: (a) waste collection, transfer and transport; (b) operation of engineered sanitary landfills; (c) waste-to-energy; (d) refuse-derived fuel; (e) municipal solid waste transhubs; (f) the MyBasurero app; (g) trash to cashback program; and (h) investments in associates and joint undertakings, such as the Metro Clark Waste Management Corporation (“MetroClark”) and Eco Edge Resources Corporation. Atty. Ramos also reported on the consulting, advocacy, and corporate social responsibility activities of the Corporation.

On the Corporation’s financial performance, Atty. Jade Lapinig reported that the Corporation’s consolidated revenue increased by 17%, from Php253.52 Million in 2019 to Php296.22 Million in 2020. The increase is mainly due to the increase in the tipping fees on waste from Angono and Binangonan; waste hauling and collection in Cagayan De Oro; and the increase in the Corporation’s equity in the earnings of an associate and a joint venture, in particular, from MetroClark, a subsidiary of BEST. This is despite the decrease in private hauling revenue and rental income. Expenses and other charges increased by 71%, from Php142.35 Million in 2019 to Php243.90 Million in 2020, due to an increase in subcontracting costs, logistics expenses, and additional costs of implementing safeguards and measures against COVID-19. Overall, the Corporation reported a net income of Php44.15 Million in 2020, a decrease of 46% from the net income of Php81.41 Million in 2019.

The Corporation’s total assets increased by 4% from Php1.4 Billion in 2019 to Php1.5 Billion in 2020, due to the acquisition of several pieces of land and some acquisitions for the expansion of the Morong Engineered Sanitary Landfill. This also includes the construction-in-progress of the Pasi City Integrated Waste Management Facility. There is likewise a 4% increase in the Corporation’s stockholders’ equity.

Atty. Lapinig also reported on the following key performance indicators:

KPI	Calculation	December 31, 2020	December 31, 2019
<b>Current Ratio</b>	Current Assets/Current Liabilities	<b>4.10x</b>	4.41x
<b>Quick Ratio</b>	Current Assets(cash and equivalents + marketable securities + accounts receivable) /Current Liabilities	<b>4.08x</b>	4.36x
<b>Debt to Equity Ratio</b>	Liabilities/ Stockholders' Equity	<b>0.24x</b>	0.24x
<b>Book Value per share</b>	Stockholders' Equity/ Number of Shares Outstanding	<b>1.76</b>	1.69
<b>Income per Share</b>	Net Income/Weighted Average Number of Shares Outstanding	<b>0.06</b>	0.12

Atty. Lapinig then presented the interim financial report for the six-month period which ended on June 30, 2021 and the comparative period which ended on June 30, 2020. Revenues increased by 9%, from Php126.49 Million in 2020 to Php137.90 Million in 2021 while expenses increased by 2%, from Php120.41 Million in 2020 to Php123.23 Million in 2021, resulting in an increase in total comprehensive income from Php3.65 Million in 2020 to Php10.72 Million in 2021. Total assets decreased by 1%, from Php1.506 Billion in 2020 to Php1.493 Billion in 2021.

Atty. Lapinig then concluded her report. 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, 2020, be, as it is hereby, approved.”

The Corporate Secretary noted that stockholders owning at least 613,674,600 shares representing at least 88.94% of the outstanding capital stock, voted in favor of approving the management report and audited financial statements for the year ended December 31, 2020, -0- shares voted against, and -0- shares abstained on the matter.

## 6. **Ratification of All Acts of the Board of Directors and Management**

The Chairman announced that the next item on the Agenda is 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 stockholders’ meeting up to the present be, as they are hereby, approved, ratified and confirmed.”

The Corporate Secretary noted that stockholders owning at least 613,674,600 shares representing at least 88.94% 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 then 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 are seven (7) seats in the Board of Directors, and that the Corporation is 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 five (5) nominations for Regular Directors, and two (2) for Independent Directors, namely:

***For Regular Directors:***

ISABELITA P. MERCADO  
RHODORA G. UY  
GENER T. MENDOZA  
ANTONIO VICTORIANO F. GREGORIO III  
FRANCIS NEIL P. MERCADO

***For Independent Directors:***

ALFREDO P. JAVELLANA II  
DAVID L. KHO

The Corporate Secretary then informed the stockholders that Management is proposing the re-nomination of Atty. Alfredo P. Javellana II who has served as independent director for more than nine years. Management strongly believes that retaining 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 our stock and transfer agent, stockholders owning at least 613,674,600 shares representing at least 88.94% of the outstanding capital stock, voted to elect all the seven (7) nominees to the Board of Directors.

## **8. Appointment of External Auditors**

The Chairman announced that the next item on the agenda is the proposal to appoint the audit firm of SGV & Co. as the Corporation's external auditor for the current year 2021-2022. 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 is 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 2021-2022."

The Corporate Secretary noted that stockholders owning at least 613,674,600 shares representing at least 88.94% 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 for questions which were raised through email or on the meeting portal during the meeting, the response would 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 December 16, 2020	613,674,600	88.94%	0	0
Item 5: 5. Approval of Management Report and Audited Financial Statements for the Year Ended December 31, 2020	613,674,600	88.94%	0	0
Item 6: Ratification of All Acts of the Board of Directors and Management	613,674,600	88.94%	0	0
Item 7: Election of Directors For Regular Directors:				
1. Isabelita P. Mercado	613,674,600	88.94%	0	0
2. Rhodora G. Uy	613,674,600	88.94%	0	0
3. Gener T. Mendoza	613,674,600	88.94%	0	0
4. Antonio Victoriano F. Gregorio III	613,674,600	88.94%	0	0
5. Francis Neil P. Mercado	613,674,600	88.94%	0	0
For Independent Directors:				
1. Alfredo P. Javellana II	613,674,600	88.94%	0	0
2. David L. Kho	613,674,600	88.94%	0	0
Item 8: Approval of Appointment of Sycip Gorres Velayo & Co. as the Company’s Independent External Auditor	613,674,600	88.94%	0	0
Item 8: Adjournment	No action necessary.			

# ANNEX B

IPM HOLDINGS, INC.  
 FINAL TABULATION  
 2021 ANNUAL STOCKHOLDERS' MEETING  
 September 30, 2021

	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 Environmental Services Inc.	The Chairman	65,000,000	9.42
3	IPM Realty & Devt Corp	The Chairman	50,000,000	7.25
4	Meridian Securities (PCD)	The Chairman	145,855,600	21.14
5	Jocelyn Y. Lao	The Chairman	1,800,000	0.26
6	Isabelita Mercado	Patrick Louie Mercado	1	0.00
7	Isabelita Mercado	Jan Vincent Mercado	1	0.00
8	Isabelita Mercado	Celerino Paredes	1	0.00
9	Isabelita Mercado	Ma. Teresa Paredes	1	0.00
10	Isabelita Mercado	Jade Lapinig	1	0.00
11	Isabelita Mercado	Roberto Cabarco	1	0.00
12	Isabelita Mercado	Noly Valentino	1	0.00
13	Isabelita Mercado	Arturo Gungon	1	0.00
14	Isabelita Mercado	Dwight Ramos	1	0.00
15	Isabelita Mercado	Emelita Aguinaldo	1	0.00
16	Isabelita Mercado	Elpidio Cruz	1	0.00
17	Isabelita Mercado	Logivico Quintos	1	0.00
18	Isabelita Mercado	Abraham Genuino	1	0.00
19	Isabelita Mercado	Rosanna Franco	1	0.00
20	Gener Mendoza	Bienvenida R. Mondragon	1	0.00
21	Gener Mendoza	Yolanda Eleazar	1	0.00
22	Gener Mendoza	Ana Maria A. Katigbak	1	0.00
23	Gener Mendoza	Dana Genevieve Dela Cruz	1	0.00
24	Gener Mendoza	Roslyn Ramirez	1	0.00
	<b>Subtotal With Proxy</b>		<b>612,655,619</b>	<b>88.79%</b>
1	Isabelita P. Mercado		999,986	0.14
2	Gener T. Mendoza		4,995	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
	<b>Subtotal In Person</b>		<b>1,018,981</b>	<b>0.15%</b>
	<b>TOTAL ATTENDANCE</b>		<b>613,674,600</b>	<b>88.94%</b>
	<b>TOTAL ISSUED &amp; OUTSTANDING</b>		<b>690,000,000</b>	

# COVER SHEET

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

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)

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

1 6 0 5

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

Atty. Ana A. Katigbak  
Contact Person

8817 6791/8897-5257  
Company Telephone Number

1 2  
Month Day  
Fiscal Year

**Board Attendance 2021**

FORM TYPE

4<sup>th</sup> Wednesday of  
May  
Month Day  
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

June 30, 2022

Securities and Exchange Commission  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

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

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

Re : Attendance of Directors at 2021 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 2021.

Position	Name	Date of Election	Number of Meetings Held During the Year	Number of Meetings Attended	Percentage
Chairman	Isabelita P. Mercado	December 16, 2020	6	6	100%
Board Member	Rhodora G. Uy	December 16, 2020	4	4	100%
Board Member	Gener T. Mendoza	December 16, 2020	6	6	100%
Board Member	Antonio Victoriano F. Gregorio III	December 16, 2020	6	6	100%
Board Member	Francis Neil P. Mercado	December 16, 2020	6	6	100%
Independent Director	Alfredo P. Javellana II	December 16, 2020	6	6	100%

Independent Director	David L. Kho	December 16, 2020	6	6	100%
Board Member	Jan Vincent P. Mercado	September 30, 2021	2	2	100%

2. The Board of Directors of the Corporation held its meetings in the year 2021, specifically on the following dates:

Date of Meeting	Nature of Meeting
April 22, 2021	Regular
May 14, 2021	Special
May 27, 2021	Special
August 13, 2021	Special
September 30, 2021	Organizational
November 12, 2021	Special

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. Attached as Annex "A" hereof is a summary of the attendance of the directors.
4. The Corporation held its annual stockholders' meeting on September 30, 2021. The Chairman of the Board, President, and the directors of the Corporation attended the said annual stockholders' meeting of the Corporation on September 30, 2021.

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

Very truly yours,

  
**ANA MARIA A. KATIGBAK**  
 Corporate Secretary

**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 2021**

Name	RM April 22	SM May 14	SM May 27	SM Aug. 13	OM Sept. 30	SM Nov. 12
Isabelita P. Mercado	✓	✓	✓	✓	✓	✓
Rhodora G. Uy	✓	✓	✓	✓	n/a	n/a
Gener T. Mendoza	✓	✓	✓	✓	✓	✓
Antonio Victoriano F. Gregorio III	✓	✓	✓	✓	✓	✓
Francis Neil P. Mercado	✓	✓	✓	✓	✓	✓
Alfredo P. Javellana II	✓	✓	✓	✓	✓	✓
David L. Kho	✓	✓	✓	✓	✓	✓
Jan Vincent P. Mercado	n/a	n/a	n/a	n/a	✓	✓

**Legend:**

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



**Procedure for Registration, Participation and Voting**  
**at the 2022 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 **November 29, 2022 at 10:00 A.M.** There will be no physical venue for the ASM.

Only Stockholders of record as of October 21, 2022 who have successfully registered for the meeting shall be able to participate and vote in the 2022 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](mailto: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 2022 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 2022 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](mailto: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](mailto: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 2022 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 2022 ASM, please see section on Voting Procedure below.
5. For the Question and Answer portion during the 2022 ASM, stockholders may send their questions related to the agenda to [ipmholdings.asm@yahoo.com](mailto:ipmholdings.asm@yahoo.com). Due to limitations on technology and time, not all questions may be responded to during the 2022 ASM but the Company will endeavor to respond to all the questions through email.
6. In compliance with SEC requirements, the proceedings during the 2022 ASM will be recorded.
7. Stockholders intending to participate by remote communication in the 2022 ASM are required to register not later than November 19, 2022.
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 2022 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 President 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](mailto: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 November 19, 2022.

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](mailto:ipmholdings.asm@yahoo.com); or
- Telephone number at 8897-5257; or
- Our stock transfer agent, BDO Unibank, Inc. – Trust and Investments Group, through
  - ✓ Oliver Galvez at (e-mail address [galvez.oliver@bdo.com.ph](mailto:galvez.oliver@bdo.com.ph)), or
  - ✓ BDO's telephone number at (telephone number 8878-4740)

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

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- I. INCORPORATED HEREIN ARE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IPM HOLDINGS, INC. AND ITS SUBSIDIARY (THE “GROUP”) FOR THE YEAR ENDED DECEMBER 31, 2021 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY AND THE QUARTERLY REPORT ON SEC FORM 17Q FOR THE PERIOD ENDED SEPTEMBER 30, 2022.**
- 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 Company, 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 operation of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the Company. The facility was opened in 2021.

As of September 30, 2022, the Company 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.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. 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 September 30, 2022.

## **Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021**

### **Income**

Total consolidated revenues for the nine-month period ending September 30, 2022 amounted to Php255.04 million, up by Php10.15 million or 4% from the Php244.90 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php19.83 million or 10% from the Php201.29 million in 2021 to Php221.11 million posted in 2022. 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 - Increased by Php1.40 million or 48% from Php2.95 million in 2021 to Php4.35 million in 2022. This is attributable mainly to the increase in rental income from equipment and trucks which are now being used for its own hauling activities.
- Equity in Net Earnings of an Associate and a Joint Venture – Decreased by Php11.12 million from Php39.76 million in 2021 to 28.64 million in 2022. This is due to the decrease in its equity share in the net income of an associate.

### **Expenses**

Total consolidated expenses for the first nine months of 2022 amounted to Php202.83 million, up by Php12.54 million or 7% from the Php190.29 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php176.48 million, higher by Php12.91 million or 8% from the Php163.58 million reported in the same period of 2021. 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, and surcharge for fuel and oil.
- General and Administrative Expenses – At Php22.69 million in the same period of 2022 and 2021.
- Interest Expense - Decreased by Php0.37 million or 9%, from Php4.03 million in 2021 to Php3.65 million posted in 2022. This is mainly due to the lower interest expense on bank loans.

### **Net Income**

The first nine months of 2022 resulted to a net income of Php45.91 million, which decreased by Php3.51 million or 7% from the Php49.41 million in the same period of 2021. This is mainly due to the decrease in equity share in the net income of an associate.

### **Liquidity and Capital Resources**

For the first nine months of 2022, net cash provided by operating activities amounted to Php14.24 million as compared to Php39.67 million in 2021. This is mainly due to the decrease in trade and other payables.

Net cash used in investing activities amounted to Php3.69 million in the first nine months of 2022 as compared to Php63.33 million in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.

Net cash used in financing activities amounted to Php5.65 million in the first nine months of 2022 as compared to Php4.03 million in 2021, the said amounts representing payment of bank loans and interest.



### **Third Quarter Ended September 30, 2022 Compared to Third Quarter Ended September 30, 2021**

Total consolidated revenues for the third quarter ending September 30, 2022 amounted to Php103.55 million, which slightly decreased by Php3.45 million or 3% from the Php107.00 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php7.09 million or 11% from the Php65.88 million in 2021 to Php72.97 million posted in 2022. 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 - Increased by Php0.54 million or 51%, from the Php1.05 million in 2021 to Php1.59 million in 2022. This is attributable 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 – Decreased by Php11.12 million from Php39.76 million to 28.64 million in 2022. This is due to the decrease in its equity share in the net income of an associate.

#### Expenses

Total consolidated expenses for the third quarter ending September 30, 2022 amounted to Php70.83 million, which increased by Php3.77 million or 6% from the Php67.06 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php60.42 million, which is Php4.87 million or 9% higher than the Php55.56 million in 2021. 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, and surcharge for fuel and oil.
- General and Administrative Expenses – Decreased by Php1.07 million or 10% higher than the Php10.25 million in 2021 to Php9.18 million in 2022. This is attributable mainly to the decrease in taxes and licenses and professional fees.
- Interest Expense – Slightly decreased by Php0.03 million or 2%, from Php1.25 million in 2021 to Php1.22 million posted in 2022.

#### Net Income

The third quarter of 2022 resulted in a net income of Php31.56 million, a decrease of Php7.13 million or 18% from the Php38.69 million in 2021 to Php31.56 million in the same period of 2021. This is mainly due to the decrease in equity share in the net income of an associate.

#### Liquidity and Capital Resources

For the third quarter of 2022, net cash provided by operating activities amounted to Php2.43 million as compared to Php1.19 million in the same period 2021. This is mainly due to the decrease in other current assets and trade and other payables.

Net cash provided by investing activities amounted to Php1.38 million in the third quarter of 2022 as compared to Php23.28 million net cash used in investing activities in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.

Net cash used in financing activities amounted to Php2.22 million in the third quarter of 2022 as compared to Php1.25 million in the same period of 2021, the said amounts representing payment of bank loans and interest.

#### Financial Position as of September 30, 2022 Compared to Financial Position as of December 31, 2021

Statements of financial position data	30-Sep-2022	31-Dec-2021	% Inc/(Dec)
Total Current Assets	979,443,342	972,158,390	0.75%
Total Assets	1,559,093,862	1,534,138,398	1.63%
Total Current Liabilities	208,182,439	229,147,700	(9.15%)
Total Liabilities	240,040,944	261,688,644	(8.20%)
Total Stockholders' Equity	1,318,870,479	1,272,449,754	3.65%

The Company's consolidated total assets slightly increased by Php24.96 million or 1.63%, from Php1,534.14 million as of December 31, 2021 to Php1,559.09 million as of September 30, 2022.

- Cash and cash equivalents increased by Php4.90 million or 69.14%, from Php7.09 million as of December 31, 2021 to Php11.99 million as of September 30, 2022. The increase is mainly due to the collection of receivables.
- Trade and other receivables posted a slight decreased of 1.03% from 952.75 million as of December 31, 2021 to Php942.94 million as of September 30, 2022.
- Other current assets increased by Php12.19 million or 98.97% from Php12.32 million as of December 31, 2021 to Php24.51 million as of September 30, 2022 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City and prepaid income tax.
- Noncurrent assets slightly decreased by 3.14% from Php561.98 million as of December 31, 2021 to Php579.65 million as of September 30, 2022.

Total consolidated liabilities decreased by 8.20%, from Php261.69 million as of December 31, 2021 to Php240.22 million as of September 30, 2022.

Total stockholders' equity slightly increased by 3.65%, from Php1,272.45 million as of December 31, 2021 to Php1,318.87 million as of September 30, 2022, reflecting the income for the current year.

Current ratio increased from 4.24x as of December 31, 2021 to 4.70x as of September 30, 2022; net working capital increased to Php771.26 million as of September 30, 2022 versus the Php743.01 million as of December 31, 2021.

#### Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	30-Sep-2022	31-Dec-2021
Current Ratio (1)	Current Assets/Current Liabilities	4.70x	4.24x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	4.59x	4.19x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.18x	0.17x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	1.91	1.84
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	0.07	0.09

	<u>30-Sep-2022</u>	<u>December 31, 2021</u>
(1) Current Ratio	979,443,342/208,182,439	972,158,390/229,147,701
(2) Quick Ratio	954,930,909/208,182,439	959,839,023/229,147,701
(3) Debt to Equity	240,223,383/1,318,870,479	261,688,644/1,272,449,754
(4) Book Value/Share	1,318,870,479/690,000,000	1,272,449,754/690,000,000
(5) Income per Share	45,906,243/690,000,000	59,994,783/690,000,000

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 except as mentioned in the Notes to Financial Statements No 5.

## **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**

<b>Statements of financial position data</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>% Inc/(Dec)</b>
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 2021 versus 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

<b>Statements of financial position data</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>% Inc/(Dec)</b>
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.

### **2019 vs. 2018**

#### Income

Consolidated revenues for 2019 amounted to Php253.52 million, up by Php39.81 million or 19% from the Php213.71 million posted in 2018. The material changes are as follows:

- Service income increased by Php48.69 million or 40% from the Php122.74 million in 2018 to Php171.43 million in 2019. The upsurge is due to the increase in tipping fees charged to LGUs and private hauling revenues.
- Rental income decreased by Php31.70 million or 37%, from the Php86.24 million in 2018 to Php54.53 million in 2019. This is attributable mainly to the decrease in equipment and truck rentals, since this equipment are now being used for its own hauling operations.
- Equity in net earnings of an associate and a joint venture increased by Php22.60 million or 642%, from the Php3.52 million in 2018 to Php26.12 million in 2019. This is mainly due to the increase in its equity share in the net income of its associate amounting to Php30.07 million.
- Interest income increased by Php0.22 million or 18%, from the Php1.21 million in 2018 to Php1.43 million in 2019, resulting from the increase in earnings from time deposits.

### Expenses

Consolidated expenses for 2019 amounted to Php142.35 million, up by Php10.59 million or 8% from the Php131.76 million posted in 2018. The material changes are as follows:

- Cost of services amounted to Php91.18 million, Php18.94 million or 26% higher than the Php72.24 million in 2018. This is attributable mainly to the increases in depreciation and amortization of Php4.45 million, equipment rental of Php5.40 million and repairs and maintenance costs of Php10.03 million.
- General and administrative expenses totaled to Php42.52 million, Php9.87 million or 19% lower than the Php52.39 million in 2018. This is attributable mainly to the decrease in taxes and licenses and consultancy fees for the various projects under development by the Company.
- Interest expense amounted to Php8.65 million, Php1.53 million or 21% higher than the Php7.12 million in 2018.

### Net Income

The twelve-month operation of the Group resulted in a net income of Php81.41 million for 2019, significantly higher by Php28.87 million or 55% than the Php52.54 million posted in 2018. This is mainly due to the substantial rise in tipping fees and hauling revenues and its equity share in the net income of its associate.

### Financial Condition

<b>Statements of financial position data</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>% Inc/(Dec)</b>
Total Current Assets	1,084,735,522	960,289,364	13%
Total Assets	1,446,413,531	1,342,023,548	8%
Total Current Liabilities	245,813,573	225,512,064	9%
Total Liabilities	277,558,175	254,362,585	9%
Total Equity	1,168,855,356	1,087,660,963	7%

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

Total consolidated assets increased by Php104.39 million or 8%, from the Php1.34 billion in 2018 to Php1.45 billion in 2019.

- Cash and cash equivalents increased by 57% from Php6.94 million in 2018 to Php10.87 million in 2019. The increase was mainly due to the collection of the outstanding receivables.
- Trade and other receivables increased by 13% from Php942.43 million in 2018 to Php1.061 billion in 2019 due to the increase in uncollected billings from a related party.
- Other current assets increased by 21% from Php10.93 million in 2018 to Php13.19 million in 2019 due to the increase in input VAT pertaining to the cost of services.
- Noncurrent assets decreased by 5% from Php381.73 million in 2018 to Php361.68 million in 2019. The decrease was mainly due to the collection of the outstanding receivables

Total consolidated liabilities increased by Php23.20 million or 9%, from Php254.36 million in 2018 to Php277.56 million in 2019. This is attributable to the increase in deferred output VAT and trade payables.



Total stockholders' equity increased by Php81.20 million or 7%, from Php1.09 billion in 2018 to Php1.17 billion in 2019, reflecting the income for the current year.

Current ratio improved from 4.26x in 2018 to 4.41x in 2019; net working capital stood at Php838.92 million in 2019 versus the Php734.78 million in 2018.

#### Liquidity and Capital Resource

For the year ended December 31, 2019, net cash provided by operating activities amounted to Php31.61 million, up by Php7.58 million as compared to the Php24.03 million in 2018. This is attributable mainly to the increases in depreciation and development costs of the Morong Engineered Sanitary Landfill (MESLF), interest expense, accretion of ARO-liability and other payables.

Net cash used in investing activities amounted to Php15.13 million in 2019, down by Php3.29 million as compared to Php18.43 million in 2018. The amount consists of acquisition of property and equipment of Php27.1 million, increase in other assets of Php6.9 million, and net of cash dividends received from an associate of Php17.60 million.

Net cash used in financing activities amounted to Php12.54 million in 2019, up by Php6.18 million as compared to Php6.36 million in 2018, the difference representing payment of bank loans and interest.

#### Key Performance Indicators

The Company's key performance indicators are as follows:

KPI	Calculation	2021	2020	2019
Current Ratio (1)	Current Assets/Current Liabilities	4.24x	4.10x	4.41x
Quick Ratio (2)	Cash + Marketable Securities + Receivables /Current Liabilities	4.19x	4.08x	4.36x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.21x	0.24x	0.24x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	1.84	1.76	1.69
Net Income per Share (5)	Net Income /Weighted Average Number of Shares Outstanding	0.09	0.06	0.12

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
(1) Current Ratio	972,158,390/229,147,701	1,059,317,512/258,386,921	1,084,735,522/245,813,573
(2) Quick Ratio	959,839,023/229,147,701	1,053,560,813/258,386,921	1,071,550,459/245,813,573
(3) Debt to Equity	261,688,644/1,272,449,754	292,795,601/1,212,763,141	277,558,175/1,168,855,356
(4) Book Value/Share	1,272,449,754/690,000,000	1,212,763,141/690,000,000	1,168,855,356/690,000,000
(5) Net Income per Share	59,994,783/690,000,000	44,147,681/690,000,000	81,407,363/690,000,000

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.

*No disclosures nor discussions were made for the following since these did not affect the past and present operations nor the foreseeable future operations of the Company: (a) default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; (b) any significant amount of the Company's trade payables which has not been paid within the stated terms; (c) any significant purchase commitment for capital expenditures; (d) any seasonal aspects that have material effect on the financial condition or results of operations; (e) any known trends, events or uncertainties that have had or will have an impact on net sales or revenues.*

#### **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 in 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 (c) 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 2021 and 2020, 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, 2021 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 2021, is as follows: land Php118.01 million, building and improvements Php21.96 million, transportation equipment Php4.44 million, office furniture and fixtures Php1.90 million, development cost Php72.46 million, leasehold improvements Php0.16 million, and construction in progress Php3.38 million, totaled of Php222.31 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 September 30, 2021, there were no other matters submitted to a vote of the security holders in 2021.

## **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 three quarters of 2022 are as follows:

Year	Quarter	High(in Php)	Low(in Php)
2020	First	8.00	5.00
	Second	5.89	4.21
	Third	5.80	4.00
	Fourth	8.00	2.81
2021	First	7.95	4.52
	Second	6.00	4.53
	Third	7.10	5.41
	Fourth	7.10	6.40
2022	First	7.05	6.30
	Second	7.00	6.00
	Third	7.00	6.20

The closing price of the Parent Company's shares on October 27, 2022 was Php6.25 per share.

## (2) HOLDERS

The Parent Company has only common stock, with Php1.00 par value. As of September 30, 2022, 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 30, 2022 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)	280,212,069	40.611%
3. IPM Realty and Development Corporation	50,000,000	7.246%
4. PCD Nominee Corporation (Non-Filipino)	5,909,702	0.856%
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 Larcy Marichi 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%
<b>TOTAL</b>	<b>690,000,000</b>	<b>100.000%</b>

### (3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) years, i.e., 2021, 2020 and 2019, 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.

### Board of Directors

The Board of Directors consists of 7 directors, three 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	√		
Gener T. Mendoza*	√		
Alfredo P. Javellana II			√

David L. Kho			√
Francis Neil P. Mercado	√		
Antonio Victoriano F. Gregorio III		√	
Jan Vincent P. Mercado		√	

\* *Mr. Gener T. Mendoza, served as Director and President/Chief Operating Officer (COO) of IPM Holdings, Inc., until he passed away on July 31, 2022*

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

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)
- Gener T. Mendoza\*

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:

- Gener T. Mendoza (Chairman)\*
- David L. Kho (Independent Director)
- Francis-Neil 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

#### Corporate Governance Committee

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

#### Board Risk Oversight Committee

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

#### Related Party Transaction Committee

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 September 30, 2021, Atty. Ana Maria A. Katigbak was re-appointed as Compliance Officer ("CO") 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 Parent Company paid its auditors the following fees for the last two (2) years for professional services rendered, exclusive of VAT and out of pocket expenses:

Year	Audit Fees	Tax Fees	All Other Fees
2021	Php230,862.00	-	-
2020	Php219,869.00	-	-

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 )  
MAKATI CITY ) 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").

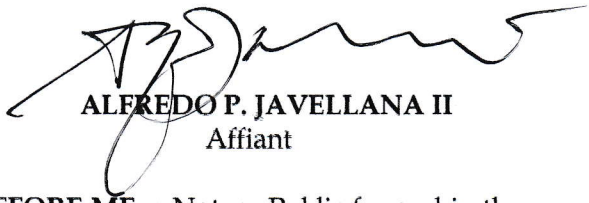
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

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 02 NOV 2022 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 02 NOV 2022, affiant who personally appeared before me and exhibited his Tax Identification Number 121-522-319.

Doc. No. 75  
Page No. 8  
Book No. 28  
Series of 2022

  
**ATTY. JOSHUA P. LAPUZ**  
Notary Public Makati City  
Until Dec. 31, 2023  
Appointment No. M 019-(2022-2023)  
PTR No. 8852510 Jan. 3, 2022 / Makati  
IBP Lifetime No. 04897 Roll No. 45790  
MCLE Compliance No. VI-0016565

**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 02 NOV 2022 at Makati City.

  
**DAVID L. KHO**  
Affiant

**SUBSCRIBED AND SWORN TO BEFORE ME**, a Notary Public for and in the City of Makati, this 02 NOV 2022, affiant who personally appeared before me and exhibited his Tax Identification Number 183-459-845.

Doc. No. 34  
Page No. 8  
Book No. 98  
Series of 7072

  
**ATTY. JOSHUA P. LAPUZ**  
Notary Public Makati City  
Until Dec. 31, 2023  
Appointment No. M 019-(2022-2023)  
PTR No. 8852510 Jan. 3, 2022 / Makati  
IBP Lifetime No. 04897 Roll No. 45790  
MCLE Compliance No. VI-0016565



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

**CERTIFICATION**

I, **ANA MARIA A. KATIGBAK**, of legal age, Filipino, with office address at the 3<sup>rd</sup> 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  
\_\_\_\_\_ OCT 12 2022 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 OCT 12 2022 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.

Doc. No. 388  
Page No. 79  
Book No. XIV  
Series of 2022.



  
**PORTIA JESSICA J. MACLAN**  
Appointment No. M-125  
Notary Public for Makati City  
Until December 31, 2023  
Castillo Laman Tan Pantaleon  
& San Jose Law Firm  
The Valero Tower, 122 Valero Street  
Salcedo Village, Makati City  
PTR No. 8853447; 01-03-2022; Makati City  
3P No. 174017; 01-03-2022; Makati Chapter  
CLE No. VII-0014242; valid from 03-31-2022;  
valid until 04-14-2025; Pasig City  
roll No. 73308

**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, 2021 and 2020, 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.

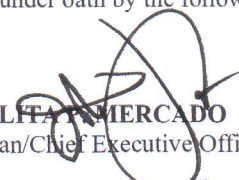
In preparing the financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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

  
**GENER T. MENDOZA**  
President/Chief Operating Officer

  
**FRANCIS NEIL P. MERCADO**  
Treasurer/Chief Financial Officer

Signed this 12<sup>th</sup> day of May 2022

**SUBSCRIBED AND SWORN** to before me in **MAKATI CITY** on **13 MAY 2022**, affiants exhibiting to me their Passports, as follows:

<u>Name</u>	<u>Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Gener T. Mendoza	P7536606A	June 13, 2018	DFA, NCR East
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila

Doc No. 27  
Page No. 6  
Book No. 5  
Series of 2022.

**ATTY. JOSHUA P. LAPUZ**  
**Notary Public Makati City**  
**Until Dec. 31, 2023**  
**Appointment No. M 019-(2022-2023)**  
**PTR No. 8852510 Jan. 3, 2022 / Makati**  
**IBP Lifetime No. 04897 Roll No. 45790**  
**NCLE Compliance No. VI-0016565**

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

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<b>C</b>	<b>R</b>	<b>M</b>	<b>D</b>
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N	/	A	
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## COMPANY INFORMATION

info@ipmholdings.com.ph

**8897-5257**

**09176291365**

114

## 4th Wed of May

December 31

CONTACT PERSON INFORMATION	
NAME	
PHONE	
EMAIL	
ADDRESS	
CITY	
STATE	
ZIP	
COUNTRY	

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

CONTACT PERSON'S ADDRESS	
NAME	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____
PHONE	_____

**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



## 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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, 2021, the Group has outstanding trade receivables amounting to ₱961.86 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), including the impact of coronavirus pandemic, in calculating ECL. Trade receivables of the Group accounts for 63% 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 and practices in place and management's assessment of the impact of the coronavirus pandemic on the counterparties, (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, including the impact of the coronavirus pandemic. 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 ₱98.57 million and ₱72.46 million as of December 31, 2021, 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, 2021, 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, 2021 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.



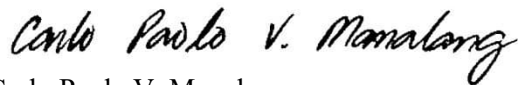
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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. 08-001998-127-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8854327, January 3, 2022, Makati City

May 11, 2022



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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	<b>₱7,088,744</b>	₱36,786,801
Current portion of receivables - net (Notes 5 and 15)	<b>952,750,279</b>	1,016,774,012
Other current assets (Note 6)	<b>12,319,367</b>	5,756,699
Total Current Assets	<b>₱972,158,390</b>	₱1,059,317,512
<b>Noncurrent Assets</b>		
Noncurrent portion of receivables - net (Notes 5 and 15)	<b>39,570,500</b>	20,990,180
Deposits (Note 8)	<b>1,988,034</b>	1,988,034
Investments in an associate and a joint venture (Note 7)	<b>165,273,210</b>	124,194,751
Property and equipment (Note 10)	<b>222,313,441</b>	179,763,140
Investment property (Note 9)	<b>103,261,676</b>	104,642,246
Deferred tax assets (Note 20)	<b>11,332,892</b>	13,096,879
Other noncurrent assets (Note 11)	<b>18,240,255</b>	1,566,000
Total Noncurrent Assets	<b>561,980,008</b>	446,241,230
	<b>₱1,534,138,398</b>	₱1,505,558,742
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loan payable (Note 13)	<b>₱88,000,000</b>	₱90,000,000
Income tax payable	<b>—</b>	5,733,150
Trade and other payables (Note 12)	<b>141,147,700</b>	162,653,771
Total Current Liabilities	<b>229,147,700</b>	258,386,921
<b>Noncurrent Liabilities</b>		
Asset rehabilitation obligation (ARO-liability) (Note 22)	<b>29,078,635</b>	31,958,156
Net pension liability (Note 19)	<b>3,462,309</b>	2,450,524
Total Noncurrent Liabilities	<b>32,540,944</b>	34,408,680
Total Liabilities	<b>261,688,644</b>	292,795,601
<b>Equity</b>		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	<b>690,000,000</b>	690,000,000
Retained earnings (Note 14)	<b>481,878,148</b>	437,766,033
Other reserves (Notes 1 and 19)	<b>(298,885,591)</b>	(298,654,464)
	<b>872,992,557</b>	829,111,569
Noncontrolling interests (Note 2)	<b>399,457,197</b>	383,651,572
Total Equity	<b>1,272,449,754</b>	1,212,763,141
	<b>₱1,534,138,398</b>	₱1,505,558,742

*See accompanying Notes to Consolidated Financial Statements.*



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

	Years Ended December 31		
	2021	2020	2019
<b>REVENUE AND OTHER INCOME</b>			
Service income (Notes 15, 16 and 22)	₱271,678,001	₱247,523,992	₱171,431,267
Equity in net earnings of an associate and a joint venture - net (Note 7)	53,884,320	36,344,541	26,121,167
Rental income (Notes 9, 15 and 22)	3,664,200	11,123,665	54,534,809
Interest income (Notes 4, 8 and 15)	1,192,572	1,224,609	1,430,616
	<b>330,419,093</b>	<b>296,216,807</b>	<b>253,517,859</b>
<b>EXPENSES AND OTHER CHARGES</b>			
Cost of services (Note 17)	225,808,102	193,567,302	91,181,985
General and administrative expenses (Note 18)	34,689,545	42,241,841	42,521,240
Interest expense (Notes 13 and 22)	5,188,437	8,091,402	8,650,216
	<b>265,686,084</b>	<b>243,900,545</b>	<b>142,353,441</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>64,733,009</b>	<b>52,316,262</b>	<b>111,164,418</b>
<b>PROVISION FOR INCOME TAX</b> (Note 20)	<b>4,738,226</b>	<b>8,168,581</b>	<b>29,757,055</b>
<b>NET INCOME</b>	<b>59,994,783</b>	<b>44,147,681</b>	<b>81,407,363</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial losses on defined benefit obligation - net of tax (Note 19)	(308,170)	(239,896)	(212,970)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱59,686,613</b>	<b>₱43,907,785</b>	<b>₱81,194,393</b>
Net income attributable to:			
Equity holders of the parent	₱44,112,115	₱32,316,765	₱60,073,310
Noncontrolling interests	15,882,668	11,830,916	21,334,053
	<b>₱59,994,783</b>	<b>₱44,147,681</b>	<b>₱81,407,363</b>
Total comprehensive income attributable to:			
Equity holders of the parent	₱43,880,988	₱32,136,843	₱59,913,584
Noncontrolling interests	15,805,625	11,770,942	21,280,809
	<b>₱59,686,613</b>	<b>₱43,907,785</b>	<b>₱81,194,393</b>
<b>BASIC/DILUTED EARNINGS PER SHARE</b>			
(Note 21)	₱0.06	₱0.05	₱0.09

*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					Noncontrolling Interests (Note 2)	Total Equity
	Capital Stock (Note 14)	Retained Earnings- Unappropriated (Note 14)	Other Reserves				
			Equity Reserve (Note 1)	Actuarial Gains (Losses) on Defined Benefit Obligation (Note 19)			
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	
Balance as of January 1, 2019	₱690,000,000	₱345,375,958	(₱298,498,391)	₱183,575	₱350,599,821	₱1,087,660,963	
Net income	—	60,073,310	—	—	21,334,053	81,407,363	
Other comprehensive income	—	—	—	(159,726)	(53,244)	(212,970)	
Total comprehensive income	—	60,073,310	—	(159,726)	21,280,809	81,194,393	
At December 31, 2019	₱690,000,000	₱405,449,268	(₱298,498,391)	₱23,849	₱371,880,630	₱1,168,855,356	

*See accompanying Notes to Consolidated Financial Statements.*



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

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱64,733,009</b>	₱52,316,262	₱111,164,418
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 17 and 18)	<b>28,128,753</b>	39,596,410	43,939,549
Interest expense (Notes 13 and 22)	<b>2,917,048</b>	5,820,013	6,540,263
Accretion of ARO-liability (Notes 3 and 22)	<b>—</b>	2,271,388	2,109,953
Net change in pension liability (Notes 18 and 19)	<b>611,067</b>	49,981	479,885
Equity in net earnings of an associate and a joint venture - net (Note 7)	<b>(53,884,320)</b>	(36,344,541)	(26,121,167)
Interest income (Notes 4, 8 and 15)	<b>(1,192,572)</b>	(1,224,609)	(1,430,616)
Operating income before changes in working capital	<b>41,312,985</b>	62,484,904	136,682,285
Decrease (increase) in:			
Receivables	<b>46,623,733</b>	54,524,120	(97,675,703)
Other current assets	<b>(4,869,963)</b>	8,398,723	(2,259,912)
Increase (decrease) in trade and other payables	<b>(21,506,071)</b>	12,332,894	28,251,942
Net cash generated from operations	<b>61,560,684</b>	137,740,641	64,998,612
Interest received	<b>12,252</b>	44,289	250,295
Income tax paid (including creditable withholding tax)	<b>(9,972,713)</b>	(9,860,235)	(33,635,338)
Net cash provided by operating activities	<b>51,600,223</b>	127,924,695	31,613,569
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	<b>(72,506,977)</b>	(97,822,789)	(27,118,852)
Increase in other noncurrent assets (Note 11)	<b>(4,674,255)</b>	(1,566,000)	(6,965,588)
Payment of advances to landowners (Note 11)	<b>(12,000,000)</b>	—	—
Dividends received from an associate (Note 7)	<b>12,800,000</b>	3,200,000	17,600,000
Decrease in deposits	<b>—</b>	—	1,345,364
Net cash used in investing activities	<b>(76,381,232)</b>	(96,188,789)	(15,139,076)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid (Notes 13 and 25)	<b>(2,917,048)</b>	(5,820,013)	(6,540,263)
Payment of bank loan (Notes 13 and 25)	<b>(2,000,000)</b>	—	(6,000,000)
Net cash used in financing activities (Note 25)	<b>(4,917,048)</b>	(5,820,013)	(12,540,263)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(29,698,057)</b>	25,915,893	3,934,230
<b>CASH AT BEGINNING OF YEAR</b>	<b>36,786,801</b>	10,870,908	6,936,678
<b>CASH AT END OF YEAR (Note 4)</b>	<b>₱7,088,744</b>	₱36,786,801	₱10,870,908

*See accompanying Notes to Consolidated Financial Statements.*





# IPM HOLDINGS, INC. AND SUBSIDIARY

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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, 2021 and 2020, 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, 2021, 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.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. 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 11, 2022.



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## 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 loses 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, 2021 and 2020, 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.

	2021	2020
Proportion of equity interests held by NCI	25%	25%
Voting rights held by NCI	25%	25%
Accumulated balances of NCI	<b>₱399,457,197</b>	₱383,651,572
Net income allocated to NCI	<b>15,882,667</b>	11,830,916
Comprehensive income allocated to NCI	<b>15,805,624</b>	11,770,942

#### *Statements of Financial Position*

	2021	2020
Current assets	<b>₱982,682,626</b>	₱1,066,313,189
Noncurrent assets	<b>564,230,008</b>	448,491,230
Total assets	<b>₱1,546,912,634</b>	₱1,514,804,419
Current liabilities	<b>₱228,828,214</b>	₱258,074,763
Noncurrent liabilities	<b>32,540,944</b>	34,408,680
Total liabilities	<b>₱261,369,158</b>	₱292,483,443

#### *Statements of Comprehensive Income*

	2021	2020
Revenue	<b>₱330,579,480</b>	₱296,376,169
Net income attributable to:		
Equity holders of the parent	<b>47,648,000</b>	35,492,748
NCI	<b>15,882,667</b>	11,830,916
Total comprehensive income attributable to		
Equity holders of the parent	<b>46,416,873</b>	35,312,826
NCI	<b>15,805,624</b>	11,770,942



*Statements of Cash Flows*

	2021	2020
Cash flows from (used in):		
Operating activities	<b>₱51,226,318</b>	₱128,063,161
Investing activities	<b>(73,501,709)</b>	(96,188,789)
Financing activities	<b>(7,188,437)</b>	(5,820,013)
Net increase (decrease) in cash and cash equivalents	<b>(₱29,463,828)</b>	₱26,054,359

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, 2021. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*  
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

This amendment is not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships



- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

This amendment is not applicable to the Group.

#### 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, 2022*

- 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*

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

*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, 2021 and 2020, 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 (IPMCD) 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. (see Note 26).



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### 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, 2021 and 2020, 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, 2021 and 2020, 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.

#### *Accounting for PASSI Sanitary Landfill*

The Group has made a judgment that the joint venture agreement on the design, construction, operation and maintenance of PASSI Sanitary Landfill (the Project) with the local government unit (LGU) is not scoped under IFRIC 12, *Service Concession Arrangements*. The Group has assessed that the agreement would be accounted for under PFRS 11, *Joint Arrangements* on the basis that joint control has been established albeit not being explicitly stated in the agreement since the key relevant activities of the Project are subject to approval of both parties. The joint venture agreement will be classified as a joint operation subject to line-by-line consolidation of each party.

The capitalized expenses on the construction costs of the sanitary landfill are recognized by the Group under Property and Equipment – Construction-in-progress (see Note 10).

#### *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 ₱828.23 million and ₱886.80 million are secured by shares of stocks of the Parent Company as of December 31, 2021 and 2020, 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 and ₱13.33 million as of December 31, 2021 and 2020, respectively. The carrying amounts of receivables amounted to ₱952.76 million and ₱1,016.77 million as of December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, the Group's ARO-liability has a carrying value of ₱29.08 million and ₱31.96 million, respectively. For the years ended December 31, 2020 and 2019, the related finance cost recognized to accrete the liability amounted to ₱2.27 million and ₱2.11 million, respectively (nil in 2021) (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, 2021 and 2020, the carrying value of the land used as sanitary landfill, development costs and asset rehabilitation obligation - assets amounted to ₱160.23 million and ₱76.76 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, 2021 and 2020, the Group did not recognize any impairment loss on its nonfinancial assets. As of December 31, 2021 and 2020, the carrying values of the Group's nonfinancial assets are as follows:

	2021	2020
Property and equipment (Note 10)	<b>₱222,313,441</b>	₱179,763,140
Investment property (Note 9)	<b>103,261,676</b>	104,642,246
Other current assets (Note 6)*	<b>12,319,367</b>	5,741,030
Other noncurrent assets (Note 11)	<b>6,240,255</b>	1,566,000

\*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 ₱3.85 million and ₱2.83 million as of December 31, 2021 and 2020, 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, 2021 and 2020, the Parent Company's deferred tax assets have not been recognized in respect of carryforward benefit of NOLCO that are available for offset against future taxable income for three 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, 2021 and 2020, unrecognized deferred tax assets amounted to ₱3.16 million and ₱3.74 million, respectively.

Deferred tax assets as of December 31, 2021 and 2020 amounted to ₱11.33 and ₱13.10 million, respectively (see Note 20).

#### 4. Cash

	2021	2020
Cash on hand	<b>₱97,210</b>	₱87,210
Cash in banks	<b>6,991,534</b>	36,699,591
	<b>₱7,088,744</b>	₱36,786,801

Cash in banks earn interest at the prevailing bank deposit rates.

Interest earned on cash in banks amounted to ₱0.01 million, ₱0.04 million and ₱0.02 million in 2021, 2020 and 2019, respectively.

#### 5. Receivables - net

Current receivables

	2021	2020
Trade receivables		
Related parties (Note 15)	<b>₱914,161,831</b>	₱940,993,733
Local government units (LGUs) (Note 22)	<b>24,032,385</b>	44,761,082
Private entities	<b>23,646,843</b>	23,530,443
	<b>961,841,059</b>	1,009,285,258
Loans receivable (Note 15)	—	17,400,000
Advances to officers and employees	<b>2,392,562</b>	2,304,398
Others	<b>1,839,976</b>	1,113,535
	<b>966,073,597</b>	1,030,103,191
Less allowance for expected credit losses	<b>13,323,318</b>	13,329,179
	<b>₱952,750,279</b>	₱1,016,774,012



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 includes receivables of the Parent Company, fully provided with allowance for expected credit losses.

#### Noncurrent receivables

	2021	2020
Loan receivables – related party (Note 15)	<b>₱31,000,000</b>	₱13,600,000
Interest receivable – related party (Note 15)	<b>8,570,500</b>	7,390,180
	<b>₱39,570,500</b>	₱20,990,180

The rollforward analysis of the Group's allowance for expected credit losses follows:

	Trade	Loans	Advances to officers and employees	Others	Total
<b>2021</b>					
Balance at the beginning of the year:	<b>₱7,042,454</b>	<b>₱5,173,190</b>	<b>₱–</b>	<b>₱1,113,535</b>	<b>₱13,329,179</b>
Provisions (Note 18)	–	–	–	–	–
Recoveries	–	(5,861)	–	–	(5,861)
Balance at end of year	<b>₱7,042,454</b>	<b>₱5,167,329</b>	<b>₱–</b>	<b>₱1,113,535</b>	<b>₱13,323,318</b>
<b>2020</b>					
Balance at the beginning of the year:	<b>₱4,135,048</b>	<b>₱5,173,190</b>	<b>₱–</b>	<b>₱1,113,535</b>	<b>₱10,421,773</b>
Provisions (Note 18)	2,907,406	–	–	–	2,907,406
Balance at end of year	<b>₱7,042,454</b>	<b>₱5,173,190</b>	<b>₱–</b>	<b>₱1,113,535</b>	<b>₱13,329,179</b>

Allowance for expected credit losses as of December 31, 2021 and 2020 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**

	2021	2020
Deferred input VAT	<b>₱5,694,360</b>	₱2,075,282
Input VAT	<b>4,018,421</b>	2,672,313
Prepayments	<b>3,775,531</b>	2,925,739
Creditable withholding taxes	<b>4,532,683</b>	5,898,184
Deposits	<b>269,520</b>	15,669
	<b>18,290,515</b>	13,587,187
Less allowance for impairment losses	<b>5,971,148</b>	7,830,488
	<b>₱12,319,367</b>	₱5,756,699

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:

	2021	2020
Balance at beginning of year	<b>₱7,830,488</b>	₱5,617,659
Provision (reversal) for the year (Note 18)	<b>(1,859,340)</b>	2,212,829
Balance at end of year	<b>₱5,971,148</b>	₱7,830,488

## 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, 2021 and 2020 follow:

	Associate Metro Clark Waste Management Corporation (MCWM)		Joint Venture Ecoedge Resources Corporation (ERC)		Total	
	2021	2020	2021	2020	2021	2020
Cost	<b>₱32,393,358</b>	₱32,393,358	<b>₱51,412,499</b>	₱51,412,499	<b>₱83,805,857</b>	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	<b>91,795,532</b>	50,888,638	<b>(51,406,638)</b>	(43,644,285)	<b>40,388,894</b>	7,244,353
Equity in net earnings (losses) of an associate and a joint venture	<b>53,884,320</b>	44,053,178	<b>(5,861)</b>	(7,760,469)	<b>53,878,459</b>	36,292,709
Other adjustments to equity in net earnings (losses) of an associate and a joint venture	—	53,716	—	(1,884)	—	51,832
Dividends during the year	<b>(12,800,000)</b>	(3,200,000)	—	—	<b>(12,800,000)</b>	(3,200,000)
Balance at end of year	<b>132,879,852</b>	91,795,532	<b>(51,412,499)</b>	(51,406,638)	<b>81,467,353</b>	40,388,894
	<b>₱165,273,210</b>	₱124,188,890	<b>₱—</b>	₱5,861	<b>₱165,273,210</b>	₱124,194,751

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	
	2021	2020	2021	2020
Net assets	<b>₱1,052,957,561</b>	₱796,180,562	<b>(₱8,781,181)</b>	₱9,768
Dividends	<b>(20,000,000)</b>	(20,000,000)	—	—
	<b>1,032,957,561</b>	₱776,180,562	<b>(8,781,181)</b>	9,768
Ownership interest	<b>16%</b>	16%	<b>60%</b>	60%
Carrying value of investment	<b>₱165,273,210</b>	₱124,188,890	—	₱5,861

In 2021, 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 ₱5.23 million as of December 31, 2021.

The adjustment amounting to ₱20.00 million pertains to the dividends declared by MCWM in 2020 but is not yet reflected in the financial statements of MCWM.



### 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):

	2021	2020
Current assets	<b>₱440,844</b>	₱425,809
Noncurrent assets	<b>1,030,451</b>	842,880
Total assets	<b>₱1,471,295</b>	₱1,268,689
Current liabilities	<b>₱305,804</b>	₱327,338
Noncurrent liabilities	<b>112,533</b>	145,170
Total liabilities	<b>₱418,337</b>	₱472,508

	2021	2020	2019
Gross revenue	<b>₱1,307,796</b>	₱1,049,845	₱878,847
Cost and expenses - net	<b>827,242</b>	668,220	581,444
Net profit before income tax	<b>₱480,554</b>	₱381,625	₱297,403
Net profit	<b>₱336,777</b>	₱275,316	₱187,938
Other comprehensive income	—	16	—
Total comprehensive income	<b>₱336,777</b>	₱275,332	₱187,938

For the years ended 2021, 2020 and 2019, the Group's dividend income from investment in an associate amounted to ₱12.80 million, ₱3.20 million, and ₱17.60 million, respectively. As of December 31, 2021 and 2020, the Group's dividend receivables amounted to nil.

### 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):

	2021	2020
Current assets	<b>₱19,201</b>	₱15,995
Noncurrent assets	<b>53,240</b>	61,395
Total assets	<b>₱72,441</b>	₱77,390
Current liabilities	<b>₱81,222</b>	₱41,788
Noncurrent liabilities	—	35,592
Total liabilities	<b>₱81,222</b>	₱77,380



	2021	2020	2019
Revenue and other income	<b>₱5,148</b>	₱4,815	₱7,063
Operating expenses	<b>11,774</b>	16,334	10,513
General and administrative expenses	<b>2,165</b>	2,531	3,092
Loss before income tax	<b>(₱8,791)</b>	(₱14,050)	(₱6,542)
Net loss / Total comprehensive loss	<b>(₱8,791)</b>	(₱12,934)	(₱6,544)

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, 2021 and 2020, 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 amounted to ₱0.23 million in 2019 (nil in 2021 and 2020).

## 9. Investment Property

	2021		
	Land	Condominium Unit	Total
<b>Cost</b>			
Beginning and end of year	<b>₱70,320,000</b>	<b>₱44,762,040</b>	<b>₱115,082,040</b>
<b>Accumulated depreciation</b>			
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
<b>Net book value</b>	<b>₱70,320,000</b>	<b>₱32,941,676</b>	<b>₱103,261,676</b>

	2020		
	Land	Condominium Unit	Total
<b>Cost</b>			
Balance at end of year	<b>₱70,320,000</b>	<b>₱44,762,040</b>	<b>₱115,082,040</b>
<b>Accumulated depreciation</b>			
Balance at beginning of year	–	9,059,224	9,059,224
Depreciation (Note 17)	–	1,380,570	1,380,570
Balance at end of year	–	10,439,794	10,439,794
<b>Net book value</b>	<b>₱70,320,000</b>	<b>₱34,322,246</b>	<b>₱104,642,246</b>



Land pertains to a property located in Taytay, Rizal with currently undetermined use as of December 31, 2021 and 2020.

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, ₱0.80 million and ₱1.98 million in 2021, 2020 and 2019, respectively. Direct costs for investment property pertain to depreciation amounting to ₱1.38 million in 2021, 2020 and 2019 is recognized in cost of services.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2021 and 2020, based on an appraisal made by an independent appraiser who holds a recognized and relevant professional qualifications.

**2021**

	Date of Valuation	Total	Fair value using		
			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

**2020**

	Date of Valuation	Total	Fair value using		
			Quoted priced in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land property	March 22, 2021	₱197,775,000	₱—	₱—	₱197,775,000
Building properties	March 22, 2021	55,141,758	—	—	55,141,758

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. 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.



## 10. Property and Equipment

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
<b>Cost</b>									
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	—	—	—	—	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
<b>Accumulated Depreciation and Amortization</b>									
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
<b>Net Book Value</b>	<b>₱118,009,481</b>	<b>₱21,956,747</b>	<b>₱4,443,335</b>	<b>₱1,902,106</b>	<b>₱72,463,085</b>	<b>₱158,480</b>	<b>₱—</b>	<b>₱3,380,207</b>	<b>₱222,313,441</b>
2020									
	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
<b>Cost</b>									
At January 1	₱56,757,700	₱30,829,613	₱123,814,371	₱4,515,238	₱137,913,893	₱793,187	₱14,202,829	₱—	₱368,826,831
Additions	57,602,960	—	—	—	15,290,483	—	—	24,929,346	97,822,789
Reclassifications (Note 11)	—	—	—	—	—	—	—	6,965,588	6,965,588
At December 31	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
<b>Accumulated Depreciation and Amortization</b>									
At January 1	15,131,043	7,073,174	96,767,390	4,428,223	122,923,841	317,432	8,995,124	—	255,636,228
Depreciation and amortization (Notes 17 and 18)	280,911	899,837	11,413,098	86,835	20,878,958	158,638	4,497,563	—	38,215,840
At December 31	15,411,954	7,973,011	108,180,488	4,515,058	143,802,799	476,070	13,492,687	—	293,852,068
<b>Net Book Value</b>	<b>₱98,948,706</b>	<b>₱22,856,602</b>	<b>₱15,633,883</b>	<b>₱180</b>	<b>₱9,401,577</b>	<b>₱317,117</b>	<b>₱710,141</b>	<b>₱31,894,934</b>	<b>₱179,763,140</b>



The Group's property and equipment have no restrictions nor pledged as security for any liability.

As of December 31, 2021 and 2020, the carrying value of the land used as sanitary landfill (included as part of Land) amounted to ₱98.57 million and ₱66.65 million, respectively. In 2021 and 2020, the Group acquired a land for the expansion of sanitary landfill in Morong, Rizal, amounting to ₱19.05 million and ₱37.13 million, respectively.

#### *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 ₱45.84 million and ₱31.89 million as part of Development Cost in 2021 and 2020, 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, 2021 and for the year then ended, which are consolidated line by line in the financial statements, are as follows:

Current assets	₱1,499,287
Noncurrent assets	60,039,751
Total assets	₱61,539,038
Total current liabilities	₱4,031,452

The noncurrent assets pertain to development cost amounting to ₱60.04 million 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:

Income (Note 15)	₱1,152,441
Cost and expenses	(4,657,679)
Net loss	(₱3,505,238)





## 11. Other Noncurrent Assets

	2021	2020
Advances to landowners	<b>₱12,000,000</b>	<b>₱—</b>
Intangible assets	<b>6,240,255</b>	1,566,000
<b>Total</b>	<b>₱18,240,255</b>	<b>₱1,566,000</b>

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:

- 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;
- 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
- 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

	2021	2020
Trade payables		
Related parties (Note 15)	<b>₱15,505,053</b>	₱31,019,951
Third parties	<b>10,333,101</b>	10,264,953
	<b>25,838,154</b>	41,284,904
Deferred output VAT	<b>103,098,822</b>	107,558,735
Payable to government agencies	<b>10,674,391</b>	12,660,262
Accrued expenses	<b>1,536,333</b>	1,149,870
	<b>₱141,147,700</b>	<b>₱162,653,771</b>

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.



On April 30, 2019, May 24, 2019 and October 29, 2019, BEST paid ₱2.00 million each for the principal amount of the loan. The remaining ₱90.00 million was renewed in 2020 and 2021 and will mature in September 2022.

Principal amount renewed bears interest payable monthly in arrears. Interest from November 21, 2019 to December 20, 2019 (29 days) shall be at 7.00% per annum. Payment of interest shall commence on November 21, 2019 and every month, thereafter until fully paid at prevailing rate. Interest expense on loan payable amounted to ₱5.19 million, ₱5.82 million, and ₱6.54 million and in 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, the outstanding balance of loan payable amounted to ₱88.00 million and ₱90.00 million, respectively. Interest rate is at 5.50% per annum.

The Group paid a portion of the outstanding principal amounting to ₱2.00 million and the remaining balance of ₱88.00 million was extended until September 2022.

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#### 14. Equity

##### Capital Stock

The authorized capital stock of the Parent Company with ₱1 par value per share as of December 31, 2021 and 2020 follows:

**Authorized number of shares:**

At the beginning and end of the year	740,000,000
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**Number of shares issued and outstanding:**

At the beginning and end of the year	690,000,000
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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 and 116 as of December 31, 2021 and 2020, 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 December 31, 2021, 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, 2021 and 2020.



### 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, 2021 and 2020, 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:

	2021	2020
Balance at beginning of year	<b>₱219,432,831</b>	₱216,256,849
Net loss during the year	<b>3,535,885</b>	3,175,982
	<b>₱222,968,716</b>	₱219,432,831

As of December 31, 2021 and 2020, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounting to ₱136.47 million and ₱91.80 million, respectively, and undistributed earnings of its subsidiary amounting to ₱532.34 million and ₱485.18 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, 2021 and 2020.

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## 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:

**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			Noninterest-bearing; on demand	Unsecured, no impairment
JV BEST Inc. & IPMCDC (b)	144,642,857	85,878,424		
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	₱15,519,383	Noninterest-bearing; on demand	Unsecured
Accrued expenses				
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	540,000	–	Noninterest-bearing; on demand	Unsecured
		₱15,519,383		



2020

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱149,463,929	₱243,049,813	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (b)	50,000,000	643,745,655	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (c)	—	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate JV BEST Inc. & IPMCDC (a)	145,848,214	54,145,731	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (d)	53,571	17,847	Noninterest-bearing; on demand	Unsecured, no impairment
		<b>₱940,993,733</b>		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱—	₱31,000,000	Interest-bearing; within five years	Unsecured, no impairment
Interest receivable (Note 5)				
ERC (e)	1,180,320	7,390,180	Within five years	Unsecured, no impairment
		<b>₱38,390,180</b>		
Trade payables (Note 12)				
Shareholder				
IPMCDC (f)	₱11,786,003	₱31,019,951	Noninterest-bearing; on demand	Unsecured
Accrued expenses				
Affiliate				
GNCA Holdings, Inc. (GNCA) (g)	180,000	—	Noninterest-bearing; on demand	Unsecured
BOD (h)	540,000	—	Noninterest-bearing; on demand	Unsecured
		<b>₱31,019,951</b>		

- 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 2021 and 2020, 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 2021, 2020 and 2019 is composed of the following:

	2021	2020	2019
Consultancy (Note 16)	₱—	₱—	₱35,142,857
Equipment rental	<b>1,165,179</b>	7,874,643	52,100,938
Composting (Note 16)	—	9,000,000	12,000,000
	<b>₱1,165,179</b>	<b>₱16,874,643</b>	<b>₱99,243,795</b>

In 2019, the Group's income from consultancy services resulted from the operation and maintenance of Passi Integrated Waste Management Facility.



In 2019, BEST agreed with IPMCDL that receivables will be payable upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDL assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDL 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 from IPMCDL due to be paid in installment until 2023.

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMCDL, the pledged shares will be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMCDL 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, IPMCDL 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. As of and for the year ended December 31, 2021 and 2020, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million and ₱132.59 million, respectively. Receivable from joint venture amounted to ₱85.88 million and ₱54.15 million in 2021 and 2020, 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 from IPMESI due to be paid in installment until 2026.

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 2021 and 2020, BEST collected ₱30.00 million and ₱50.00 million from IPMESI, respectively.

- d. In 2021 and 2020, IPMRDC has not renewed its lease agreement with BEST.
- e. 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.
- f. 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, 2021 and 2020.

For the years ended 2021, 2020 and 2019, interest income earned from the loans amounted to ₱1.18 million each year. Accrued interest receivable amounted to ₱8.57 million and ₱7.39 million as of December 31, 2021 and 2020, respectively.

- g. IPMCDL 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 IPMCDL 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 ₱140.41 million and ₱122.77 million in 2021 and 2020, respectively (see Notes 17 and 22).

- h. 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 2021, 2020 and 2019, 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, 2021 and 2020.
- i. 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 ₱0.62 million, ₱0.54 million, and ₱0.60 million in 2021, 2020 and 2019, 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:

	2021	2020	2019
Salaries and other short-term employee benefits (Notes 17 and 18)	<b>₱11,385,846</b>	₱8,751,507	₱10,028,840
Long-term employee benefits	<b>219,182</b>	216,853	209,541
	<b>₱11,605,028</b>	₱8,968,360	₱10,238,381



# 16. Revenues from Contracts with Customers

	2021	2020	2019
Income from tipping fee	<b>₱94,837,154</b>	₱84,210,770	₱82,931,899
Hauling income	<b>171,789,494</b>	154,313,222	41,356,511
Composting/waste process (Note 15)	—	9,000,000	12,000,000
Consultancy/field services (Note 15)	<b>3,564,876</b>	—	35,142,857
Trash to cashback	<b>1,486,477</b>	—	—
	<b>₱271,678,001</b>	₱247,523,992	₱171,431,267

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. In 2020, BEST reported an income from this agreement which amounted to ₱132.59 million. 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. (see Note 22).

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

	2021	2020	2019
Subcontracting costs (Note 15)	<b>₱140,416,644</b>	₱122,767,857	₱—
Depreciation and amortization (Notes 9 and 10)	<b>25,755,756</b>	37,229,166	41,490,503
Rent (Note 15)	<b>19,650,780</b>	12,874,887	20,579,062
Salaries, wages and employee benefits (Note 15)	<b>12,469,674</b>	9,206,103	10,061,847
Taxes and licenses	<b>11,669,555</b>	595,985	337,971
Fuel and oil (Note 15)	<b>2,451,847</b>	2,805,350	4,439,813
Supplies	<b>1,272,274</b>	342,632	92,030
Transportation and travel	<b>960,478</b>	576,982	10,067
Repairs and maintenance (Note 15)	<b>849,331</b>	1,144,712	11,578,474
Utilities	<b>461,030</b>	292,548	318,511
Materials	<b>175,446</b>	—	—
Others	<b>9,675,287</b>	5,731,080	2,273,707
	<b>₱225,808,102</b>	₱193,567,302	₱91,181,985





Others include professional fees, management fees, bid expenses and documentation fees.

# 18. General and Administrative Expenses

	2021	2020	2019
Salaries, wages and employee benefits (Note 15)	<b>₱11,969,245</b>	₱12,723,434	₱12,818,226
Taxes and licenses	<b>9,704,499</b>	12,467,494	11,567,863
Depreciation and amortization (Note 10)	<b>2,372,996</b>	2,367,244	2,449,046
Entertainment amusement and recreation	<b>1,405,840</b>	789,939	1,321,081
Professional fees	<b>1,313,238</b>	3,997,385	3,798,472
Advertising and promotion	<b>821,510</b>	627,319	869,908
Repairs and maintenance	<b>718,061</b>	483,166	760,019
Directors' fee (Note 15)	<b>620,000</b>	540,000	600,000
Pension expense (Note 19)	<b>611,067</b>	549,981	479,885
Stock exchange listing fee	<b>559,125</b>	501,575	690,982
Utilities (Note 15)	<b>501,777</b>	480,558	697,373
Office supplies and printing costs	<b>479,535</b>	439,429	368,079
Rent (Note 15)	<b>231,163</b>	147,411	74,545
Provision for impairment losses (Notes 5 and 6)	<b>185,105</b>	5,120,235	1,468,528
Transportation and travel	<b>138,191</b>	143,271	777,631
Insurance	<b>31,003</b>	10,416	16,570
Seminars and trainings	<b>28,000</b>	21,000	52,090
Others	<b>2,999,190</b>	831,984	3,710,942
	<b>₱34,689,545</b>	₱42,241,841	₱42,521,240

# 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, 2021.



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:

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
<i>Benefit cost in profit or loss</i>			
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
<i>Remeasurements in other comprehensive income</i>			
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

2020			
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱2,834,500	(₱378,318)	₱2,057,834
<i>Benefit cost in profit or loss</i>			
Current service cost (Note 18)	452,028	–	452,028
Net interest expense (income) (Note 18)	115,961	(18,008)	97,953
	567,989	(18,008)	549,981
	3,004,141	(396,326)	2,607,815
<i>Remeasurements in other comprehensive income</i>			
Remeasurement loss - return on plan asset	–	12,350	12,350
Actuarial loss - changes in financial assumptions	215,128	–	215,128
Actuarial loss - changes in experience	115,231	–	115,231
	330,359	12,350	342,709
<i>Benefits paid directly by the Group</i>	(500,000)	–	(500,000)
At December 31	₱2,834,500	(₱383,976)	₱2,450,524

Remeasurement loss on defined benefit obligations, presented in OCI are as follows:

	2021	2020
Actuarial loss	(₱400,718)	(₱342,709)
Less tax effect	92,548	102,813
Actuarial loss recorded in OCI	(₱308,170)	(₱239,896)

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 ₱1,226 and ₱5,658 in 2021 and 2020, respectively.



The Group did not make any contribution in 2021 and 2020 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:

	2021	2020
Discount rate	4.85%	3.52%
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:

	Change in variable	Increase (decrease) in present value of defined benefit obligation	
		2021	2020
Discount rate	+100 bps	(P175,039)	(P176,008)
	-100 bps	197,387	200,162
Salary increase rate	+100 bps	201,163	201,242
	-100 bps	(181,321)	(180,128)

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, 2021 and 2020, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2021	2020
Less than 1 year	P1,863,799	P715,190
More than 1 year to 5 years	2,645,490	987,068
More than 5 years to 10 years	548,502	2,591,930
	<b>P5,057,791</b>	<b>P4,294,188</b>

## 20. Income Tax

The provision for income tax recognized in profit or loss consists of:

	2021	2020	2019
Current	P2,879,303	P9,902,892	P31,635,032
Final	2,385	8,858	49,872
Deferred	1,856,538	(1,743,169)	(1,927,849)
	<b>P4,738,226</b>	<b>P8,168,581</b>	<b>P29,757,055</b>



The provision for current income tax represents regular corporate income tax of BEST in 2021 and 2020. The components of the Parent Company's unrecognized deferred tax assets follow:

	2021	2020
NOLCO	<b>₱9,730,588</b>	₱9,411,481
Allowance for impairment losses	<b>1,066,172</b>	1,066,172
	<b>10,796,760</b>	10,477,653
Tax rate	<b>25%</b>	30%
	<b>₱2,699,190</b>	₱3,143,296

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. BEST did not recognize deferred tax assets on provision for expected credit losses and impairment losses in 2020 amounting to ₱2.90 million with tax effect of ₱0.87 million. 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:

	2021	2020
<b>Presented in profit or loss</b>		
Allowance for expected credit losses	<b>₱1,962,435</b>	₱2,806,679
ARO-asset	<b>3,915,517</b>	4,047,807
ARO-liability	<b>4,438,832</b>	5,326,599
Net pension liability	<b>877,782</b>	870,019
	<b>11,194,566</b>	13,051,104
<b>Presented in other comprehensive income</b>		
Actuarial changes on defined benefit obligation	<b>138,326</b>	45,775
Net deferred tax assets	<b>₱11,332,892</b>	₱13,096,879

The reconciliation between the statutory income tax and the effective income tax follows:

	2021	2020	2019
At statutory tax rate	<b>₱16,183,252</b>	₱16,567,101	₱33,349,325
Add (deduct) tax effects of:			
Nondeductible expense	<b>1,800,572</b>	1,014,298	3,211,653
Effect of change in tax rate	<b>(590,025)</b>	—	—
Expired NOLCO	<b>736,957</b>	795,912	934,311
Change in unrecognized deferred tax assets	<b>79,776</b>	85,727	123,145
Interest income subjected to final tax	<b>(1,226)</b>	(4,429)	(25,029)
Equity in net earnings of an associate and a joint venture	<b>(13,471,080)</b>	(10,903,362)	(7,836,350)
Provision for impairment	—	613,334	—
Effective income tax	<b>₱4,738,226</b>	₱8,168,581	₱29,757,055



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, 2021, 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
2019	₱3,524,852	₱–	₱–	₱3,524,852	2022
2018	2,947,829	–	2,947,829	–	2021
	<b>₱6,472,681</b>	<b>₱–</b>	<b>₱2,947,829</b>	<b>₱3,524,852</b>	

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	₱3,266,934	₱–	₱–	₱3,266,934	2026
2020	2,938,801	–	–	2,938,801	2025
	<b>₱6,205,735</b>	<b>₱–</b>	<b>₱–</b>	<b>₱6,205,735</b>	

## 21. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	2021	2020	2019
Net income attributable to equity holders of the parent company (a)	<b>₱44,112,115</b>	₱32,316,765	₱60,073,310
Weighted average number of outstanding common share (b)	<b>690,000,000</b>	690,000,000	690,000,000
Basic earnings per share (a/b)	<b>₱0.06</b>	₱0.05	₱0.09

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, 2021 and 2020, the Group has the following contractual commitments:

- The Group has entered into a contractual agreement with IPMCD, the ultimate parent, to undertake the following:
  - a. Composting of waste materials from Pasig City and Pasay City that is being renewed every year. Income from composting amounted to ₱9.00 million and ₱12.00 million in 2020 and



2019, respectively (see Note 15). As of December 31, 2021 and 2020, there were no remaining contractual obligations.

- b. Consultancy and field services in IPMCDC's Materials Recovery Facility (MRF) that is being renewed every year. In July 2015, the Group entered into new consultancy services contracts with IPMCDC for the monitoring of efficiency of the latter's operation and compliance with rules and regulations on IPMCDC's contract with several local cities. In 2020, the Group has no income from consultancy services due to the end of the contract with IPMCDC. The Group recognized income amounting ₱3.56 million in 2021, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).
- c. 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, 2022. 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. As of and for the year ended December 31, 2021 and 2020, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million and ₱132.59 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, 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 ₱140.41 million and ₱122.77 million in 2021 and 2020, 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 1, 2019 until June 30, 2021 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2021, 2020 and 2019 from this agreement amounted to ₱2.45 million, ₱2.45 million and ₱1.63 million, respectively.
- 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, 2021 and 2020, the amount of income recognized by the Group and outstanding balance per municipality follow:

Municipality	Income (in millions)			Outstanding Balance (in millions)		
	2021	2020	2019	2021	2020	2019
Binangonan, Rizal	<b>₱37.93</b>	₱32.91	₱29.92	<b>₱3.93</b>	₱6.52	₱5.67
Angono, Rizal	<b>14.52</b>	12.90	17.30	<b>3.06</b>	11.11	10.84
Teresa, Rizal	<b>7.52</b>	5.27	5.98	<b>1.86</b>	5.81	2.72
Baras, Rizal	<b>7.15</b>	6.72	5.80	<b>1.40</b>	1.22	5.47
Tanay, Rizal	<b>6.93</b>	5.37	5.46	<b>2.41</b>	1.88	1.04
Pililla, Rizal	<b>6.25</b>	5.09	3.80	<b>1.75</b>	1.70	0.57
Morong, Rizal	<b>3.78</b>	5.92	3.44	<b>4.39</b>	12.09	2.97
Cardona, Rizal	<b>3.20</b>	2.91	2.85	<b>1.41</b>	1.42	1.56
Jalajala, Rizal	<b>1.37</b>	1.18	1.11	<b>0.35</b>	0.25	0.49
Taytay, Rizal	—	—	—	<b>2.73</b>	2.73	2.74
Pangil, Laguna	—	—	—	<b>0.24</b>	0.03	—
	<b>₱88.65</b>	₱78.27	₱75.66	<b>₱23.53</b>	₱44.76	₱34.07

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 contracts 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 2020, 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 August 2016. Under this agreement, the Group allows these municipalities to dump residual wastes to its landfill in Morong. The agreement took effect on September 1, 2016 and shall end on June 30, 2019 unless sooner terminated. The Group renewed its contract with Teresa on July 1, 2019 with no changes in the terms and conditions from the previous contract. The Group renewed its contract with Teresa on March 9, 2020 with changes in the terms and conditions from the previous contract.

In 2020 and 2019, the amount of income recognized by the Group from these contractual commitments amounted to ₱78.27 million and ₱75.66 million, respectively, lodged under "Service Income" of the statements of comprehensive income of the Group. As of December 31, 2020 and 2019, outstanding balance of receivables from LGUs amounted to ₱44.76 million and ₱34.07 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, 2021 and 2020, the Group's ARO-liability has a carrying value of ₱29.08 million and ₱31.96 million, respectively.

For the period ended December 31, 2020 and 2019, the related interest expense recognized to accrete the liability amounted to ₱2.27 million, ₱2.11 million, respectively (nil in 2021). In 2020 and 2019, nondeductible amortization expenses resulted to recognition of deferred tax asset amounting to ₱0.68 million and ₱0.63 million, respectively (nil in 2021). The corresponding ARO-Asset amounted to ₱11.32 million with accumulated amortization amounting to ₱11.32 million as of December 31, 2021 and ₱14.20 million with accumulated amortization amounting to ₱13.49 million as of December 31, 2020 (see Note 10).

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## 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:

## 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	—	—	—
Private Entities	23,646,843	—	5,855,082	—
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	₱54,405,150	₱914,161,831

\*Excluding cash on hand.

## 2020

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱36,699,591	₱—	₱36,699,591	₱—
Receivables:				
Trade				
Related parties	940,993,733	1,214,918,285	—	940,993,733
LGUs	41,207,144	—	41,207,144	—
Private Entities	13,755,202	—	13,755,202	—
Loan	31,000,000	—	31,000,000	—
Interest	7,390,180	—	7,390,180	—
Deposits	1,988,034	—	1,988,034	—
	₱1,073,033,884	₱1,214,918,285	₱132,040,151	₱940,993,733

\*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 from IPMESI due to be paid in installment until 2026. 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.

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 from IPMCDC due to be paid in installment until 2023.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as December 31, 2021 and 2020 amounted to ₱1,077.38 million and ₱1,214.92 million, 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, 2021 and 2020.



*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:

	2021			
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
<b>Financial Assets at Amortized Cost</b>				
Cash*	<b>₱6,991,534</b>	<b>₱6,991,534</b>	<b>₱-</b>	<b>₱-</b>
Receivables				
Trade	<b>961,841,059</b>	<b>40,211,520</b>	<b>912,663,928</b>	<b>8,965,611</b>
Loans	<b>31,000,000</b>	<b>-</b>	<b>31,000,000</b>	<b>-</b>
Interest	<b>8,570,500</b>	<b>-</b>	<b>8,570,500</b>	<b>-</b>
Deposits	<b>1,988,034</b>	<b>1,988,034</b>	<b>-</b>	<b>-</b>
	<b>₱1,010,391,127</b>	<b>₱49,191,088</b>	<b>₱952,234,428</b>	<b>₱8,965,611</b>

\*excluding cash on hand

	2020			
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
<b>Financial Assets at Amortized Cost</b>				
Cash*	<b>₱36,699,591</b>	<b>₱36,699,591</b>	<b>₱-</b>	<b>₱-</b>
Receivables				
Trade	<b>1,009,285,258</b>	<b>40,211,520</b>	<b>960,108,127</b>	<b>8,965,611</b>
Loans	<b>31,000,000</b>	<b>-</b>	<b>31,000,000</b>	<b>-</b>
Interest	<b>7,390,180</b>	<b>-</b>	<b>7,390,180</b>	<b>-</b>
Deposits	<b>1,988,034</b>	<b>1,988,034</b>	<b>-</b>	<b>-</b>
	<b>₱1,086,363,063</b>	<b>₱78,899,145</b>	<b>₱998,498,307</b>	<b>₱8,965,611</b>

\*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, 2021 and 2020 based on contractual undiscounted payments:

	2021				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	
<b>Financial assets</b>					
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
	2020				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	
<b>Financial liabilities</b>					
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
	2020				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	
<b>Financial assets</b>					
At amortized cost					
Cash	₱36,786,801	₱–	₱–	₱–	₱36,786,801
Receivables:					
Trade	24,347,134	62,850,308	922,087,816	–	1,009,285,258
Loan	–	–	17,400,000	13,600,000	31,000,000
Interest	–	–	–	7,390,180	7,390,180
Deposits	–	–	–	1,988,034	1,988,034
	₱61,133,935	₱62,850,308	₱939,487,816	₱22,978,214	₱1,086,450,273
<b>Financial liabilities</b>					
Trade and other payables (excluding payable to government agencies)	₱–	₱42,434,774	₱–	₱–	₱42,434,774
Loan payable	–	–	90,000,000	–	90,000,000
	₱–	₱42,434,774	₱90,000,000	₱–	₱132,434,774

### 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 ₱1,270.40 million and ₱1,212.76 million as of December 31, 2021 and 2020, 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, 2021 and 2020. The fair value of the noncurrent loan receivables as of December 31, 2021 and 2020 amounted to



₱28.31 million and ₱12.42 million, respectively, discounted using the Bloomberg Valuation (BVAL) rates. The carrying amount of the noncurrent loan receivables as of December 31, 2021 and 2020 amounted to ₱31.00 million and ₱13.60 million, respectively

#### Fair Value Hierarchy

As of December 31, 2021 and 2020, 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:

	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
	2020				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱—	₱258,647,657	₱258,647,657	₱—	₱258,647,657
Intersegment revenue	—	160,714	160,714	(160,714)	—
Interest income	1,352	1,223,257	1,224,609	—	1,224,609
Equity earnings	—	36,344,541	36,344,541	—	36,344,541
Interest expense	—	8,091,402	8,091,402	—	8,091,402
Income (loss) before tax	(3,175,713)	55,491,975	52,316,262	—	52,316,262
Provision for income tax	270	8,168,311	8,168,581	—	8,168,581
Net income (loss)	(3,175,983)	47,323,664	44,147,681	—	44,147,681
Segment assets	485,879,324	1,514,804,418	2,000,683,742	(495,125,000)	1,505,558,742
Segment liabilities	15,312,154	292,483,447	307,795,601	(15,000,000)	292,795,601
Depreciation and amortization	—	39,596,410	39,596,410	—	39,596,410
Revenue and other income					
Revenue from external customers	—	225,966,076	225,966,076	—	225,966,076
Intersegment revenue	—	160,714	160,714	(160,714)	—
Interest income	934	1,429,682	1,430,616	—	1,430,616
Equity earnings	—	26,121,167	26,121,167	—	26,121,167
Interest expense	—	8,650,216	8,650,216	—	8,650,216
Income (loss) before tax	(3,928,660)	115,093,078	111,164,418	—	111,164,418
Provision for income tax	187	29,756,868	29,757,055	—	29,757,055
Net income (loss)	(3,928,847)	85,336,210	81,407,363	—	81,407,363



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 ₱145.81 million, ₱141.75 million and ₱99.24 million in 2021, 2020 and 2019, respectively.

## 25. Notes to Consolidated Statements of Cash Flows

Rollforward of liabilities under financing activities as of December 31, 2021 and 2020 as follows:

### 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)	–
	<b>₱90,000,000</b>	<b>₱2,917,048</b>	<b>(₱4,917,048)</b>	<b>₱88,000,000</b>

### 2020

	January 1, 2020	Non-cash change	Cash flows	December 31, 2020
Loan payable	₱90,000,000	₱–	₱–	₱90,000,000
Interest payable	–	5,820,013	(5,820,013)	–
	<b>₱90,000,000</b>	<b>₱5,820,013</b>	<b>(₱5,820,013)</b>	<b>₱90,000,000</b>

In 2021 and 2020, the non-cash changes in interest payable pertains to interest expenses amounting to ₱2.92 million and ₱5.82 million, respectively (see Notes 13 and 22).

## 26. Events After the Reporting Date

In March 2022, management executed a memorandum of agreement (MOA) for the extension and restructuring of the receivables from related parties (see Note 15).

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMCDC, IPMESI and IPMRDC 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.

The latest MOA is considered as a non-adjusting subsequent event so the outstanding receivables are considered due and demandable as of December 31, 2021.

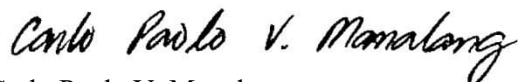


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 11, 2022. 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  
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. 08-001998-127-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8854327, January 3, 2022, Makati City

May 11, 2022

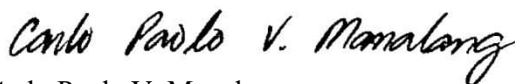


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 11, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



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. 08-001998-127-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8854327, January 3, 2022, Makati City

May 11, 2022



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying parent company financial statements of IPM Holdings, Inc. (the Parent Company) as of and for the year ended December 31, 2021, on which we have rendered the attached report dated May 11, 2022.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the above Parent Company has one hundred six (106) stockholders owning one hundred (100) or more shares each.

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. 08-001998-127-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8854327, January 3, 2022, Makati City

May 11, 2022





**IPM HOLDINGS, INC. AND SUBSIDIARY**  
**Schedule A - Financial Assets**  
**December 31, 2021**

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		7,088,744	7,088,744	
Trade receivables		961,841,059	961,841,059	
Loan receivables		31,000,000	31,000,000	
Interest		8,570,500		8,570,500
Deposits		1,988,034	1,988,034	
		<b>1,010,488,337</b>	<b>1,001,917,837</b>	<b>8,570,500</b>

**IPM HOLDINGS, INC. AND SUBSIDIARY**

**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)  
December 31, 2021**

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not Current	Balance at end of period
			Amounts collected (ii)	Amounts written off (iii)			
Trade	940,993,733	160,921,060	187,752,962	-	914,161,831	-	914,161,831
Loans receivable	31,000,000	-	-	-	-	31,000,000	31,000,000
Advances to officers & employees	2,304,398	5,814,118	5,725,954	-	2,392,562	-	2,392,562
Interest receivable	7,390,180	1,180,320	-	-	-	8,570,500	8,570,500
	<b>981,688,311</b>	<b>167,915,498</b>	<b>193,478,916</b>	<b>-</b>	<b>916,554,393</b>	<b>39,570,500</b>	<b>956,124,893</b>

**IPM HOLDINGS, INC. AND SUBSIDIARY****Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements****December 31, 2021**

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.	15,160,714	3,300,000	160,714		18,300,000		18,300,000
	<b>15,160,714</b>	<b>3,300,000</b>	<b>160,714</b>	<b>-</b>	<b>18,300,000</b>	<b>-</b>	<b>18,300,000</b>

**IPM HOLDINGS, INC. AND SUBSIDIARY**

**Schedule D- Intangible Assets - Other Assets**

**December 31, 2021**

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	<b>1,566,000</b>	6,809,875		-	(2,135,620)	6,240,255
	<b>1,566,000</b>	<b>6,809,875</b>	-	-	<b>(2,135,620)</b>	<b>6,240,255</b>

**IPM HOLDINGS, INC. AND SUBSIDIARY**

**Schedule E- Long Term Debt**

**December 31, 2021**

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)
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None

**IPM HOLDINGS, INC. AND SUBSIDIARY**

**Schedule F- Indebtedness to Related Parties (Long-Term Loans from Related Companies)**

**December 31, 2021**

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, 2021**

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)
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None

IPM HOLDINGS, INC. AND SUBSIDIARY  
Schedule H - Capital Stock  
December 31, 2021

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
	<b>740,000,000</b>	<b>690,000,000</b>		<b>470,000,000</b>	<b>2,333,800</b>	<b>217,666,200</b>



**IPM HOLDINGS, INC. AND SUBSIDIARY**

**Supplementary Schedule of Deficit of the Parent Company**

**December 31, 2021**

Unappropriated deficit, as adjusted, beginning	219,432,831
Net loss during the period closed to deficit	3,535,886
Unappropriated deficit, as adjusted, ending	<u><u>222,968,717</u></u>

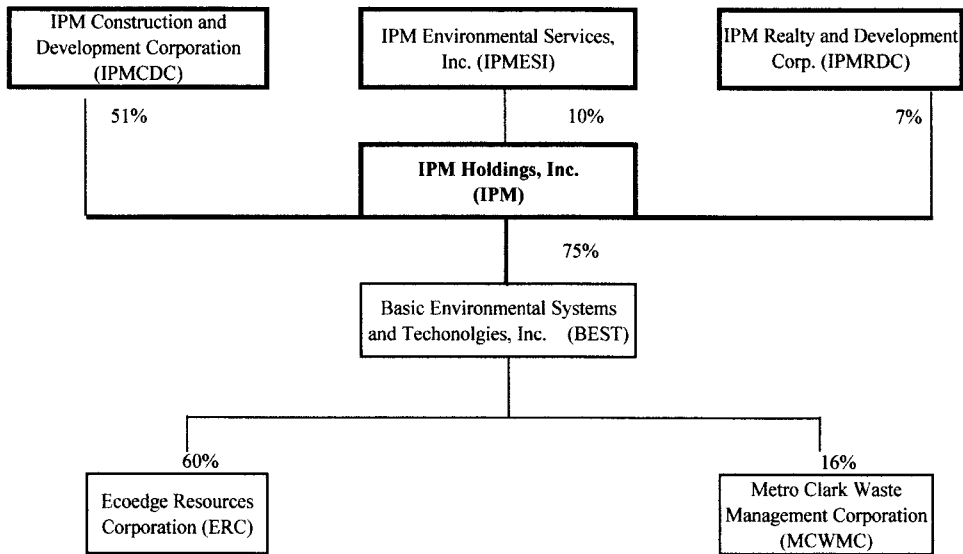
**IPM HOLDINGS, INC. AND SUBSIDIARY**
**Financial Soundness Indicators**
**December 31, 2021**

FSI	Calculation	Years Ended December 31	
		2021	2020
Current Ratio	Current Assets/Current Liabilities	<b>4.24x</b>	4.10x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	<b>4.19x</b>	4.08x
Solvency Ratio	Total Assets/Total Liabilities	<b>5.86x</b>	5.14x
Debt Ratio	Total Debts/Total Assets	<b>0.17x</b>	0.19x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	<b>0.21x</b>	0.24x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	<b>13.48x</b>	7.47x
Asset to Equity Ratio	Assets/Stockholders' Equity	<b>1.21x</b>	1.24x
Gross Profit Margin	Gross Profit/Net Sales	<b>0.18</b>	0.25
Net Profit Margin	Net Income/Revenues	<b>0.22</b>	0.17
Return on Assets	Net Income/Total Assets	<b>0.04</b>	0.03
Return on Equity	Net Income/Total Stockholders' Equity	<b>0.05</b>	0.04
Book Value per share	Total Assets – Total Liabilities/ Outstanding Shares	<b>1.84</b>	1.76
Net Income per Share	Net Income/Outstanding Shares	<b>0.09</b>	0.06
Net Income per Share- Parent	Net Income/Outstanding Shares	<b>0.06</b>	0.05

**31-Dec-2021**
**31-Dec-2020**

Current Ratio	972,158,390/229,147,701	1,059,317,512/258,386,921
Quick Ratio	959,839,023/229,147,701	1,053,560,813/258,386,921
Solvency ratio	1,534,138,398/261,688,644	1,505,558,742/292,795,601
Debt Ratio	261,688,644/1,534,138,398	292,795,601/1,505,558,742
Debt-to-Equity Ratio	261,688,644/1,272,449,754	292,795,601/1,212,763,141
Interest Coverage Ratio	69,921,446/5,188,437	60,407,664/8,091,402
Asset to Equity Ratio	1,534,138,398/1,272,449,754	1,505,558,742/1,212,763,141
Gross Profit Margin	49,534,099/275,342,201	65,080,355/258,647,657
Net Profit Margin	59,994,783/275,342,201	44,147,681/258,647,657
Return on Asset	59,994,783/1,534,138,398	44,147,681/1,505,558,742
Return on Equity	59,994,783/1,272,449,754	44,147,681/1,212,763,141
Book Value/Share	1,272,449,754/690,000,000	1,212,763,141/690,000,000
Net Income per Share	59,994,783/690,000,000	44,147,681/690,000,000
Net Income per Share-Parent	44,112,115/690,000,000	32,316,765/690,000,000

**MAP OF IPM HOLDINGS, INC.**  
**Group of Companies**



# COVER SHEET

AS095-008557

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  
Contact Person

8817 6791/8897-5257  
Company Telephone Number

1 2  
Month Day  
Fiscal Year

3 1  
Day

SEC Form 17-Q  
September 30, 2022  
FORM TYPE  
Annual Meeting

4<sup>th</sup> Wed of May  
Month Day

Secondary License Type, If Applicable

C F D  
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended: September 30, 2022
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) 8897-5257/8817-6791  
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 ☒ No ☐

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

Yes ☒ 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 Company, 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 operation of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the Company. The facility was opened in 2021.

As of September 30, 2022, the Company 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.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. 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 September 30, 2022.

#### **Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021**

##### **Income**

Total consolidated revenues for the nine-month period ending September 30, 2022 amounted to Php255.04 million, up by Php10.15 million or 4% from the Php244.90 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php19.83 million or 10% from the Php201.29 million in 2021 to Php221.11 million posted in 2022. 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 - Increased by Php1.40 million or 48% from Php2.95 million in 2021 to Php4.35 million in 2022. This is attributable mainly to the increase in rental income from equipment and trucks which are now being used for its own hauling activities.
- Equity in Net Earnings of an Associate and a Joint Venture – Decreased by Php11.12 million from Php39.76 million in 2021 to 28.64 million in 2022. This is due to the decrease in its equity share in the net income of an associate.

### Expenses

Total consolidated expenses for the first nine months of 2022 amounted to Php202.83 million, up by Php12.54 million or 7% from the Php190.29 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php176.48 million, higher by Php12.91 million or 8% from the Php163.58 million reported in the same period of 2021. 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, and surcharge for fuel and oil.
- General and Administrative Expenses – At Php22.69 million in the same period of 2022 and 2021.
- Interest Expense - Decreased by Php0.37 million or 9%, from Php4.03 million in 2021 to Php3.65 million posted in 2022. This is mainly due to the lower interest expense on bank loans.

### Net Income

The first nine months of 2022 resulted to a net income of Php45.91 million, which decreased by Php3.51 million or 7% from the Php49.41 million in the same period of 2021. This is mainly due to the decrease in equity share in the net income of an associate.

### Liquidity and Capital Resources

For the first nine months of 2022, net cash provided by operating activities amounted to Php14.24 million as compared to Php39.67 million in 2021. This is mainly due to the decrease in trade and other payables.

Net cash used in investing activities amounted to Php3.69 million in the first nine months of 2022 as compared to Php63.33 million in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.

Net cash used in financing activities amounted to Php5.65 million in the first nine months of 2022 as compared to Php4.03 million in 2021, the said amounts representing payment of bank loans and interest.

### **Third Quarter Ended September 30, 2022 Compared to Third Quarter Ended September 30, 2021**

Total consolidated revenues for the third quarter ending September 30, 2022 amounted to Php103.55 million, which slightly decreased by Php3.45 million or 3% from the Php107.00 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php7.09 million or 11% from the Php65.88 million in 2021 to Php72.97 million posted in 2022. 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 - Increased by Php0.54 million or 51%, from the Php1.05 million in 2021 to Php1.59 million in 2022. This is attributable 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 – Decreased by Php11.12 million from Php39.76 million to 28.64 million in 2022. This is due to the decrease in its equity share in the net income of an associate.

#### Expenses

Total consolidated expenses for the third quarter ending September 30, 2022 amounted to Php70.83 million, which increased by Php3.77 million or 6% from the Php67.06 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php60.42 million, which is Php4.87 million or 9% higher than the Php55.56 million in 2021. 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, and surcharge for fuel and oil.
- General and Administrative Expenses – Decreased by Php1.07 million or 10% higher than the Php10.25 million in 2021 to Php9.18 million in 2022. This is attributable mainly to the decrease in taxes and licenses and professional fees.
- Interest Expense – Slightly decreased by Php0.03 million or 2%, from Php1.25 million in 2021 to Php1.22 million posted in 2022.

#### Net Income

The third quarter of 2022 resulted in a net income of Php31.56 million, a decrease of Php7.13 million or 18% from the Php38.69 million in 2021 to Php31.56 million in the same period of 2021. This is mainly due to the decrease in equity share in the net income of an associate.

#### Liquidity and Capital Resources

For the third quarter of 2022, net cash provided by operating activities amounted to Php2.43 million as compared to Php1.19 million in the same period 2021. This is mainly due to the decrease in other current assets and trade and other payables.

Net cash provided by investing activities amounted to Php1.38 million in the third quarter of 2022 as compared to Php23.28 million net cash used in investing activities in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.



Net cash used in financing activities amounted to Php2.22 million in the third quarter of 2022 as compared to Php1.25 million in the same period of 2021, the said amounts representing payment of bank loans and interest.

**Financial Position as of September 30, 2022 Compared to Financial Position as of December 31, 2021**

<b>Statements of financial position data</b>	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>	<b>% Inc/(Dec)</b>
Total Current Assets	<b>979,443,342</b>	972,158,390	0.75%
Total Assets	<b>1,559,093,862</b>	1,534,138,398	1.63%
Total Current Liabilities	<b>208,182,439</b>	229,147,700	(9.15%)
Total Liabilities	<b>240,040,944</b>	261,688,644	(8.20%)
Total Stockholders' Equity	<b>1,318,870,479</b>	1,272,449,754	3.65%

The Company's consolidated total assets slightly increased by Php24.96 million or 1.63%, from Php1,534.14 million as of December 31, 2021 to Php1,559.09 million as of September 30, 2022.

- Cash and cash equivalents increased by Php4.90 million or 69.14%, from Php7.09 million as of December 31, 2021 to Php11.99 million as of September 30, 2022. The increase is mainly due to the collection of receivables.
- Trade and other receivables posted a slight decreased of 1.03% from 952.75 million as of December 31, 2021 to Php942.94 million as of September 30, 2022.
- Other current assets increased by Php12.19 million or 98.97% from Php12.32 million as of December 31, 2021 to Php24.51 million as of September 30, 2022 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City and prepaid income tax.
- Noncurrent assets slightly decreased by 3.14% from Php561.98 million as of December 31, 2021 to Php579.65 million as of September 30, 2022.

Total consolidated liabilities decreased by 8.20%, from Php261.69 million as of December 31, 2021 to Php240.22 million as of September 30, 2022.

Total stockholders' equity slightly increased by 3.65%, from Php1,272.45 million as of December 31, 2021 to Php1,318.87 million as of September 30, 2022, reflecting the income for the current year.

Current ratio increased from 4.24x as of December 31, 2021 to 4.70x as of September 30, 2022; net working capital increased to Php771.26 million as of September 30, 2022 versus the Php743.01 million as of December 31, 2021.

## Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	30-Sep-2022	31-Dec-2021
Current Ratio (1)	Current Assets/Current Liabilities	<b>4.70x</b>	4.24x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	<b>4.59x</b>	4.19x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	<b>0.18x</b>	0.17x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	<b>1.91</b>	1.84
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	<b>0.07</b>	0.09

	<u>30-Sep-2022</u>	<u>December 31, 2021</u>
(1) Current Ratio	979,443,342/208,182,439	972,158,390/229,147,701
(2) Quick Ratio	954,930,909/208,182,439	959,839,023/229,147,701
(3) Debt to Equity	240,223,383/1,318,870,479	261,688,644/1,272,449,754
(4) Book Value/Share	1,318,870,479/690,000,000	1,272,449,754/690,000,000
(5) Income per Share	45,906,243/690,000,000	59,994,783/690,000,000

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

- 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.
- 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.
- 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 except as mentioned in the Notes to Financial Statements No 5.

## **PART II – OTHER INFORMATION**

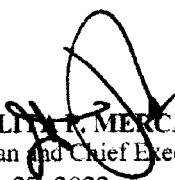
The issuer may, at its option, report under this item any information not previously reported in a report on SEC 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information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

Not Applicable

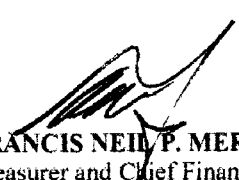
## SIGNATURES

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 R. MERCADO**  
Chairman and Chief Executive Officer  
October 27, 2022



**FRANCIS NEIL P. MERCADO**  
Treasurer and Chief Financial Officer  
October 27, 2022

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

	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	<b>₱11,989,894</b>	₱7,088,744
Current portion of receivables - net (Notes 5 and 15)	<b>942,941,015</b>	952,750,279
Other current assets (Note 6)	<b>24,512,433</b>	12,319,367
Total Current Assets	<b>₱979,443,342</b>	₱972,158,390
<b>Noncurrent Assets</b>		
Noncurrent portion of receivables - net (Notes 5 and 15)	<b>40,455,740</b>	39,570,500
Deposits (Note 8)	<b>1,988,034</b>	1,988,034
Investments in an associate and a joint venture (Note 7)	<b>180,318,095</b>	165,273,210
Property and equipment (Note 10)	<b>222,030,277</b>	222,313,441
Investment property (Note 9)	<b>102,226,248</b>	103,261,676
Deferred tax assets (Note 20)	<b>10,248,202</b>	11,332,892
Other noncurrent assets (Note 11)	<b>22,383,924</b>	18,240,255
Total Noncurrent Assets	<b>579,650,520</b>	561,980,008
	<b>₱1,559,093,862</b>	₱1,534,138,398
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loan payable (Note 13)	<b>₱86,000,000</b>	₱88,000,000
Income tax payable	<b>2,106,910</b>	–
Trade and other payables (Note 12)	<b>120,075,529</b>	141,147,700
Total Current Liabilities	<b>208,182,439</b>	229,147,700
<b>Noncurrent Liabilities</b>		
Asset rehabilitation obligation (ARO-liability) (Note 22)	<b>29,078,635</b>	29,078,635
Net pension liability (Note 19)	<b>2,962,309</b>	3,462,309
Total Noncurrent Liabilities	<b>32,040,944</b>	32,540,944
Total Liabilities	<b>240,223,383</b>	261,688,644
<b>Equity</b>		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	<b>690,000,000</b>	690,000,000
Retained earnings (Note 14)	<b>516,346,406</b>	481,878,148
Other reserves (Notes 1 and 19)	<b>(298,885,591)</b>	(298,885,591)
	<b>907,460,815</b>	872,992,557
Noncontrolling interests (Note 2)	<b>411,409,664</b>	399,457,197
Total Equity	<b>1,318,870,479</b>	1,272,449,754
	<b>₱1,559,093,862</b>	₱1,534,138,398

*See accompanying Notes to Consolidated Financial Statements.*

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

	Quarters Ended September 30	
	2022	2021
<b>REVENUE AND OTHER INCOME</b>		
Service income (Notes 16 and 21)	₱72,970,757	₱65,882,194
Rental income (Notes 9 and 21)	1,594,666	1,054,398
Equity in net earnings of an associate and a joint venture	28,644,885	39,764,160
Interest Income (Notes 4, 8 and 13)	336,489	297,766
	<b>103,546,797</b>	<b>106,998,518</b>
<b>EXPENSES</b>		
Cost of services (Note 17)	60,421,128	55,556,057
General and administrative expenses (Note 18)	9,187,145	10,254,377
Interest expense (Notes 13 and 21)	1,221,021	1,250,944
	<b>70,829,294</b>	<b>67,061,378</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>32,717,503</b>	<b>39,937,140</b>
<b>PROVISION FOR INCOME TAX</b>	<b>1,157,641</b>	<b>1,246,238</b>
<b>NET INCOME</b>	<b>31,559,862</b>	<b>38,690,902</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items not to be reclassified to profit or loss:</i>		
Actuarial losses on defined benefit obligation	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱31,559,862</b>	<b>₱38,690,902</b>
Net income attributable to:		
Equity holders of the parent	₱23,542,879	₱28,836,020
Noncontrolling interest	8,016,983	9,854,882
	<b>₱31,559,862</b>	<b>₱38,690,902</b>
Total comprehensive income attributable to:		
Equity holders of the parent	₱23,542,879	₱28,836,020
Noncontrolling interest	8,016,983	9,854,882
	<b>₱31,559,862</b>	<b>₱38,690,902</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY</b>		
<b>HOLDERS OF THE PARENT (Note 20)</b>	<b>₱0.034</b>	<b>₱0.042</b>

*See accompanying Notes to Consolidated Financial Statements*

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

	Nine Months Ended September 30	
	2022	2021
<b>REVENUE AND OTHER INCOME</b>		
Service income (Notes 16 and 21)	₱221,113,932	₱201,286,491
Rental income (Notes 9 and 21)	4,354,802	2,949,980
Equity in net earnings of an associate and a joint venture	28,644,885	39,764,160
Interest Income (Notes 4, 8 and 13)	928,357	896,036
	<b>255,041,976</b>	<b>244,896,667</b>
<b>EXPENSES</b>		
Cost of services (Note 17)	176,481,679	163,575,488
General and administrative expenses (Note 18)	22,692,460	22,687,616
Interest expense (Notes 13 and 21)	3,653,854	4,028,396
	<b>202,827,993</b>	<b>190,291,500</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>52,213,983</b>	<b>54,605,167</b>
<b>PROVISION FOR INCOME TAX</b>	<b>6,307,739</b>	<b>5,192,221</b>
<b>NET INCOME</b>	<b>45,906,244</b>	<b>49,412,946</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items not to be reclassified to profit or loss:</i>		
Actuarial losses on defined benefit obligation	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱45,906,244</b>	<b>₱49,412,946</b>
Net income attributable to:		
Equity holders of the parent	₱33,953,777	₱36,506,687
Noncontrolling interest	11,952,467	12,906,259
	<b>₱45,906,244</b>	<b>₱49,412,946</b>
Total comprehensive income attributable to:		
Equity holders of the parent	₱33,953,777	₱36,506,687
Noncontrolling interest	11,952,467	12,906,259
	<b>₱45,906,244</b>	<b>₱49,412,946</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY</b>		
<b>HOLDERS OF THE PARENT (Note 20)</b>	<b>₱0.049</b>	<b>₱0.053</b>

*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					Noncontrolling Interests (Note 2)	Total Equity
	Capital Stock (Note 14)	Retained Earnings- Unappropriated (Note 14)	Other Reserves				
			Equity Reserve (Note 1)	Actuarial Gains (Losses) on Defined Benefit Obligation (Note 19)			
Balance as of June 30, 2022	₱690,000,000	₱492,565,031	(₱298,498,391)	(387,200)	₱403,631,177	₱1,287,310,617	
Net income for the third quarter	—	23,542,879	—	—	8,016,983	31,559,862	
At September 30, 2022	₱690,000,000	₱516,107,910	(₱298,498,391)	(₱387,000)	₱411,648,160	₱1,318,870,479	
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 June 30, 2021	₱690,000,000	₱445,436,700	(₱298,498,391)	(₱156,073)	₱386,702,949	₱1,223,485,185	
Net income for the third quarter	—	28,836,020	—	—	9,854,882	38,690,902	
At September 30, 2021	₱690,000,000	₱474,272,720	(₱298,498,391)	(₱156,073)	₱396,557,831	₱1,262,176,087	

*See accompanying Notes to Consolidated Financial Statements.*



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

	Equity Attributable to Equity Holders of the Parent					Noncontrolling Interests (Note 2)	Total Equity
	Capital Stock (Note 14)	Retained Earnings- Unappropriated (Note 14)	Other Reserves				
			Equity Reserve (Note 1)	Actuarial Gains (Losses) on Defined Benefit Obligation (Note 19)			
Balance as of January 1, 2022	₱690,000,000	₱482,392,630	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,964,236	
Net income for the nine months period	—	33,953,776	—	—	11,952,467	45,906,243	
At September 30, 2022	₱690,000,000	₱516,346,406	(₱298,498,391)	(₱387,200)	₱411,409,664	₱1,318,870,479	
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, 2021	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141	
Net income for the nine months period	—	36,506,687	—	—	12,906,259	49,412,946	
At September 30, 2021	₱690,000,000	₱474,272,720	(₱298,498,391)	(₱156,073)	₱396,557,831	₱1,262,176,087	

See accompanying Notes to Consolidated Financial Statements.

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

	Quarters Ended September 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱32,717,503</b>	₱39,937,140
Adjustments for:		
Depreciation and amortization	<b>7,877,527</b>	7,629,730
Interest expense	<b>1,221,021</b>	1,250,944
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	<b>(28,644,885)</b>	(39,764,160)
Interest income	<b>336,435</b>	(297,766)
Operating income before changes in working capital	<b>13,507,601</b>	8,755,888
Decrease (increase) in:		
Receivables	<b>(626,958)</b>	(37,500,404)
Other current assets	<b>667,771</b>	3,471,209
Increase (decrease) in:		
Trade and other payables	<b>(10,350,415)</b>	28,792,222
Net cash generated from (used in) operations	<b>3,197,999</b>	3,518,915
Interest received	<b>(336,435)</b>	297,766
Income tax paid	<b>(429,170)</b>	(2,630,421)
Net cash provided by operating activities	<b>2,432,394</b>	1,186,260
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<b>(5,818,086)</b>	(20,081,799)
Dividends received from an associate	<b>7,200,000</b>	(3,200,000)
Net cash used in investing activities	<b>1,381,914</b>	(23,281,799)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Interest paid	<b>(1,221,021)</b>	(1,250,944)
Proceeds/Payment of loans	<b>(1,000,000)</b>	-
Net cash used by financing activities	<b>(2,221,021)</b>	(1,250,944)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,593,285</b>	(23,346,482)
<b>CASH AT BEGINNING OF PERIOD</b>	<b>10,396,607</b>	32,442,249
<b>CASH AT END OF PERIOD (Note 4)</b>	<b>₱11,989,894</b>	₱9,095,767

*See accompanying Notes to Consolidated Financial Statements.*

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

	Nine Months Ended September 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱52,213,983</b>	₱54,605,168
Adjustments for:		
Depreciation and amortization	<b>23,355,898</b>	21,577,595
Interest expense	<b>3,653,854</b>	4,028,396
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	<b>(28,644,885)</b>	(39,764,160)
Interest income	<b>928,141</b>	(896,036)
Operating income before changes in working capital	<b>51,506,990</b>	39,550,963
Decrease (increase) in:		
Receivables	<b>(333,343)</b>	15,502,259
Other current assets	<b>(3,820,345)</b>	(8,914,933)
Increase (decrease) in:		
Trade and other payables	<b>(27,979,222)</b>	2,403,421
Net cash generated from (used in) operations	<b>19,374,080</b>	48,541,710
Interest received	<b>(928,141)</b>	896,036
Income tax paid	<b>(4,201,830)</b>	(9,771,066)
Net cash provided by operating activities	<b>14,244,110</b>	39,666,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<b>(17,289,107)</b>	(53,729,318)
Dividends received from an associate	<b>13,600,000</b>	(9,600,000)
Net cash used in investing activities	<b>(3,689,107)</b>	(63,329,318)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Interest paid	<b>(3,653,854)</b>	(4,028,396)
Proceeds/Payment of loans	<b>(2,000,000)</b>	-
Net cash used by financing activities	<b>(5,653,854)</b>	(4,028,396)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>4,90,149</b>	(27,691,034)
<b>CASH AT BEGINNING OF PERIOD</b>	<b>7,088,745</b>	36,786,801
<b>CASH AT END OF PERIOD (Note 4)</b>	<b>₱11,989,894</b>	₱9,095,767

*See accompanying Notes to Consolidated Financial Statements*

**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	<b>September 30</b>	<b>December 31</b>
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	<b>₱77,850</b>	₱250,095
Financial assets (net of allowance for expected credit losses of ₱1,066,172 as of September 30, 2022 and 2021)	—	—
Other current assets - net (Note 5)	<b>265,139</b>	40,000
Total Current Assets	<b>342,989</b>	290,095
<b>Noncurrent Asset</b>		
Investment in a subsidiary (Notes 6 and 10)	<b>485,375,000</b>	485,375,000
	<b>₱485,717,989</b>	₱485,665,095
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Advances from related party (Note 10)	<b>₱20,500,000</b>	₱18,300,000
Accrued expenses and other payables (Notes 7 and 10)	<b>90,331</b>	333,812
Total Current Liabilities	<b>20,590,331</b>	18,633,812
<b>Equity</b>		
Capital stock (Note 8)	<b>690,000,000</b>	690,000,000
Deficit	<b>(224,872,342)</b>	(222,968,717)
Total Equity	<b>465,127,658</b>	467,031,283
	<b>₱485,717,989</b>	₱485,665,095

*See accompanying Notes to Parent Company Financial Statements.*

**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Quarters Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>INCOME</b>		
Interest (Note 4)	<b>₱27</b>	<b>₱54</b>
<b>EXPENSES</b>		
Stock exchange listing fee	<b>121,613</b>	137,138
Directors' per diem (Note 10)	-	180,000
Professional fees	<b>120,000</b>	126,811
Salaries and wages	<b>146,000</b>	146,000
Utilities (Note 10)	<b>45,000</b>	45,000
Rent expense (Note 10)	<b>40,179</b>	40,179
Entertainment, amusement and recreation	<b>13,500</b>	13,500
Transportation	<b>10,500</b>	11,076
Office supplies and printing costs	<b>1,460</b>	5,724
Miscellaneous	<b>9,840</b>	23,241
	<b>508,092</b>	728,669
<b>LOSS BEFORE INCOME TAX</b>	<b>508,065</b>	728,615
<b>PROVISION FOR INCOME TAX (Note 9)</b>	<b>5</b>	11
<b>NET LOSS / TOTAL COMPREHENSIVE LOSS</b>	<b>₱508,070</b>	<b>₱728,626</b>
Basic/Diluted Loss Per Share	<b>₱0.0007</b>	₱0.0011

**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>INCOME</b>		
Interest (Note 4)	<b>₱108</b>	<b>₱266</b>
<b>EXPENSES</b>		
Professional fees	<b>396,152</b>	457,562
Salaries and wages	<b>438,000</b>	438,000
Directors' per diem (Note 10)	<b>240,000</b>	500,000
Stock exchange listing fee	<b>364,838</b>	414,413
Utilities (Note 10)	<b>135,000</b>	135,000
Rent expense (Note 10)	<b>120,536</b>	120,536
Entertainment, amusement and recreation	<b>60,673</b>	40,500
Transportation	<b>37,253</b>	32,076
Taxes and licenses	<b>22,500</b>	22,500
Office supplies and printing costs	<b>42,621</b>	5,724
Miscellaneous	<b>46,138</b>	45,992
	<b>1,903,711</b>	2,212,303
<b>LOSS BEFORE INCOME TAX</b>	<b>1,903,603</b>	2,212,037
<b>PROVISION FOR INCOME TAX (Note 9)</b>	<b>22</b>	53
<b>NET LOSS / TOTAL COMPREHENSIVE LOSS</b>	<b>₱1903,625</b>	<b>₱2,212,090</b>
Basic/Diluted Loss Per Share	<b>₱</b>	<b>₱0.0032</b>

**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**

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	<b>Capital Stock</b> (Note 8)	<b>Deficit</b>	<b>Total</b>
<b>At June 30, 2022</b>	<b>₱690,000,000</b>	<b>(₱224,364,272)</b>	<b>₱465,635,728</b>
Net loss for the third quarter	—	(508,070)	(508,070)
<b>At September 30, 2022</b>	<b>₱690,000,000</b>	<b>(₱224,872,342)</b>	<b>₱465,127,658</b>
At January 1, 2021	₱690,000,000	(₱219,432,831)	₱470,567,169
Net loss	—	(3,535,886)	(3,535,886)
At December 31, 2021	₱690,000,000	(₱222,968,717)	₱467,031,283
At June 30, 2021	₱690,000,000	(₱220,916,293)	₱469,083,707
Net loss for the third quarter	—	(728,627)	(728,627)
At September 30, 2021	₱690,000,000	(₱221,644,920)	₱468,355,080

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**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**

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	<b>Capital Stock</b> (Note 8)	<b>Deficit</b>	<b>Total</b>
<b>At January 1, 2022</b>	<b>₱690,000,000</b>	<b>(₱222,968,717)</b>	<b>₱467,031,283</b>
Net loss for the nine months period	—	(1,903,625)	(1,903,625)
<b>At September 30, 2022</b>	<b>₱690,000,000</b>	<b>(224,872,342)</b>	<b>465,127,658</b>
<hr/>			
At January 1, 2021	₱690,000,000	(₱219,432,831)	₱470,567,169
Net loss	—	(3,535,886)	(3,535,886)
<b>At December 31, 2021</b>	<b>₱690,000,000</b>	<b>(₱222,968,717)</b>	<b>₱467,031,283</b>
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At January 1, 2021	₱690,000,000	(₱219,432,831)	₱470,567,170
Net loss for the nine months period	—	(2,212,090)	(2,212,090)
<b>At September 30, 2021</b>	<b>₱690,000,000</b>	<b>(₱221,644,920)</b>	<b>₱468,355,080</b>
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**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	<b>Quarters Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	<b>(₱508,065)</b>	(728,616)
Adjustments for:		
Provision for impairment losses (Note 5)	-	-
Interest income (Note 4)	<b>(27)</b>	(54)
Operating loss before changes in working capital	<b>(508,092)</b>	(728,670)
Changes in operating assets and liabilities:		
Increase in other current assets	<b>109,191</b>	104,484
Increase (decrease) in accrued expenses and other payables	<b>(123,510)</b>	(62,685)
Net cash used in operations	<b>(522,411)</b>	(686,871)
Interest received	<b>27</b>	54
Income tax paid	<b>(5)</b>	(11)
Net cash flows used in operating activities	<b>(522,389)</b>	(686,828)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Increase in advances from related party (Note 10)	<b>500,000</b>	1,000,000
Net cash flows used in financing activities	<b>500,000</b>	1,000,000
<b>NET DECREASE IN CASH</b>	<b>(22,389)</b>	313,172
<b>CASH AT BEGINNING OF PERIOD</b>	<b>100,239</b>	207,957
<b>CASH AT END OF PERIOD (Note 4)</b>	<b>₱77,850</b>	₱521,129

**IPM HOLDINGS, INC.****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	<b>(₱1,903,603)</b>	<b>(₱2,212,036)</b>
Adjustments for:		
Provision for impairment losses (Note 5)	-	-
Interest income (Note 4)	<b>(108)</b>	<b>(266)</b>
Operating loss before changes in working capital	<b>(1,903,711)</b>	<b>(2,212,302)</b>
Changes in operating assets and liabilities:		
Increase in other current assets	<b>(225,140)</b>	<b>(269,310)</b>
Increase (decrease) in accrued expenses and other payables	<b>(243,480)</b>	<b>(281,794)</b>
Net cash used in operations	<b>(2,372,331)</b>	<b>(2,763,406)</b>
Interest received	<b>108</b>	<b>266</b>
Income tax paid	<b>(22)</b>	<b>(53)</b>
Net cash flows used in operating activities	<b>(2,372,245)</b>	<b>(2,763,194)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Increase in advances from related party (Note 10)	<b>2,200,000</b>	<b>2,800,000</b>
<b>NET DECREASE IN CASH</b>	<b>(172,245)</b>	<b>36,806</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>250,095</b>	<b>484,323</b>
<b>CASH AT END OF PERIOD (Note 4)</b>	<b>₱77,850</b>	<b>₱521,129</b>

# IPM HOLDINGS, INC. AND SUBSIDIARY

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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 September 30, 2022 and December 31, 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 September 30, 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.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. 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.

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## 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 loses 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 September 30, 2022 and December 31, 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.

	30-Sep-2022	31-Dec-2021
Proportion of equity interests held by NCI	25%	25%
Voting rights held by NCI	25%	25%
Accumulated balances of NCI	<b>₱411,409,664</b>	₱399,457,197
Net income allocated to NCI	<b>11,952,467</b>	15,882,668
Comprehensive income allocated to NCI	<b>11,952,467</b>	15,805,625

#### *Statements of Financial Position*

	30-Sep-2022	31-Dec-2021
Current assets	<b>₱1,032,556,091</b>	₱982,682,626
Noncurrent assets	<b>541,444,780</b>	564,230,008
Total assets	<b>₱1,574,000,871</b>	₱1,546,912,634
Current liabilities	<b>₱208,092,109</b>	₱228,828,214
Noncurrent liabilities	<b>32,040,944</b>	32,540,944
Total liabilities	<b>₱240,133,053</b>	₱261,369,158

#### *Statements of Comprehensive Income*

	30-Sep-2022	31-Dec-2021
Revenue	<b>₱255,162,404</b>	₱330,579,480
Net income attributable to:		
Equity holders of the parent	<b>35,857,400</b>	47,648,000
NCI	<b>11,952,467</b>	15,882,668

	30-Sep-2022	31-Dec-2021
Total comprehensive income attributable to		
Equity holders of the parent	35,857,400	46,416,873
NCI	11,952,467	11,770,942

*Statements of Cash Flows*

	30-Sep-2022	31-Dec-2021
Cash flows from (used in):		
Operating activities	₱14,416,354	₱51,226,318
Investing activities	(3,689,107)	(73,501,709)
Financing activities	(5,653,854)	(7,188,437)
Net increase (decrease) in cash and cash equivalents	₱5,073,393	(₱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, 2021. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*  
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

This amendment is not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

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 September 30, 2022 and December 31, 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.

*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.

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".

*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.

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 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.

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### **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 September 30, 2022 and December 31, 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 September 30, 2022 and December 31, 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.

#### *Accounting for PASSI Sanitary Landfill*

The Group has made a judgment that the joint venture agreement on the design, construction, operation and maintenance of PASSI Sanitary Landfill (the Project) with the local government unit (LGU) is not scoped under IFRIC 12, *Service Concession Arrangements*. The Group has assessed that the agreement would be accounted for under PFRS 11, *Joint Arrangements* on the basis that joint control has been established albeit not being explicitly stated in the agreement since the key relevant activities of the Project are subject to approval of both parties. The joint venture agreement will be classified as a joint operation subject to line-by-line consolidation of each party.

The capitalized expenses on the construction costs of the sanitary landfill are recognized by the Group under Property and Equipment – Construction-in-progress (see Note 10).

#### *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's trade receivables amounting to ₱749.15 million and ₱828.23 million are secured by shares of stocks of the Parent Company as of September 30, 2022 and December 31, 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 September 30, 2022 and December 31, 2021. The carrying amounts of receivables amounted to 942.94 million and ₱952.75 million as of September 30, 2022 and December 31, 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 September 30, 2022 and December 31, 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 September 30, 2022 and December 31, 2021, the Group's ARO-liability has a carrying value of ₱29.08 million.

*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.

*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 September 30, 2022 and December 31, 2021, the Group did not recognize any impairment loss on its nonfinancial assets. As of September 30, 2022 and December 31, 2021, the carrying values of the Group's nonfinancial assets are as follows:

	30-Sep-2022	31-Dec-2021
Property and equipment (Note 10)	<b>₱222,030,277</b>	₱222,313,441
Investment property (Note 9)	<b>102,226,248</b>	103,261,676
Other current assets (Note 6)*	<b>24,512,433</b>	12,319,367
Other noncurrent assets (Note 11)	<b>22,383,924</b>	18,240,255
<i>*Excluding deposits</i>		

*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.

*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 September 30, 2022 and December 31, 2021 amounted to ₱10.25 million and ₱11.33 million, respectively (see Note 20).

4. **Cash**

	30-Sep-2022	31-Dec-2021
Cash on hand	<b>₱2,210</b>	₱97,210
Cash in banks	<b>11,987,684</b>	6,991,534
	<b>11,989,894</b>	₱7,088,744

Cash in banks earn interest at the prevailing bank deposit rates.

## 5. Receivables - net

### Current receivables

	30-Sep-2022	31-Dec-2021
Trade receivables		
Related parties (Note 15)	<b>₱893,299,535</b>	₱914,161,831
Local government units (LGUs) (Note 22)	<b>26,298,781</b>	24,032,385
Private entities	<b>31,804,360</b>	23,646,843
	<b>951,402,676</b>	961,841,059
Loans receivable (Note 15)	—	—
Advances to officers and employees	<b>2,382,603</b>	2,392,562
Others	<b>2,479,053</b>	1,839,976
	<b>956,264,332</b>	966,073,597
Less allowance for expected credit losses	<b>13,323,318</b>	13,323,318
	<b>₱942,941,014</b>	₱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

	30-Sep-2022	31-Dec-2021
Loan receivables – related party (Note 15)	<b>₱31,000,000</b>	₱31,000,000
Interest receivable – related party (Note 15)	<b>9,455,740</b>	8,570,500
	<b>₱40,455,740</b>	₱39,570,500

Allowance for expected credit losses as of September 30, 2022 and December 31, 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

	30-Sep-2022	31-Dec-2021
Deferred input VAT	<b>₱7,281,652</b>	₱5,694,360
Input VAT	<b>4,787,178</b>	4,018,421
Prepayments	<b>10,835,399</b>	3,775,531
Creditable withholding taxes	<b>7,308,832</b>	4,532,683
Deposits	<b>269,520</b>	269,520
	<b>30,483,580</b>	18,290,515
Less allowance for impairment losses	<b>5,971,148</b>	5,971,148
	<b>₱24,512,432</b>	₱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.

## 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 September 30, 2022 and December 31, 2021 follow:

	Associate		Joint Venture		Total	
	Metro Clark Waste Management Corp. (MCWM)		Ecoedge Resources Corporation (ERC)			
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
Cost	<b>₱32,393,358</b>	₱32,393,358	<b>₱-</b>	₱51,412,499	<b>₱32,393,358</b>	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	<b>132,879,852</b>	91,795,532	-	(51,406,638)	<b>132,879,852</b>	40,388,894
Equity in net earnings (losses) of						
an associate and a joint venture	<b>28,644,885</b>	53,884,320	-	(5,861)	<b>28,644,885</b>	53,878,459
Dividends during the year	<b>(13,600,000)</b>	(12,800,000)	-	-	<b>(13,600,000)</b>	(12,800,000)
Balance at end of period	<b>147,924,737</b>	132,879,852	-	(51,412,499)	<b>147,924,737</b>	81,467,353
	<b>₱180,318,095</b>	₱165,273,210	<b>₱-</b>	₱-	<b>₱180,318,095</b>	₱165,273,210

### 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. As of September 30, 2022 and December 31, 2021, the Group's dividend income from investment in an associate amounted to ₱6.40 million ₱12.80 million respectively.

### 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.

## 8. Deposits

As of September 30, 2022 and December 31, 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 amounted to ₱0.23 million in 2019 (nil in 2021 and 2020).

## 9. Investment Property

	30-Sep-2022		
	Condominium		
	Land	Unit	Total
<b>Cost</b>			
Beginning and end of period	<b>₱70,320,000</b>	<b>₱44,762,040</b>	<b>₱115,082,040</b>
<b>Accumulated depreciation</b>			
Balance at beginning of year	–	12,248,381	12,248,381
Depreciation (Note 17)	–	607,411	607,411
Balance at end of period	–	12,855,792	12,855,792
<b>Net book value</b>	<b>₱70,320,000</b>	<b>₱31,906,248</b>	<b>₱102,226,248</b>

	31-Dec-2021		
	Condominium		
	Land	Unit	Total
<b>Cost</b>			
Balance at end of year	₱70,320,000	₱44,762,040	₱115,082,040
<b>Accumulated depreciation</b>			
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
<b>Net book value</b>	<b>₱70,320,000</b>	<b>₱32,941,676</b>	<b>₱103,261,676</b>

Land pertains to a property located in Taytay, Rizal with currently undetermined use as of September 30, 2022 and December 31, 2021.

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. 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.



10. Property and Equipment

30-September-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
<b>Cost</b>									
At January 1	₱133,414,160	₱28,138,728	₱124,224,371	₱8,333,881	₱230,943,937	₱793,187	₱11,323,306	₱9,711,861	₱546,883,431
Additions		—	—	55,138	15,645,437	—	—	—	15,700,575
Reclassifications	—	—	—	—	—	—	—	—	—
Other adjustments	—	—	—	—	—	—	—	—	—
<b>At September 30, 2022</b>	<b>133,414,160</b>	<b>28,138,728</b>	<b>124,224,371</b>	<b>8,389,019</b>	<b>246,589,374</b>	<b>793,187</b>	<b>11,323,306</b>	<b>9,711,861</b>	<b>562,584,006</b>
<b>Accumulated Depreciation and Amortization</b>									
At January 1	15,404,679	6,181,982	119,781,036	6,431,775	158,480,852	634,707	11,323,306	—	318,238,337
Depreciation and amortization (Notes 17 and 18)	3,468,048	674,876	1,748,290	1,907,662	14,397,539	118,978	—	—	22,315,392
Other adjustments	—	—	—	—	—	—	—	—	—
<b>At September 30, 2022</b>	<b>18,872,727</b>	<b>6,856,858</b>	<b>121,529,326</b>	<b>8,339,437</b>	<b>172,878,391</b>	<b>753,685</b>	<b>11,323,306</b>	<b>—</b>	<b>340,553,792</b>
<b>Net Book Value</b>	<b>₱114,541,433</b>	<b>₱21,281,870</b>	<b>₱2,695,045</b>	<b>₱49,582</b>	<b>₱73,710,983</b>	<b>₱39,502</b>	<b>₱—</b>	<b>₱9,711,861</b>	<b>₱222,030,277</b>
31-Dec-2021									
		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
<b>Cost</b>									
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	—	—	—	—	77,739,561	—	—	(77,739,561)	—
Other adjustments	—	—	—	—	—	—	(2,879,522)	—	(2,879,522)
<b>At December 31</b>	<b>133,414,160</b>	<b>30,829,613</b>	<b>124,224,371</b>	<b>8,333,881</b>	<b>230,943,937</b>	<b>793,187</b>	<b>11,323,307</b>	<b>3,380,207</b>	<b>543,242,663</b>
<b>Accumulated Depreciation and Amortization</b>									
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)
<b>At December 31</b>	<b>15,404,679</b>	<b>8,872,866</b>	<b>119,781,036</b>	<b>6,431,775</b>	<b>158,480,852</b>	<b>634,707</b>	<b>11,323,307</b>	<b>—</b>	<b>320,929,222</b>
<b>Net Book Value</b>	<b>₱118,009,481</b>	<b>₱21,956,747</b>	<b>₱4,443,335</b>	<b>₱1,902,106</b>	<b>₱72,463,085</b>	<b>₱158,480</b>	<b>₱—</b>	<b>₱3,380,207</b>	<b>₱222,313,441</b>

The Group's property and equipment have no restrictions nor pledged as security for any liability.

#### *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 ₱45.84 million and ₱31.89 million as part of Development Cost in 2021 and 2020, 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.

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## 11. Other Noncurrent Assets

	30-Sep-2022	32-Dec-2021
Advances to landowners	<b>₱14,500,000</b>	₱12,000,000
Intangible assets	<b>7,883,924</b>	6,240,255
<b>Total</b>	<b>₱22,383,924</b>	<b>₱18,240,255</b>

Advances to landowners pertain to downpayment on purchase of land with a total purchase price of ₱69.55 million.

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

	30-Sep-2022	31-Dec-2021
Trade payables		
Related parties (Note 15)	<b>₱3,058,270</b>	₱15,505,053
Third parties	<b>1,082,185</b>	10,333,101
	<b>4,140,455</b>	25,838,154
Deferred output VAT	<b>101,338,785</b>	103,098,822
Payable to government agencies	<b>13,119,348</b>	10,674,391
Accrued expenses	<b>1,476,941</b>	1,536,333
	<b>₱120,075,529</b>	₱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.

On April 30, 2019, May 24, 2019 and October 29, 2019, BEST paid ₱2.00 million each for the principal amount of the loan. The remaining ₱90.00 million was renewed in 2020 and 2021 and will mature in September 2022.

Principal amount renewed bears interest payable monthly in arrears. Interest from November 21, 2019 to December 20, 2019 (29 days) shall be at 7.00% per annum. Payment of interest shall commence on November 21, 2019 and every month, thereafter until fully paid at prevailing rate. Interest expense on loan payable amounted to ₱5.19 million, ₱5.82 million, and ₱6.54 million and in 2021, 2020 and 2019, respectively.

As of September 30, 2022 and December 31, 2021, the outstanding balance of loan payable amounted to ₱86.00 million and ₱88.00 million, respectively. Interest rate is at 5.50% per annum.

The Group paid a portion of the outstanding principal amounting to ₱1.00 million with the remaining balance of ₱86.00 million.

#### 14. Equity

##### Capital Stock

The authorized capital stock of the Parent Company with ₱1 par value per share as of September 30, 2022 and December 31, 2021 follows:

<b>Authorized number of shares:</b>	
At the beginning and end of the year	740,000,000
<b>Number of shares issued and outstanding:</b>	
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 September 30, 2022 and December 31, 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 September 30, 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 September 30, 2022 and December 31, 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 September 30, 2022 and December 31, 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:

	30-Sep-2022	31-Dec-2021
Balance at beginning of year	₱222,968,717	₱219,432,831
Net loss during the year	1,903,625	3,535,886
	₱224,872,342	₱222,968,717

#### 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:

**30-Sep-2022**

<b>Category</b>	<b>Amount</b>	<b>Outstanding Balance</b>	<b>Terms</b>	<b>Conditions</b>
<b>Trade receivables (Note 5)</b>				
<b>Shareholders</b>				
IPMCDC (a)	<b>₱497,263</b>	<b>₱197,149,391</b>	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	-	<b>552,000,000</b>	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	-	<b>34,687</b>	Noninterest-bearing; on demand	Unsecured, no impairment
<b>Affiliate</b>				
JV BEST Inc. & IPMCDC (b)	<b>13,258,929</b>	<b>144,092,833</b>	Noninterest-bearing; on demand	Unsecured, no impairment
<b>Joint Venture</b>				
ERC (e)	<b>4,777</b>	<b>22,624</b>	Noninterest-bearing; on demand	Unsecured, no impairment
		<b>₱893,299,535</b>		

**Loans receivable (Note 5)**  
**Joint venture**

ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
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**Interest receivable (Note 5)**

ERC (f)	295,080	9,455,740	Within five years	Unsecured, no impairment
		<b>₱40,455,740</b>		

**Trade payables (Note 12)**  
**Shareholder**

IPMCDC (g)	₱–	₱3,058,270	Noninterest-bearing; on demand	Unsecured
		<b>₱3,058,270</b>		

31-Dec-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)				
IPMCDC (g)	₱140,416,644	₱15,519,383	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
		₱15,519,383		

- 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 2021 and 2020, 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 from IPMCDC due to be paid in installment until 2023.
- 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. As of September 30, 2022 and December 31, 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱132.12 million and ₱144.64 million, 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 from IPMESI due to be paid in installment until 2026. As of September 30, 2022 and December 31, 2021, BEST collected ₱56.00 million and ₱30.00 million from IPMESI, respectively.
- d. In 2021 and 2020, IPMRDC has not renewed its lease agreement with BEST.
- e. 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.
- f. 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, 2021 and 2020.

- g. 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.

- h. 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 and 2021, in lieu of its proportionate share in monthly rentals on the leased premises.
- i. 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 ₱0.24 million and ₱0.62 million, respectively (see Note 18).

## 16. Revenues from Contracts with Customers

	Quarters Ended September 30		Six Months Ended September 30	
	2022	2021	2022	2021
Hauling Income	₱43,875,676	₱43,451,261	₱132,115,860	₱86,234,044
Income from tipping fee	25,957,775	₱24,839,094	80,353,578	₱49,170,255
Consultancy Services	2,138,925	-	6,416,775	-
Trash to cashback	998,381	-	2,227,720	-
	₱72,970,757	₱68,296,355	₱221,113,933	₱135,404,299

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. In 2020, BEST reported an income from this agreement which amounted to ₱132.59 million. 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. (see Note 22).

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).



## 17. Cost of Services

	<b>Quarters Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Contract costs (Note 17)	<b>₱35,621,068</b>	₱33,482,143	<b>₱106,863,203</b>	₱100,446,429
Depreciation and amortization	<b>7,247,425</b>	7,006,537	<b>21,465,594</b>	19,786,012
Rent	<b>6,831,512</b>	4,696,661	<b>18,588,932</b>	14,254,464
Salaries and wages	<b>3,181,148</b>	2,367,302	<b>8,931,481</b>	7,394,990
Fuel and oil	<b>2,217,535</b>	412,292	<b>5,644,196</b>	1,517,754
Security and janitorial	<b>728,490</b>	296,840	<b>1,623,436</b>	1,169,969
Transportation and travel	<b>161,701</b>	205,541	<b>968,662</b>	762,003
Utilities	<b>96,027</b>	80,416	<b>384,296</b>	297,216
Taxes and licenses	<b>543,098</b>	2,958,206	<b>1,521,866</b>	8,853,383
Supplies	<b>278,339</b>	430,725	<b>583,027</b>	786,653
Repairs and maintenance	<b>293,420</b>	202,312	<b>1,071,436</b>	448,085
Entertainment, amusement and recreation	<b>185,924</b>	1,783,862	<b>522,067</b>	2,896,682
Professional fees	<b>66,768</b>	538,821	<b>66,768</b>	806,679
Materials	<b>198,661</b>	-	<b>206,161</b>	-
Others	<b>2,770,012</b>	1,094,399	<b>8,040,554</b>	4,155,169
	<b>₱60,421,128</b>	₱55,556,057	<b>₱176,481,679</b>	₱163,575,488

Others include professional fees, management fees, bid expenses and documentation fees.

## 17. General and Administrative Expenses

	<b>Quarters Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Salaries and wages	<b>₱3,030,475</b>	₱3,101,884	<b>₱9,148,191</b>	₱8,921,418
Taxes and licenses	<b>3,851,134</b>	4,344,236	<b>6,018,645</b>	7,980,595
Professional fees	<b>340,000</b>	599,311	<b>1,289,009</b>	(539,224)
Depreciation	<b>630,101</b>	623,193	<b>1,890,304</b>	1,791,583
Entertainment, amusement and recreation	<b>186,563</b>	271,215	<b>676,709</b>	807,479
Transportation and travel	<b>22,789</b>	44,659	<b>75,928</b>	108,344
Repairs and maintenance	<b>158,688</b>	331,164	<b>394,259</b>	604,218
Directors' per diem	<b>-</b>	180,000	<b>240,000</b>	500,000
Utilities	<b>113,639</b>	142,273	<b>305,032</b>	376,721
Stock exchange listing fee	<b>121,613</b>	137,138	<b>364,838</b>	414,413
Fuel and oil	<b>154,117</b>	97,814	<b>396,684</b>	280,242
Office supplies	<b>87,907</b>	141,436	<b>315,346</b>	428,786
Retirement Benefits	<b>150,000</b>	-	<b>350,000</b>	-
Rent	<b>45,536</b>	75,893	<b>226,827</b>	182,143
Insurance	<b>5,429</b>	4,603	<b>83,674</b>	31,003
Miscellaneous	<b>289,155</b>	159,558	<b>917,014</b>	799,895
	<b>₱9,187,145</b>	₱10,254,377	<b>₱22,692,460</b>	₱22,687,616

## 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, 2021.

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:

<b>30-Sep-22</b>			
	<b>Present value of defined benefit obligation</b>	<b>Fair value of plan assets</b>	<b>Net pension liability</b>
At January 1	<b>₱3,847,511</b>	<b>(₱385,202)</b>	<b>₱3,462,309</b>
<i>Benefit cost in profit or loss</i>			
Current service cost (Note 18)	<b>(500,000)</b>		<b>(500,000)</b>
Net interest expense (income) (Note 18)	-	-	-
	<b>3,347,511</b>	-	<b>2,962,309</b>
<i>Remeasurements in other comprehensive income</i>	-	-	-
Actuarial loss - changes in experience			
<b>At September 30, 2022</b>	<b>₱3,347,511</b>	<b>(₱385,202)</b>	<b>₱2,962,309</b>

<b>31-Dec-2021</b>			
	<b>Present value of defined benefit obligation</b>	<b>Fair value of plan assets</b>	<b>Net pension liability</b>
At January 1	<b>₱2,834,500</b>	<b>(₱383,976)</b>	<b>₱2,450,524</b>
<i>Benefit cost in profit or loss</i>			
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
	<b>3,459,083</b>	<b>(397,492)</b>	<b>3,061,591</b>
<i>Remeasurements in other comprehensive income</i>			
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
<b>At December 31</b>	<b>₱3,847,511</b>	<b>(₱385,202)</b>	<b>₱3,462,309</b>

## 19. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	<b>Quarters Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>30-Sep-2022</b>	<b>30-Sep-2021</b>	<b>30-Sep-2022</b>	<b>30-Sep-2021</b>
Net income attributable to equity holders of the parent company (a)	<b>₱23,542,879</b>	₱5,549,630	<b>₱33,953,777</b>	7,670,669
Weighted average number of outstanding common share (b)	<b>690,000,000</b>	690,000,000	<b>690,000,000</b>	690,000,000
Basic earnings per share (a/b)	<b>₱0.034</b>	₱0.10	<b>₱0.049</b>	₱0.01

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

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## 20. Commitments

As of September 30, 2022 and December 31, 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. Composting of waste materials from Pasig City and Pasay City that is being renewed every year. Income from composting amounted to ₱9.00 million and ₱12.00 million in 2020 and 2019, respectively (see Note 15). As of September 30, 2022 and December 31, 2021, there were no remaining contractual obligations.
  - b. Consultancy and field services in IPMCDC's Materials Recovery Facility (MRF) that is being renewed every year. In July 2015, the Group entered into new consultancy services contracts with IPMCDC for the monitoring of efficiency of the latter's operation and compliance with rules and regulations on IPMCDC's contract with several local cities. In 2020, the Group has no income from consultancy services due to the end of the contract with IPMCDC. The Group recognized income amounting ₱3.56 million in 2021, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).
  - c. 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, 2022. The JV between BEST and IPM CDC was registered as a taxable entity in 2020.

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. As of September 30, 2022 and December 31, 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱132.11 million and ₱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, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month.

- On June 19, 2019, BEST entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2019 until June 30, 2021 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2021, 2020 and 2019 from this agreement amounted to ₱2.45 million, ₱2.45 million and ₱1.63 million, respectively.

## 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:

#### 30-Sep-2022

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱11,987,684	₱–	₱11,987,684	₱–
Receivables:				
Trade				
Related parties	905,167,940	971,460,000	–	905,167,940
LGUs	24,740,697	–	24,740,697	–
Private Entities	21,494,039	–	21,494,039	–
Loan	31,000,000	–	31,000,000	–
Interest	9,455,740	–	9,455,740	–
Deposits	1,988,034	–	1,988,034	–
	₱1,005,834,134	₱971,460,000	₱100,666,194	₱905,167,940

\*Excluding cash on hand.

#### 3-Dec-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 from IPMESI due to be paid in installment until 2026. 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.

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 from IPMCDC due to be paid in installment until 2023.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as September 30, 2022 and December 31, 2021 amounted to ₱971.46 million and ₱1,077.38 million, respectively.

*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:

	30-Sep-2022			
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
<b>Financial Assets at Amortized Cost</b>				
Cash*	₱11,987,684	₱11,987,684	₱—	₱—
Receivables				
Trade	951,402,676	26,516,222	903,173,818	21,712,637
Loans	31,000,000	—	31,000,000	—
Interest	9,455,740	—	9,455,740	—
Deposits	1,988,034	1,988,034	—	—
	<b>₱1,005,834,134</b>	<b>₱40,491,940</b>	<b>₱943,629,558</b>	<b>₱21,712,637</b>

\*excluding cash on hand

	31-Dec-2021			
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
<b>Financial Assets at Amortized Cost</b>				
Cash*	₱6,991,534	₱6,991,534	₱—	₱—
Receivables				
Trade	961,841,059	40,211,520	912,663,928	8,965,611
Loans	31,000,000	—	31,000,000	—
Interest	8,570,500	—	8,570,500	—
Deposits	1,988,034	1,988,034	—	—
	<b>₱1,010,391,127</b>	<b>₱49,191,088</b>	<b>₱952,234,428</b>	<b>₱8,965,611</b>

\*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 September 30, 2022 and December 31, 2021 based on contractual undiscounted payments:

30-Sep-2022					
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
<b>Financial assets</b>					
At amortized cost					
Cash	₱11,989,894	₱–	₱–	₱–	₱11,989,894
Receivables:					
Trade	26,516,222		14,795,297	910,091,158	951,402,676
Loan			–	31,000,000	31,000,000
Interest	590,160		–	8,865,580	9,455,740
Deposits			–	1,988,034	1,988,034
	<b>₱39,096,276</b>	<b>₱–</b>	<b>₱14,795,297</b>	<b>₱951,944,772</b>	<b>₱1,005,836,344</b>

	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
<b>Financial liabilities</b>					
Trade and other payables (excluding payable to government agencies)	₱5,617,396	₱–	₱–	₱–	₱5,617,396
Loan payable	–	–	86,000,000	–	86,000,000
	<b>₱5,617,396</b>	<b>₱–</b>	<b>₱86,000,000</b>	<b>₱–</b>	<b>₱91,617,396</b>

31-Dec-2021					
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
<b>Financial assets</b>					
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
	<b>₱31,435,878</b>	<b>₱24,829,997</b>	<b>₱912,663,928</b>	<b>₱41,558,534</b>	<b>₱1,010,488,337</b>
<b>Financial liabilities</b>					
Trade and other payables (excluding payable to government agencies)	₱–	₱27,388,823	₱–	₱–	₱27,388,823
Loan payable	–	–	88,000,000	–	88,000,000
	<b>₱–</b>	<b>₱27,388,823</b>	<b>₱88,000,000</b>	<b>₱–</b>	<b>₱115,388,823</b>

### 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 ₱1,318.87 million and ₱1,270.45 million as of September 30, 2022 and December 31, 2021, respectively, as capital.

### Fair Value Information

Due to the short-term nature of the Group's financial instruments except for noncurrent loan receivables, the carrying amount of the noncurrent loan receivables as of September 30, 2022 and December 31, 2021 amounted to ₱31.00 million.

### Fair Value Hierarchy

As of September 30, 2022 and December 31, 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.

## 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:

	30-Sep-2022				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱-	₱225,589,269	₱225,589,269	₱-	₱225,589,269
Intersegment revenue	-	120,536	120,536	(120,536)	-
Interest income	108	928,249	928,357	-	928,357
Equity earnings	-	-	-	-	-
Interest expense	-	3,653,854	3,653,854	-	3,653,854
Income (loss) before tax	(1,903,603)	54,117,585	52,213,982	-	52,213,982
Provision for income tax	22	6,307,718	6,307,718	-	6,307,740
Net income (loss)	(1,903,625)	47,809,867	45,906,242	-	45,906,242
Segment assets	485,717,991	1,574,000,871	2,059,718,862	(500,625,000)	1,559,093,862
Segment liabilities	20,590,331	240,133,053	260,723,383	(20,500,000)	240,223,383
Depreciation and amortization	-	23,355,898	23,355,898	-	23,355,898
	31-Dec-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*.



**IPM HOLDINGS, INC. AND SUBSIDIARY**  
**FINANCIAL SOUNDNESS INDICATORS**  
**September 30, 2022**

<b>FSI</b>	<b>Calculation</b>	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
Current Ratio	Current Assets/Current Liabilities	<b>4.70x</b>	4.24x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	<b>4.59x</b>	4.19x
Solvency Ratio	Total Assets/Total Liabilities	<b>6.49x</b>	5.86x
Debt Ratio	Total Debts/Total Assets	<b>0.18x</b>	0.17x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	<b>0.19x</b>	0.21x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	<b>15.29x</b>	13.48x
Asset to Equity Ratio	Assets/Stockholders' Equity	<b>1.18x</b>	1.21x
Gross Profit Margin	Gross Profit/Net Sales	<b>0.12</b>	0.18
Net Profit Margin	Net Income/Revenues	<b>0.20</b>	0.22
Return on Assets	Net Income/Total Assets	<b>0.03</b>	0.04
Return on Equity	Net Income/Total Stockholders' Equity	<b>0.03</b>	0.05
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	<b>1.91</b>	1.84
Net Income per Share	Net Income/Outstanding Shares	<b>0.07</b>	0.09
Net Income per Share- Parent	Net Income/Outstanding Shares	<b>0.05</b>	0.06

	<b>30-Sep-2022</b>	<b>31-Dec-2021</b>
Current Ratio	<b>979,443,342/208,182,439</b>	972,158,390/229,147,701
Quick Ratio	<b>954,930,909/208,182,439</b>	959,839,023/229,147,701
Solvency ratio	<b>1,559,093,862/240,223,383</b>	1,534,138,398/261,688,644
Debt Ratio	<b>240,223,383/1,318,870,479</b>	261,688,644/1,534,138,398
Debt-to-Equity Ratio	<b>250,877,868/1,286,918,194</b>	261,688,644/1,272,449,754
Interest Coverage Ratio	<b>55,867,836/3,653,854</b>	69,921,446/5,188,446
Asset to Equity Ratio	<b>1,559,093,862/1,318,870,479</b>	1,534,138,398/1,272,449,754
Gross Profit Margin	<b>26,294,595/225,468,734</b>	49,534,099/275,342,201
Net Profit Margin	<b>45,906,243/225,468,734</b>	59,348,978/275,342,201
Return on Asset	<b>45,906,243/1,559,093,862</b>	59,348,978/1,534,860,657
Return on Equity	<b>45,906,243/1,318,870,479</b>	59,348,978/1,271,811,578
Book Value/Share	<b>1,318,870,479/690,000,000</b>	1,272,449,754/690,000,000
Net Income per Share	<b>45,906,243/690,000,000</b>	59,694,613/690,000,000
Net Income per Share-Parent	<b>33,953,777/690,000,000</b>	44,112,115/690,000,000

**IPM HOLDINGS, INC. AND SUBSIDIARY**

**AGING OF RECEIVABLES**

**September 30, 2022**

<b>Nature/Description</b>	<b>Current</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Over 90 days</b>	<b>Total</b>
Income from Tipping Fee	8,745,494	4,115,006	297,600	-	7,844,291	21,002,391
Hauling Income	4,402,415	3,273,092	2,447,939	1,660,008	9,295,578	21,079,032
Waste Collection	13,258,929	13,258,929	13,258,929	13,258,929	91,028,458	144,064,173
Consultancy/Field Services	798,532	798,532	798,532	798,532	560,659,947	563,854,075
Rental	516,371	196,039	373,163	-	188,060,287	189,145,859
Loans Receivable	-	-	-	-	31,000,000	31,000,000
Interest Receivable	98,360	98,360	98,360	196,720	8,963,940	9,455,740
Others	379,549	1,138,649	2,277,287	-	-	3,795,485
<b>Total</b>	<b>28,199,649</b>	<b>22,878,607</b>	<b>19,551,809</b>	<b>15,914,189</b>	<b>896,852,501</b>	<b>983,396,754</b>