AS095008557

IPM HOLDINGS, INC. AND SUBSIDIARY

(Company's Full Name)

PENTHOUSE, THE TAIPAN PLACE, F, ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Atty. Ana Maria A. Katigbak	8817-6791/ 8424-2550 to 59
(Contact Person)	(Company Telephone Number)

12 31	**SEC Form 17-A** 2022 Annual Report	4th Wednesday of May
Month *Day* (Fiscal Year)	(Form Type)	(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

CRMD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

114		
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 17-A

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

1. For the calendar year ended: **December 31, 2022**

2. SEC Identification Number: **AS095-008557**

3. BIR Tax Identification Number: **004-636-077-000**

4. Exact name of issuer as specified in its charter: **IPM Holdings, Inc.**

5. Province, Country or other jurisdiction of incorporation or organization: Pasig City, Philippines

6. (SEC Use Only) Industry Classification Code

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

8. Issuer's telephone number, including area code: (632) 8633-4372 & 8424-2550 to 59

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1.00 par value	**690,000,000**

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

Yes [x] No [ ]

The Philippine Stock Exchange Common Stock

12. Check whether the issuer:

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

Yes [x] No [ ]

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

Yes *[x*] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2022:

Assumptions:

(a) Total number of shares held by non-affiliates as of December 31, 2022,	217,671,200
(b) Closing price of the Registrant's share on the exchange as of December 29, 2022	6.70
Aggregate market value as of December 31, 2022	**1,458,397,040**

APPLICABLE ONLY TO REGISTRANT'S INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

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

Yes [ ]   No [x]

DOCUMENTS INCORPORATED BY REFERENCE

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

a. Any annual report to security holders – n/a
b. Any information statement filed pursuant to SRC Rule 20 – n/a
c. Any prospectus filed pursuant to SRC Rule 8.1 – n/a

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On May 25, 2016, the stockholders of the Parent Company approved the: (a) increase in the Corporation's authorized capital stock to an amount of up to Php7.50 billion consisting of common and/or preferred shares as may be determined by the Board of Directors; (b) amendment of the Corporation's Articles of Incorporation to include in the company primary purpose clause the authority to issue sureties and guarantees; (c) amendment of the By-laws of the Corporation to create the Offices of the Chief Executive Officer and Chief Operating Officers; and (d) delegation to the Board of Directors of the authority to amend the By-Laws of the Corporation.

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

BUSINESS DESCRIPTION

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

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

INDUSTRY TRENDS/COMPETITION

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

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

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

SOURCES OF RAW MATERIALS AND NAMES OF PRINCIPAL SUPPLIERS

Not Applicable.

DEPENDENCE ON SINGLE CUSTOMER

Not Applicable.

TRANSACTION WITH AND/OR DEPENDENCE ON RELATED PARTIES

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

PATENTS, TRADEMARKS, ETC.

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

GOVERNMENT APPROVALS AND REGULATION

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

RESEARCH AND DEVELOPMENT

Not Applicable.

ENVIRONMENTAL LAWS

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

HUMAN RESOURCES

The Group has seventy-four (74) employees as of December 31, 2022, of whom twelve (12) are rank and file, fifty-six (56) are in operations and six (6) are key officers. The employees were not subject to any Collective Bargaining Agreement (CBA).

Item 2. Properties

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

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

Item 3. Legal Proceedings

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) MARKET INFORMATION

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

Year	Quarter	High(in Php)	Low(in Php)
2021	First	7.95	4.52
	Second	6.00	4.53
	Third	7.10	5.41
	Fourth	7.10	6.40
2022	First	7.05	6.30
	Second	7.00	6.00
	Third	7.00	6.20
	Fourth	6.70	6.15
2023	First	6.65	6.25

The closing price of the Parent Company's shares on May 16, 2023 was Php6.00 per share.

(2) HOLDERS

The Parent Company has only common stock, with Php1.00 par value. As of December 31, 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 December 31, 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	40.610%
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 LarcyMarichi Y. So	61,000	0.009%
9.	Pei Zhi Lin	60,000	0.009%
10.	PCCI Securities Brokers Corporation	50,000	0.007%
11.	Romeo G. See	37,000	0.005%
12.	Edmund Lee	29,000	0.004%
13.	Lucena B. Enriquez	20,000	0.003%
	George G. Precilla	20,000	0.003%
	Mimi Perez	20,000	0.003%
	Alberto Soon	20,000	0.003%
	Johnny T. Yu	20,000	0.003%
	Kim Sing Yu	20,000	0.003%
14.	Elizabeth Ong	18,000	0.003%
15.	Gregorio O. Yu Jr.	15,500	0.002%
16.	Carrie Lim	15,000	0.002%
	Jocelyn C. Lim	15,000	0.002%
17.	Bervina Y. Tan	11,300	0.002%
18.	Victoria C. Africa	10,000	0.001%
	Hernando T. Banal	10,000	0.001%
	Carmeli C. Banci	10,000	0.001%
	George Dolorfino	10,000	0.001%
	Mark Espinosa	10,000	0.001%
	Hua Lam Go	10,000	0.001%
	Susan C. Go	10,000	0.001%
	David L. Kho	10,000	0.001%
	Bun Thiam Lao &/or Janet Lao	10,000	0.001%
	John Maramara	10,000	0.001%
	Franklin Pua &/or Janet Pua	10,000	0.001%
	Luz Sogale Ward	10,000	0.001%
	Luz Sugale Ward	10,000	0.001%
	Rosalind L. Wee	10,000	0.001%
	Kristine C. Yao	10,000	0.001%
	Charity Yap	10,000	0.001%
	Suk Huy Yu	10,000	0.001%
19.	Siok Go Ng	9,000	0.001%
20.	Gordon Landy	8,500	0.001%
21.	Others	123,929	0.018%
	TOTAL	**690,000,000**	**100.000%**

(3) DIVIDENDS

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

(4) RECENT SALES OF UNREGISTERED SECURITIES

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

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

PLAN OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the “Group”) should be read in conjunction with the attached audited consolidated financial statements of the Group.

2022 vs 2021

Income

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

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

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

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

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

Expenses

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

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

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

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

<u>Net Income</u>

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

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

<u>Financial Condition</u>

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

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resource

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

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

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

2021 vs 2020

Income

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

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

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

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

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

Expenses

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

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

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

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

Net Income

The twelvemonth operation of the Group resulted in a net income of Php59.99 million for 2021, a significant increase by Php15.85 million or 36% from the Php44.145 million posted in 2020. This is mainly due to the increase in income of the joint venture from hauling and waste collections in Cagayan de Oro and equity share in the net income of an associate amounting to Php53.88 million.

Financial Condition

Statements of financial position data	December 31, 2021	December 31, 2020	% Inc/(Dec)
Total Current Assets	972,158,390	1,059,317,512	(8%)
Total Assets	1,534,138,398	1,505,558,742	2%
Total Current Liabilities	229,147,700	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 Php1,505.56 million in 2020 to Php1,534.14 million in 2021.

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

- Current portion of trade and other receivables decreased by 6% from Php1,016.77 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 Php1,212.76 million in 2020 to Php1,272.45 million in 2021, reflecting the income for the current year.

Current ratio decreased from 4.10x in 2020 to 4.21x in 2021; net working capital declined to Php743.01 million in 2021versus the Php800.93 million in 2020.

Liquidity and Capital Resource

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

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

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

2020 vs 2019

Income

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

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

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

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

Expenses

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

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

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

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

Net Income

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

Financial Condition

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

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resource

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

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

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

Key Performance Indicators

The Company's key performance indicators are as follows:

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

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

The Current Ratio is a general and quick measure of a Group'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 Group'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 Group.

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

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

Other Matters

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

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

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

d) There were no material commitments for capital expenditures.

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

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

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

Item 7. Financial Statements

The audited consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

Audit and Audit-Related Fees

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

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

a. Incumbent Directors and Executive Officers.

The Corporation's Articles of Incorporation provide for a seven seat Board of Directors. The following is the list of the members of the Board*:

Name	Position	Age	Citizenship
Isabelita P. Mercado	Chairman	72	Filipino
Alfredo P. Javellana II	Independent Director	77	Filipino
Antonio Victoriano F. Gregorio III	Director	49	Filipino
Francis Neil P. Mercado	Director	43	Filipino
David L. Kho	Independent Director	75	Filipino
John Vincent P. Mercado	Director	45	Filipino

The following is a list of the Parent Company’s key executive officers as of the date of this report*:

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

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

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

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

FRANCIS-NEIL P. MERCADO, 43 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 officers of various companies including IPM Construction and Development Corporation (2007-present), IPM Realty and Development Corporation (2007-present), IPM Trading and Development Corporation (2007-present), Zinith Mines Inc. (2009 to present), Metroluxury Mining Corp. (2009 to present) and Association of Carrier & Equipment Lessor (2016 to present).

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

JAN VINCENT P. MERCADO, 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, 54 years old, 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 senior partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. In the past five years, she has served as director and assistant corporate secretary of Mabuhay Holdings Corp., corporate secretary of Alsons Consolidated Resources, Inc. and assistant corporate secretary in certain publicly-listed companies such as Energy Development Corp., Marcventures Holdings, Inc., Paxys, Inc., and Solid Group, Inc.

The names and nationalities of the incorporators of the Company are as follows:

Name	Nationality
Tony O. King	Filipino
Pacita K. Yap	Filipino
Felisa D. King	Filipino
Alberto Ty	Filipino
Joselyn C. Tiu	Filipino

(2) SIGNIFICANT EMPLOYEES

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

(3) FAMILY RELATIONSHIP

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

(4) 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 practice.

(5) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS DURING THE PAST 5 YEARS

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

Item 10. Executive Compensation

(1) COMPENSATION TABLE

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

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Isabelita P. Mercado *Chairman and Chief Executive Officer*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
Gener T. Mendoza* *President and Chief Operating Officer*	2022-Jan to Jul 31 2021-Jan to Dec 31	NIL	NIL	NIL
Alfredo P. Javellana II *Independent Director*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
Francis Neil P. Mercado *Director and Treasurer*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
Antonio Victoriano F. Gregorio III *Director*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
David L. Kho *Independent Director*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
Jan Vincent P. Mercado *Director*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
Ana Maria A. Katigbak *Corporate Secretary*	2022-Jan to Dec 31 2021-Jan to Dec 31	NIL	NIL	NIL
TOTAL OF THE GROUP	2022 2021	NIL	NIL	NIL

* *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.

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.

(2) COMPENSATION OF DIRECTORS

a. Standard Arrangements

The Parent Company provided standard compensatory arrangements with its Directors and Officers prior to August 31, 2007. They are provided fixed monthly fees until June 2005. The incumbent directors do not receive any compensation for their services.

b. Other Arrangements

None executed for the last five-years of operations other than the above-mentioned standard arrangements.

(3) EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN CONTROL ARRANGEMENTS

None executed by the Company for the last three years of operations

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of December 31, 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.

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

	Unit 804 Ortigas Building, Ortigas Avenue, Pasig City Relationship: Majority Stockholder				
Common	PCD Nominee Corporation Relationship: Stockholder	The beneficial owners of such shares are Philippine Depository & Trust Corporation (PDTC) participants who hold the shares on their behalf or on behalf of their clients	Filipino	280,212,069	40.611%
Common	IPM Realty and Development Corporation Northfields Executive Vill., Mc. Arthur Hi-way, Longos, Malolos, Bulacan Relationship: Stockholder	All the shares of IPM Realty and Development Corporation are directly owned by its shareholders.	Filipino	50,000,000	7.246%

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

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Citizenship	Number of Shares Held	Percent of Class
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City	Filipino	211,826,100	30.69%

The above broker is only record owner of shares of stock held under the name of PCD Nominee Corp., thus they exercise no voting power over the shares.

As of December 31, 2022, the foreign ownership level of IPM is 5,980,204 shares or equivalent to 0.8667%.

(2) Security Ownership of Management

The table sets forth as of December 31, 2022 the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

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

Common	Alfredo P. Javellana II *Independent Director*	1,000 (Direct) 179,000 (Indirect)	Filipino	0.02608%
Common	Antonio Victoriano F. Gregorio III *Director*	1,000 (Direct)	Filipino	0.00014%
Common	Francis Neil P. Mercado *Director and Treasurer*	2,000 (Direct)	Filipino	0.00029%
Common	David L. Kho *Independent Director*	10,000 (Direct) 449,800 (Indirect)	Filipino	0.06664%
Common	Jan Vincent P. Mercado *Independent Director*	2,000 (Direct) 184,000 (Indirect)	Filipino	0.02696%
Common	Ana Maria A. Katigbak *Corporate Secretary*	0	Filipino	0 %
	T O T A L	**2,328,800**		**0.3375%**

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.

(3) 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 as of December 31, 2022.

(4) Changes in Control

From January 1, 2022 to date, 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 12. Certain Relationships and Related 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.

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

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

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

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

PART V – EXHIBIT AND SCHEDULES

Item 14. Exhibits, Sustainability Report and Reports on SEC Form 17-C

(a) Exhibits

The Audited Consolidated Financial Statements ending December 31, 2022 are herein attached and incorporated by reference.

(b) Sustainability Report

In compliance to SEC Memorandum Circular No. 4, Series of 2019, attached to this SEC 17-A (Annual Report) is the company's Sustainability Report for 2022.

(c) Reports on SEC Form 17-C. The following are the reports filed by the Company on SEC Form 17-C for the year 2022.

Date of Report	**Description**
May 11, 2022	Postponement of 2022 Annual Stockholders' Meeting
August 5, 2022	Vacancy in the Board of Directors
October 7, 2022	Notice of 2022 Annual Stockholders' Meeting
October 7, 2022	Renomination of Atty. Alfredo P. Javellana II as Independent Director
November 29, 2022	Results of Annual Stockholders' Meeting held on November 29, 2022
November 29, 2022	Results of Organizational Meeting held on November 29, 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 2 4 2023.

By:

ISABELITA P. MERCADO
Chairman of the Board and
Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer and
Chief Financial Officer

ANA MARIA A. KATIGBAK
Corporate Secretary

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

Name	Passport No.	Date of Issue	Place of Issue
Isabelita P. Mercado	P2579466B	July 17, 2019	DFA, Manila
Francis Neil P. Mercado	P3923990B	November 21, 2019	DFA, Manila
Ana Maria A. Katigbak	P1893381A	February 7, 2017	DFA, Manila

Doc No. 320
Page No. 65
Book No. 107
Series of 2023

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

IPM HOLDINGS, INC. AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND SEC FORM 17-C UNDER FORM 17-A, ITEM 7

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements, signed under oath
Reports of Independent Public Accountants
Consolidated Statement of Financial Position as of December 31, 2022 and 2021
Consolidated Statements of Comprehensive Income for the years December 31, 2022, 2021 and 2020
Consolidated Statements of Changes in Equity for the years December 31, 2022, 2021 and 2020
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020

Notes to Consolidated Financial Statements

Parent Financial Statements

Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

A. Financial Assets (e.g. Loans and Receivables, Fair Value Through Profit or loss, Held to Maturity Investments, Available for Sale Securities)
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D. Intangible Assets – Other Assets
E. Long- Term Debt
F. Indebtedness to Related Parties
G. Guarantees of Securities of Other Issuers
H. Capital Stock

Other Required Information

1. Reconciliation of Retained Earnings Available for Dividend Distribution
2. Financial Soundness Indicators
3. Map of the Conglomerate or Group of Companies

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	8	5	5	7

C O M P A N Y   N A M E

I P M   H O L D I N G S ,   I N C .   A N D
S U B S I D I A R Y

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

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

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

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

Company's Email Address	Company's Telephone Number	Mobile Number
info@ipmholdings.com.ph	8424-2550 to 59	09176291365
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
114	4th Wed of May	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

IPM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

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

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

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

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

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

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman/Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 24th day of May 2023

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

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

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MCLE No. VII-0016370/04-26-2022
G/F Fedman Suites 199, Salcedo Street
Legaspi Village, Makati City

Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City, Philippines 1605
Telephone Nos. (632) 8633-4372; (632) 8424-2550 to 59

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Adequacy of the allowance for expected credit losses on trade receivables

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

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

Audit Response

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

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

Estimation of capacity and salvage value of sanitary landfill and development costs

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

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

May 24, 2023

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Status of Operations

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

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

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

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

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

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

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

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

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

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

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

Status of Operations and Management's Plans

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

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

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

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

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

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

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

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

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

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

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

2. **Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statements of Financial Position

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

Statements of Comprehensive Income

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

Statements of Cash Flows

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Significant Accounting Policies

<u>Current versus Non-current Classification</u>
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.

<u>Financial Instruments</u>
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.

<u>Financial assets</u>
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair Value Measurement

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

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

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

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

Fair value hierarchy

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

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

"Day 1" loss

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

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's land used as sanitary landfill and identified development costs specific to the landfill cells are depreciated using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity).

The estimated salvage value, useful lives and depreciation method are reviewed periodically to ensure that the salvage value, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (i.e., property and equipment, investment property, and investments in an associate and a joint venture) may be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years. Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of Asset Rehabilitation Obligation was recognized by the Group as part of property and equipment under "ARO-Asset" account. The capitalized asset is depreciated on a straight-line basis over the period of expected utilization of the landfill. The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for ARO-liability and adjusts the related liability for changes in estimates.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Equity reserve

Equity reserve pertains to the effect of reverse acquisitions and actuarial gains (losses) on defined benefit obligation.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Composting/waste process

The transaction price is determined to be the contract price stated in each contract services. Each supply of labor, equipment, tools and expertise in transforming all the compostable waste material originated from a location into compost is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from composting/waste process is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

Consultancy/field services
The transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

Hauling income
The transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Rental income
Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract.

These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

General and administrative expenses
General and administrative expenses are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

Retirement Cost
The Group has funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method.

This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gains (losses) on defined benefit plan" in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Short-term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed as of the reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity, net of tax.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position.
- When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 24.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Basic/Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. Among the significant accounting judgments made by the Group are as follows:

Identification of contract with customers and performance obligation under PFRS 15
The Group applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. The Group viewed each contract as a single performance obligation.

Assessment of principal vs agent on income from hauling services
The Group has contract with customers for the collection, hauling and disposal of municipal solid wastes including street sweeping. The Group acts as a principal and recognizes revenue at gross amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon

receipt of the solid wastes) because this is when the customer benefits from the Group's hauling services. The following factors indicate that the Group control the services before they are being transferred to customers. Therefore, the Group determined that it is acting as a principal in these contracts.

- The Group is primarily responsible for fulfilling the promise to provide the hauling services to the customers.
- The Group is the entity primarily liable to customers in the event of default or non-performance.

Assessment of control
The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

As of December 31, 2022 and 2021, BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in a joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of December 31, 2022 and 2021, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in an associate. The Group exercises significant influence in MCWM due to the presence of BEST's representatives in the Board of Directors of MCWM. Hence, BEST effectively has a participation in the policy-making processes of MCWM.

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property and transportation and heavy equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the property as the group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for expected credit losses on receivables
The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

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

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from income from waste collection during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The Group's trade receivables amounting to ₱714.99 million and ₱828.23 million are secured by shares of stocks of the Parent Company as of December 31, 2022 and 2021, respectively (see Note 15). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to ₱13.32 million as of December 31, 2022 and 2021. The carrying amounts of receivables amounted to ₱927.03 million and ₱952.75 million as of December 31, 2022 and 2021, respectively (see Note 5).

Estimation of Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

The assumptions used to compute ARO-liability are reviewed and updated annually by the Group. As of December 31, 2022 and 2021, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2022 and 2021, the Group's ARO-liability has a carrying value of ₱31.28 million and ₱29.08 million, respectively. For the years ended December 31, 2022 and 2020, the related finance cost recognized to accrete the liability amounted to ₱2.20 million and ₱2.27 million, respectively (see Note 22).

Determining Estimated Total Capacity, Utilized Capacity and Salvage Value of Land and Development Costs Used as Landfill
The Group estimates the capacity based on actual volume and compacted volume of trash received. For the salvage value of the land used as sanitary landfill, the Group bases its estimates on the latest appraisal report done by an external appraiser. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost. This rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate and salvage value of the land and development costs and factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets.

As of December 31, 2022 and 2021, the carrying value of the land used as sanitary landfill and development costs amounted to ₱146.08 million and ₱158.17 million, respectively (see Note 10).

Impairment of nonfinancial assets (other than investments in an associate and a joint venture)
The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

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

	2022	2021
Property and equipment (Note 10)	**₱211,400,882**	₱222,313,441
Investment property (Note 9)	**101,881,105**	103,261,676
Other current assets (Note 6)*	**39,118,942**	12,303,698
Other noncurrent assets (Note 11)	**21,992,202**	18,240,255

**Excluding deposits*

Estimating retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines. The present value of defined benefit obligation amounted to ₱3.05 million and ₱3.85 million as of December 31, 2022 and 2021, respectively (see Note 19). Further details about the assumptions used are provided in Note 19.

Recognition of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As of December 31, 2022 and 2021, the Parent Company's deferred tax assets have not been recognized in respect of allowance for impairment losses and carryforward benefit of NOLCO that are available for offset against future taxable income for the succeeding years because management believes that it is more likely than not that the tax benefits will not be realized in the future. As of December 31, 2022 and 2021, unrecognized deferred tax assets amounted to ₱4.16 million and ₱4.19 million, respectively.

Deferred tax assets as of December 31, 2022 and 2021 amounted to ₱13.62 million and ₱11.33 million, respectively (see Note 20).

4. **Cash**

	2022	2021
Cash on hand	**₱164,710**	₱97,210
Cash in bank	**25,363,335**	6,991,534
	₱25,528,045	₱7,088,744

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

Interest earned on cash in banks amounted to ₱0.14 million, ₱0.01 million and ₱0.04 million in 2022, 2021 and 2020, respectively.

5. **Receivables - net**

Current receivables

	2022	2021
Trade receivables		
Related parties (Note 15)	**₱877,887,264**	₱914,161,831
Local government units (LGUs) (Note 22)	**20,180,123**	24,032,385
Private entities	**37,993,296**	23,646,843
	936,060,683	961,841,059
Advances to officers and employees	**2,519,283**	2,392,562
Others	**1,773,332**	1,839,976
	940,353,298	966,073,597
Less allowance for expected credit losses	**13,323,318**	13,323,318
	₱927,029,980	₱952,750,279

Trade receivables pertain to receivables from services rendered and rental of equipment by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible on demand.

Advances to officers and employees mainly pertain to various advances for performance bond in relation to bidding activities of BEST. These are noninterest-bearing and subject to liquidation within one year.

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

Noncurrent receivables

	2022	2021
Loan receivables – related party (Note 15)	**₱31,000,000**	₱31,000,000
Interest receivable – related party (Note 15)	**9,750,820**	8,570,500
	₱40,750,820	₱39,570,500

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

2022	**Trade**	**Loans**	**Advances to officers and employees**	**Others**	**Total**
Balance at the beginning and end of year	**₱7,042,454**	**₱5,167,329**	**₱–**	**₱1,113,535**	**13,323,318**

2021	Trade	Loans	Advances to officers and employees	Others	Total
Balance at the beginning of the year:	₱7,042,454	₱5,173,190	₱–	₱1,113,535	₱13,329,179
Provisions (Note 18)	–	–	–	–	–
Recoveries	–	(5,861)	–	–	(5,861)
Balance at end of year	₱7,042,454	₱5,167,329	₱–	₱1,113,535	13,323,318

Allowance for expected credit losses as of December 31, 2022 and 2021 pertains to long-outstanding trade and other receivables of the Group which were determined to be credit impaired and with expected credit losses assessed by the management.

6. Other Current Assets

	2022	2021
Deferred input VAT	**₱8,600,224**	₱5,694,360
Input VAT	**11,103,126**	4,018,421
Prepayments	**17,702,294**	4,029,382
Creditable withholding taxes	**7,865,655**	4,532,683
Deposits	**15,669**	15,669
	45,286,968	18,290,515
Less allowance for impairment losses	**6,152,357**	5,971,148
	₱39,134,611	₱12,319,367

Input VAT represents VAT paid by the Group on its purchases of goods and services from VAT-registered suppliers. This is available for offset against output VAT.

Creditable withholding taxes are applied against income tax payable.

Prepayments include advanced payment to the supplier for the services to be rendered in relation to the development of a software application of the Group.

Deferred input VAT pertains to VAT of unpaid purchases as of reporting period.

The Group provided allowance for impairment on its creditable withholding taxes and input VAT due to low probability that these assets may be utilized in the future.

The movement in allowance for impairment losses follows:

	2022	2021
Balance at beginning of year	**₱5,971,148**	₱7,830,488
Provision (reversal) for the year (Note 18)	**181,209**	(1,859,340)
Balance at end of year	**₱6,152,357**	₱5,971,148

7. Investments in an Associate and a Joint Venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of December 31, 2022 and 2021 follow:

	Associate		**Joint Venture**			
	Metro Clark Waste Management Corporation (MCWM)		**Ecoedge Resources Corporation (ERC)**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
Cost	**₱32,393,358**	₱32,393,358	**51,412,499**	₱51,412,499	**₱83,805,857**	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	**132,879,852**	91,795,532	**(51,412,499)**	(51,406,638)	**81,467,353**	40,388,894
Equity in net earnings (losses) of an associate and a joint venture	**37,715,200**	53,884,320	–	(5,861)	**37,715,200**	53,878,459
Other adjustments to equity in net earnings (losses) of an associate and a joint venture	**–**	–	–	–	**–**	–
Dividends during the year	**(17,600,000)**	(12,800,000)	–	–	**(17,600,000)**	(12,800,000)
Balance at end of year	**152,995,052**	132,879,852	**(51,412,499)**	(51,412,499)	**101,582,553**	81,467,353
	₱185,388,410	₱165,273,210	₱–	₱–	**₱185,388,410**	₱165,273,210

The reconciliation of the associate's and joint venture's net assets multiplied by the ownership interest and the carrying amount of each investments is shown in the table below:

	MCWM		ERC	
	2022	2021	**2022**	2021
Net assets	**₱1,208,677,551**	₱1,052,957,561	**(18,178,596)**	(₱8,964,997)
Dividends	**(50,000,000)**	(20,000,000)	–	–
	1,158,677,551	1,032,957,561	**(18,178,596)**	(8,964,997)
Ownership interest	**16%**	16%	**60%**	60%
Carrying value of investment	**185,388,410**	₱165,273,210	–	–

In 2022, the Group stopped recognizing its share in net losses of ERC since the accumulated losses exceeded the total cost of interest in ERC. The cumulative unrecognized share in net losses of ERC amounted to ₱16.14 and ₱5.23 million as of December 31, 2022 and 2021, respectively.

MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga.

Significant financial information of the associate follows (amounts in thousands):

	2022	2021
Current assets	**₱732,975**	₱440,844
Noncurrent assets	**961,442**	1,030,451
Total assets	**₱1,694,417**	₱1,471,295
Current liabilities	**399,219**	₱305,804
Noncurrent liabilities	**86,521**	112,533
Total liabilities	**₱485,740**	₱418,337

	2022	2021	2020
Gross revenue	**₱1,385,517**	₱1,307,796	₱1,049,845
Cost and expenses - net	**1,108,395**	827,242	668,220
Net profit before income tax	**₱277,122**	₱480,554	₱381,625
Net profit	**₱235,720**	₱336,777	₱275,316
Other comprehensive income	**–**	–	16
Total comprehensive income	**₱235,720**	₱336,777	₱275,332

For the years ended 2022, 2021 and 2020, the Group's dividend income from investment in an associate amounted to ₱17.60 million, ₱12.80 million, and ₱3.20 million, respectively. As of December 31, 2022 and 2021, the Group does not have outstanding dividend receivables.

ERC

On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is at Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

Significant financial information of the joint venture follows (amounts in thousands):

	2022	2021
Current assets	**₱16,381**	₱19,203
Noncurrent assets	**44,934**	53,054
Total assets	**₱61,315**	₱72,257
Current liabilities	**₱50,537**	₱50,548
Noncurrent liabilities	**28,956**	30,674
Total liabilities	**₱79,492**	₱81,222

	2022	2021	2020
Revenue and other income	**₱4,801**	₱5,150	₱4,815
Operating expenses	**11,822**	11,774	16,334
General and administrative expenses	**2,192**	2,165	2,531
Loss before income tax	**(₱9,213)**	(₱8,789)	(₱14,050)
Net loss / Total comprehensive loss	**(₱9,213)**	(₱8,789)	(₱12,934)

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

8. Deposits

As of December 31, 2022 and 2021, BEST has deposits to GSIS as surety bond amounting to ₱1.99 million. These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond. Interest income from deposits in 2022 and 2021 were nil.

9. Investment Property

	2022		
	Land	**Condominium Unit**	**Total**
Cost			
Beginning and end of year	**₱70,320,000**	**₱44,762,040**	**₱115,082,040**
Accumulated depreciation			
Balance at beginning of year	**-**	**11,820,364**	**11,820,364**
Depreciation (Note 17)	**-**	**1,380,571**	**1,380,571**
Balance at end of year	**-**	**13,200,935**	**13,200,935**
Net book value	**₱70,320,000**	**₱31,561,105**	**₱101,881,105**

	2021		
	Land	Condominium Unit	Total
Cost			
Balance at end of year	₱70,320,000	₱44,762,040	₱115,082,040
Accumulated depreciation			
Balance at beginning of year	–	10,439,794	10,439,794
Depreciation (Note 17)	–	1,380,570	1,380,570
Balance at end of year	–	11,820,364	11,820,364
Net book value	₱70,320,000	₱32,941,676	₱103,261,676

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

BEST leased out portions of the other unit to its joint venture and to another private company. The rental income recognized from lease agreements amounted to ₱0.21 million, ₱0.21 million and ₱0.80 million in 2022, 2021 and 2020, respectively. Direct costs for investment property pertain to depreciation amounting to ₱1.38 million in 2022, 2021 and 2020 is recognized in cost of services.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2022 and 2021, based on an appraisal made by an independent appraiser who holds a recognized and relevant professional qualifications.

2022			**Fair value using**		
	Date of Valuation	**Total**	**Quoted priced in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land property	**March 30, 2023**	**₱309,984,000**	**₱–**	**₱–**	**₱309,984,000**
Building properties	**March 30, 2023**	**115,888,000**	**–**	**–**	**115,888,000**

2021			Fair value using		
	Date of Valuation	Total	Quoted priced in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land property	May 4, 2022	₱299,022,000	₱–	₱–	₱299,022,000
Building properties	May 4, 2022	106,669,000	–	–	106,669,000

For land property, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. For building properties, the income approach was used in determining the fair value which is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

The fair value of the investment property is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. For sales comparison approach, the inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset. For income approach, the inputs used were the value of income, cash flow or cost saving generated by the asset.

10. Property and Equipment

2022	Land	Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	**₱133,414,160**	**₱30,829,613**	**₱124,224,371**	**₱8,333,881**	**₱230,943,937**	**₱793,187**	**₱11,323,307**	**₱3,380,207**	**₱543,242,663**
Additions	**–**	**–**	**–**	**60,214**	**19,271,375**	**–**	**–**	**6,459,633**	**25,791,222**
Other adjustments	**(500,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(500,000)**
At December 31	**132,914,160**	**30,829,613**	**124,224,371**	**8,394,095**	**250,215,312**	**793,187**	**11,323,307**	**9,839,840**	**568,533,885**
Accumulated Depreciation and Amortization									
At January 1	**15,404,679**	**8,872,866**	**119,781,036**	**6,431,775**	**158,480,852**	**634,707**	**11,323,307**	**–**	**320,929,222**
Depreciation and amortization (Notes 17 and 18)	**3,700,036**	**899,833**	**2,399,387**	**1,894,261**	**27,163,763**	**146,501**	**–**	**–**	**36,203,781**
At December 31	**19,104,715**	**9,772,699**	**122,180,423**	**8,326,036**	**185,644,615**	**781,208**	**11,323,307**	**-**	**357,133,003**
Net Book Value	**₱113,809,445**	**₱21,056,914**	**₱2,043,948**	**₱68,059**	**₱64,570,697**	**₱11,979**	**₱–**	**₱9,839,840**	**₱211,400,882**

2021	Land	Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	₱114,360,660	₱30,829,613	₱123,814,371	₱4,515,238	₱153,204,376	₱793,187	₱14,202,829	₱31,894,934	₱473,615,208
Additions	19,053,500	–	410,000	3,818,643	–	–	–	49,224,834	72,506,977
Reclassifications (Note 11)	–	–	–	–	77,739,561	–	–	(77,739,561)	–
Other adjustments	–	–	–	–	–	–	(2,879,522)	–	(2,879,522)
At December 31	133,414,160	30,829,613	124,224,371	8,333,881	230,943,937	793,187	11,323,307	3,380,207	543,242,663
Accumulated Depreciation and Amortization									
At January 1	15,411,954	7,973,011	108,180,488	4,515,058	143,802,799	476,070	13,492,687	–	293,852,067
Depreciation and amortization (Notes 17 and 18)	–	899,855	11,600,548	1,916,717	14,678,053	158,637	710,142	–	29,963,952
Other adjustments	(7,275)	–	–	–	–	–	(2,879,522)	–	(2,886,797)
At December 31	15,404,679	8,872,866	119,781,036	6,431,775	158,480,852	634,707	11,323,307	–	320,929,222
Net Book Value	₱118,009,481	₱21,956,747	₱4,443,335	₱1,902,106	₱72,463,085	₱158,480	₱–	₱3,380,207	₱222,313,441

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

As of December 31, 2022 and 2021, the carrying value of the land used as sanitary landfill (included as part of Land) amounted to ₱81.51 million and ₱98.57 million, respectively. In 2021, the Group acquired a land for the expansion of sanitary landfill in Morong, Rizal, amounting to ₱19.05 million.

Joint Operation
On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo, a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs (CLGU). The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, the CLGU shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group has started the design and engineering of the sanitary landfill and has capitalized expenses amounting to ₱9.32 million and ₱45.84 million as part of Development Cost in 2022 and 2021, respectively. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as "Joint Operation" since the joint arrangement's legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties and there is an indication that the parties have no rights to the net assets of the Joint Operation.

The Group's share in the assets and liabilities of the Joint Operation as at December 31, 2022 and 2021 and for the years then ended, which are consolidated line by line in the financial statements, are as follows:

	2022	2021
Current assets	**₱6,641,342**	₱1,499,287
Noncurrent assets	**69,361,943**	60,039,751
Total assets	**₱76,003,285**	₱61,539,038
Total current liabilities	**₱13,078,805**	₱4,031,452

The noncurrent assets pertain to development cost amounting to ₱69.36 million and ₱60.04 million as of December 31, 2022 and 2021 which is included as part of "Development Cost" (see Note 10).

Below is the share of the Group on the net income of the Joint Operation:

	2022	2021
Income	**₱7,807,442**	₱1,152,441
Cost and expenses	**(17,214,285)**	(4,657,679)
Net loss	**(₱9,406,843)**	(₱3,505,238)

11. **Other Noncurrent Assets**

	2022	2021
Advances to landowners	**₱17,000,000**	₱12,000,000
Intangible assets	**4,992,202**	6,240,255
Total	**₱21,992,202**	₱18,240,255

Advances to landowners pertain to downpayment on purchase of land with a total purchase price of ₱69.55 million. The remaining balance will be payable in three (3) equal tranches subject to the following conditions:

a. 1st tranche, upon lapse of 3 months from the date of downpayment and upon submission to the Group of the certified true copy of the transfer certificate of title which the Group paid in 2022 amounting to ₱5.00 million;
b. 2nd tranche, upon lapse of 3 months from the date of 1st tranche and upon submission to the Group of the supporting documents for processing of title transfer; and
c. 3rd tranche, upon lapse of 3 months from the date of 2nd tranche and upon execution of the deed of absolute sale.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal.

12. **Trade and Other Payables**

	2022	2021
Trade payables		
Related parties (Note 15)	**5,114,385**	₱15,505,053
Third parties	**1,082,185**	10,333,101
	6,196,570	25,838,154
Deferred output VAT	**101,633,047**	103,098,822
Payable to government agencies	**23,869,333**	10,674,391
Accrued expenses	**1,612,618**	1,536,333
	₱133,311,568	₱141,147,700

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. These are noninterest-bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

13. Loan Payable

On November 5, 2015, BEST obtained a loan from a local bank for working capital requirements amounting to ₱100.00 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

Interest expense on loan payable amounted to ₱5.08 million, ₱5.19 million, and ₱5.82 million and in 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the outstanding balance of loan payable amounted to ₱85.00 million and ₱88.00 million, respectively. The Group paid a portion of the outstanding principal amounting to ₱3.00 million in 2022 and the remaining balance of ₱85.00 million was extended until June 28, 2023 at an interest rate of 5.50% per annum.

14. Equity

Capital Stock

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

Authorized number of shares:	
At the beginning and end of the year	740,000,000
Number of shares issued and outstanding:	
At the beginning and end of the year	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common Shares	Number of Shares Registered	Issue /Offer Price	Date of Approval
180,000,000	180,000,000	₱1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's total number of shareholders is 114 as of December 31, 2022 and 2021.

On May 25, 2016, the stockholders approved the increase in the Parent Company's authorized capital stock to an amount of up to ₱7.50 billion consisting of common and/ or preferred shares as may be determined by the BOD. As of December 31, 2022, the Parent Company has not yet filed its application for the increase in authorized capital stock with the SEC.

The Parent Company's unissued authorized capital stock amounted to ₱50,000,000 as of December 31, 2022 and 2021.

Retained Earnings

For purposes of dividend declaration, the retained earnings shall be that of the Parent Company presented in the separate financial statements. As of December 31, 2022 and 2021, the Parent Company is in a deficit position, hence, no dividends were declared during the years covered.

The details of the Parent Company's deficit follows:

	2022	2021
Balance at beginning of year	**₱222,968,717**	₱219,432,831
Net loss during the year	**3,517,527**	3,535,886
	₱226,486,244	₱222,968,717

As of December 31, 2022 and 2021, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounting to ₱153.00 million and ₱132.88 million, respectively, and undistributed earnings of its subsidiary amounting to ₱602.51 million and ₱578.07 million, respectively, are not available for distribution as dividends until declared by the associate and subsidiary. The investment in a joint venture has an accumulated share in net losses as of December 31, 2022 and 2021.

15. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; (c) joint venture; and (d) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

The coverage of the Group's Material Related Party Transactions (RPT) are any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on the latest audited financial statement. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.

The Group has a Related Party Transaction Committee tasked with reviewing all Material RPTs which should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman. After the review and evaluation of the Material RPTs, the committee shall endorse the same to the Board of Directors for approval.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

2022

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱3,429,796	₱196,537,369	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	80,373,254	518,451,626	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	–	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	144,642,857	162,840,958	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	57,321	22,624	Noninterest-bearing; on demand	Unsecured, no impairment
		₱877,887,264		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	1,180,320	9,750,820	Within five years	Unsecured, no impairment
		₱40,750,820		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	₱–	₱5,114,385	Noninterest-bearing; on demand	Unsecured
Accrued expenses			Noninterest-bearing; on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	600,000	–	Noninterest-bearing; on demand	Unsecured
		₱5,114,385		

2021

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱1,165,179	₱214,485,217	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	30,000,000	613,745,655	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	–	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	144,642,857	85,878,424	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	53,571	17,847	Noninterest-bearing; on demand	Unsecured, no impairment
		₱914,161,830		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	1,180,320	8,570,500	Within five years	Unsecured, no impairment
		₱39,570,500		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	₱140,416,644	₱15,505,053	Noninterest-bearing; on demand	Unsecured
Accrued expenses			Noninterest-bearing; on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	540,000	–	Noninterest-bearing; on demand	Unsecured
		₱15,505,053		

a. BEST provides composting of waste materials services to IPMCDC and charges composting and waste processing fees based on a fixed contract price specified in the composting agreement. In 2022 and 2021, BEST charged IPMCDC for transportation and heavy equipment rental fees.

   The income payment is based on a fixed amount specified in the consultancy agreement. The Group's revenue from IPMCDC for the years 2022, 2021 and 2020 is composed of the following:

	2022	2021	2020
Equipment rental	**₱3,196,071**	₱1,165,179	₱7,874,643
Composting (Note 16)	**–**	–	9,000,000
	₱3,196,071	₱1,165,179	₱16,874,643

   In 2019, BEST agreed with IPMCDC that receivables will be payable upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDC assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱4.12 million and ₱2.74 million, respectively, in

2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of the Parent Company.

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMCDC, the pledged shares will be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMCDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

b. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2022 which was subsequently renewed for another twelve months. As of and for the year ended December 31, 2022 and 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million. Receivable from joint venture amounted to ₱162.84 million and ₱85.88 million in 2022 and 2021, respectively (see Note 22).

c. In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of ₱15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 22). On April 26, 2018, BEST entered into a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of the Parent Company to guarantee BEST's receivables from IPMESI amounting to ₱693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring and interest income amounting to ₱21.84 million and ₱12.29 million, respectively, in 2022 (see Note 18). On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMESI and IPMRDC, the pledged shares will be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMESI and IPMRDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

In 2022 and 2021, BEST collected ₱80.37 million and ₱30.00 million from IPMESI, respectively.

d. In January 2017, BEST entered into a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The lease agreement has been renewed in 2021 until December 31, 2022.

e. In 2014, BEST granted loans to ERC amounting to ₱19.00 million with 3.864% interest rate per annum and ₱12.00 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable from the latter. Receivables pertaining to interest receivables amounting to ₱3.00 million are collectible within (1) year. The principal amounting to ₱31.00 million and interest receivable amounting to ₱2.03 million are collectible within five (5) years from 2018.

   In 2019, BEST agreed with ERC that the principal balance amounting to ₱31.00 million and interest receivable amounting to ₱6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to ₱31.00 million as of December 31, 2022 and 2021.

   For the years ended 2022, 2021 and 2020, interest income earned from the loans amounted to ₱1.18 million each year. Accrued interest receivable amounted to ₱9.75 million and ₱8.57 million as of December 31, 2022 and 2021, respectively.

f. IPMCDC charges BEST for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST (see Note 17).

   On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to ₱146.96 million and ₱140.42 million in 2022 and 2021, respectively (see Notes 17 and 22).

g. The Parent Company entered into an agreement with GNCA, an entity controlled by one of the Parent Company's director, for the sharing of common costs incurred on the leased office space of the Parent Company. The agreement provides that Parent Company shall pay fixed monthly utility charges of ₱15,000 in 2022, 2021 and 2020, in lieu of its proportionate share in monthly rentals on the leased premises. The Parent Company has no unpaid utilities expense as of December 31, 2022 and 2021.

h. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD.

   On June 27, 2018, the BOD approved the 100% increase in the *per diem* of each director. Total per diem paid to the directors amounted to ₱0.60 million , ₱0.62 million and ₱0.54 million in 2022, 2021 and 2020, respectively (see Note 18).

   Transactions with related parties are based on terms agreed to by the parties. Outstanding balances as of reporting date are to be settled in cash, unless otherwise stated. Based on management's assessment, no provision for impairment of receivables for related parties is necessary. This assessment is done on a regular basis.

Compensation of Key Management Personnel
Details of the compensation of key management personnel of the Group are as follows:

	2022	2021	2020
Salaries and other short-term employee benefits (Notes 17 and 18)	**₱8,977,523**	₱11,385,846	₱8,751,507
Long-term employee benefits	**221,335**	219,182	216,853
	₱9,198,858	₱11,605,028	₱8,968,360

16. **Revenues from Contracts with Customers**

	2022	2021	2020
Income from tipping fee	**₱112,320,909**	₱94,837,154	₱84,210,770
Income from waste collection	**144,642,857**	144,642,857	132,589,266
Hauling income	**31,445,458**	27,146,637	21,723,956
Composting/waste process (Note 15)	–	–	9,000,000
Consultancy/field services (Note 15)	**7,780,312**	3,564,876	–
Trash to cashback	**5,818,544**	1,486,477	–
	₱302,008,080	₱271,678,001	₱247,523,992

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house to house collection of garbage and delivery to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. On January 11, 2021, the service agreement between IPMCDC and BEST's JV and BEST has been renewed to twelve months, starting January 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months (see Note 22). In 2022 and 2021, BEST reported an income from this agreement which amounted to ₱144.64 million.

Consultancy/field services pertains to the Group's revenue from maintaining IPMCDC and Passi's landfill facilities. During the year, the Group's income from consultancy services resulted from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

Composting/waste process pertains to services for composting of biodegradable organic waste such as food waste, manure, leaves, grass trimmings, paper, wood, feathers, crop residue and others which turns it into a valuable organic fertilizer.

17. Cost of Services

	2022	2021	2020
Subcontracting costs (Note 15)	**₱146,956,202**	₱140,416,644	₱122,767,857
Depreciation and amortization (Notes 9 and 10)	**29,670,262**	25,755,756	37,229,166
Rent (Note 15)	**25,444,437**	19,650,780	12,874,887
Salaries, wages and employee benefits (Note 15)	**16,124,728**	12,469,674,	9,206,103
Fuel and oil (Note 15)	**7,935,064**	2,451,847	2,805,350
Repairs and maintenance (Note 15)	**3,857,025**	849,331	,144,712
Taxes and licenses	**2,306,814**	11,669,555	595,985
Transportation and travel	**1,115,817**	960,478	576,982
Supplies	**899,111**	1,272,274	342,632
Utilities	**628,416**	461,030	292,548
Materials	**369,062**	175,446	–
Others	**13,501,996**	9,675,287	5,731,080
	₱248,808,934	₱225,808,102	₱193,567,302

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

18. General and Administrative Expenses

	2022	2021	2020
Loss on receivables due to restructuring (Note 15)	**₱25,964,264**	₱–	₱–
Salaries, wages and employee benefits (Note 15)	**12,870,395**	11,969,245	12,723,434
Taxes and licenses	**9,296,587**	9,704,499	12,467,494
Professional fees	**2,833,363**	1,313,238	3,997,385
Depreciation and amortization (Note 10)	**2,520,407**	2,372,996	2,367,244
Entertainment amusement and recreation	**1,051,092**	1,405,840	789,939
Pension expense (Note 19)	**709,989**	611,067	549,981
Directors' fee (Note 15)	**600,000**	620,000	540,000
Repairs and maintenance	**552,352**	718,061	483,166
Stock exchange listing fee	**494,025**	559,125	501,575
Utilities (Note 15)	**450,567**	501,777	480,558
Office supplies and printing costs	**370,297**	479,535	439,429
Advertising and promotion	**219,795**	821,510	627,319
Transportation and travel	**198,538**	138,191	143,271
Rent (Note 15)	**182,142**	231,163	147,411
Provision for impairment losses (Notes 5 and 6)	**181,208**	185,105	5,120,235
Insurance	**89,008**	31,003	10,416
Seminars and trainings	**36,000**	28,000	21,000
Others	**1,269,318**	2,999,190	831,984
	₱59,889,347	₱34,689,545	₱42,241,841

19. **Pension Plan**

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2022.

The following tables summarize the components of plan expense recognized in profit or loss and other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

	2022		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net pension liability**
At January 1	**₱3,847,511**	**(₱385,202)**	**₱3,462,309**
Benefit cost in profit or loss			
Current service cost (Note 18)	**542,067**	**-**	**542,067**
Net interest expense (income) (Note 18)	**186,604**	**(18,682)**	**167,922**
	728,671	**(18,682)**	**709,989**
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset		**12,179**	**12,179**
Actuarial loss - changes in financial assumptions	**(304,480)**		**(304,480)**
Actuarial loss - changes in experience	**(173,347)**		**(173,347)**
	(477,827)	**12,179**	**(465,648)**
Benefits paid directly by the Company	**(1,050,000)**		**(1,050,000)**
At December 31	**₱3,048,355**	**(₱391,705)**	**₱2,656,650**

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱2,834,500	(₱383,976)	₱2,450,524
Benefit cost in profit or loss			
Current service cost (Note 18)	524,809	–	524,809
Net interest expense (income) (Note 18)	99,774	(13,516)	86,258
	624,583	(13,516)	611,067
	3,459,083	(397,492)	3,061,591
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset	–	12,290	12,290
Actuarial loss - changes in financial assumptions	(268,027)	–	(268,027)
Actuarial loss - changes in experience	656,455	–	656,455
	388,428	12,290	400,718
At December 31	₱3,847,511	(₱385,202)	₱3,462,309

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

	2022	2021
Actuarial gain (loss)	**₱334,497**	(₱400,718)
Less tax effect	**(83,625)**	92,548
Actuarial gain (loss) recorded in OCI	**₱250,872**	(₱308,170)

The Group's plan assets are invested mainly in cash and cash equivalents. The plan assets do not have any concentration risk. The actual return on plan assets amounted to ₱6,503 and ₱1,226 in 2022 and 2021, respectively.

The Group did not make any contribution in 2022 and 2021 to the defined benefit pension plan. The Group does not expect any contribution to the defined benefit pension plan in 2022. The present value of the pension obligation is determined using an actuarial valuation, which involves making various assumptions.

The principal assumptions used in determining pension benefits are as follows:

	2022	2021
Discount rate	**7.00%**	4.85%
Salary increase rate	**2.00%**	2.00%

The following sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

		Increase (decrease) in present value of defined benefit obligation	
	Change in variable	**2022**	2021
Discount rate	+100 bps	**(₱118,253)**	(₱175,039)
	-100 bps	**132,076**	197,387
Salary increase rate	+100 bps	**137,518**	201,163
	-100 bps	**(124,891)**	(181,321)

Changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

The weighted average duration of the defined benefit obligation is 4.8 years and 5.60 years as of December 31, 2022 and 2021, respectively.

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

	2022	2021
Less than 1 year	**₱953,244**	₱1,863,799
More than 1 year to 5 years	**2,591,991**	2,645,490
More than 5 years to 10 years	**570,809**	548,502
	₱4,116,044	₱5,057,791

20. Income Tax

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

	2022	2021	2020
Current	**₱8,200,044**	₱2,879,303	₱9,902,892
Final	**28,877**	2,385	8,858
Deferred	**(3,974,501)**	1,856,538	(1,743,169)
	₱4,254,420	₱4,738,226	₱8,168,581

The provision for current income tax represents regular corporate income tax of BEST in 2022 and 2021. The components of the Parent Company's unrecognized deferred tax assets follow:

	2022	2021
NOLCO	**₱9,418,104**	₱9,730,588
Allowance for impairment losses	**7,218,530**	7,037,321
	16,636,634	16,767,909
Tax rate	**25%**	25%
	₱4,159,159	₱4,191,977

The Group's deferred tax assets pertaining to the Parent Company's NOLCO and allowance for impairment loss on receivables were not recognized in the books because management believes that it is not probable that taxable profits will be available in the future against which these can be utilized. The Group will recognize a previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the deferred tax asset to be recovered.

The components of the Group's recognized deferred tax assets follow:

	2022	2021
Presented in profit or loss		
Allowance for expected credit losses	**₱1,962,435**	₱1,962,435
Discount on receivables	**2,731,505**	–
ARO-asset	**2,830,827**	3,915,517
ARO-liability	**4,987,998**	4,438,832
Net pension liability	**1,055,279**	877,782
	13,568,044	11,194,566
Presented in other comprehensive income		
Actuarial changes on defined benefit obligation	**54,702**	138,326
Net deferred tax assets	**₱13,622,746**	₱11,332,892

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

	2022	2021	2020
At statutory tax rate	**₱11,451,055**	₱16,183,252	₱16,567,101
Add (deduct) tax effects of:			
Nondeductible expense	**1,907,329**	1,800,572	1,014,298
Effect of change in tax rate	**–**	(590,025)	–
Expired NOLCO	**881,213**	736,957	795,912
Change in unrecognized deferred tax assets	**(541,922)**	79,776	85,727
Interest income subjected to final tax	**(14,455)**	(1,226)	(4,429)
Equity in net earnings of an associate and a joint venture	**(9,428,800)**	(13,471,080)	(10,903,362)
Provision for impairment	**–**	–	613,334
Effective income tax	**₱4,254,420**	₱4,738,226	₱8,168,581

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4 of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Parent Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2022	₱3,212,370	₱–	₱–	₱3,212,368	2025
2019	3,524,852	–	3,524,852	–	2022
	₱6,737,222	₱–	₱3,524,852	₱3,212,368	

The Parent Company's NOLCO incurred in 2021 can be claimed as deduction against future taxable income over five (5) years, which is until 2026. The extension of its validity as a deduction against future taxable income from three (3) years to five (5) years, is pursuant to the issuance of Revenue Regulation No. 25-2020, implementing Section 4 of the Bayanihan To Recover As One or Bayanihan 2 Act, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2021	₱3,266,935	₱–	₱–	₱3,266,935	2026
2020	2,938,801	–	–	2,938,801	2025
	₱6,205,736	₱–	₱–	₱6,205,736	

21. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the parent company (a)	**₱30,282,966**	**₱44,112,115**	₱32,316,765
Weighted average number of outstanding common share (b)	**690,000,000**	**690,000,000**	690,000,000
Basic earnings per share (a/b)	**₱0.04**	**₱0.06**	₱0.05

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

22. Commitments

As of December 31, 2022 and 2021, the Group has the following contractual commitments:

- The Group has entered into a contractual agreement with IPMCDC, the ultimate parent, to undertake the following:

  a. The Group recognized income amounting ₱7.78 million and ₱3.56 million in 2022 and 2021, respectively, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

  b. In 2020, BEST entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for twelve (12) months beginning February 1, 2020. The agreement was renewed for another 12 months until January 31, 2023. The JV between BEST and IPM CDC was registered as a taxable entity in 2020.

     The capital contribution, participation interest in the net profits of the Joint Venture shall be shared by parties equally (50% -BEST, 50% - IPMCDC).

     On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month which was subsequently renewed for another twelve months. As of and for the year ended December 31, 2022 and 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱144.64 million.

     On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2021 to January 31, 2023 at a price not to exceed ₱12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to ₱146.96 million and ₱140.42 million in 2022 and 2021, respectively (see Note 17).

- On June 19, 2019, BEST entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 30, 2021 until June 1, 2023 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2022, 2021 and 2020 from this agreement amounted to ₱2.45 million.

- The Group entered into contractual commitments with various municipalities of Rizal for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties.

  As of and for the years ended December 31, 2022 and 2021, the amount of income recognized by the Group and outstanding balance per municipality follow:

	Income (in millions)		**Outstanding Balance** (in millions)	
Municipality	**2022**	2021	**2022**	2021
Binangonan, Rizal	**₱40.13**	₱37.93	**4.09**	₱3.93
Angono, Rizal	**18.51**	14.52	**3.86**	3.06
Teresa, Rizal	**7.71**	7.52	**1.08**	1.86
Baras, Rizal	**7.86**	7.15	**0.69**	1.40
Tanay, Rizal	**7.99**	6.93	**2.60**	2.41
Pililla, Rizal	**6.90**	6.25	**1.92**	1.75
Morong, Rizal	**4.21**	4.60	**4.54**	4.39
Cardona, Rizal	**2.69**	3.20	**1.31**	1.41
Jalajala, Rizal	**2.13**	1.37	**0.40**	0.35
Taytay, Rizal	–	–	**2.7**	2.73
Famy, Laguna	**0.41**	–	**0.21**	–
Pakil, Laguna	**0.19**	–	**0.18**	–
Siniloan, Laguna	**0.02**	–	**0.03**	–
Pangil, Laguna	–	–	–	0.02
	₱98.75	₱89.47	**₱23.61**	₱23.31

In 2018, the Group entered into the contract agreement for garbage disposal services for the municipality of Baras and Cardona. Contract terms was for ten (10) months beginning March 2018 until December 31, 2018. These cossntracts were renewed in 2019 with the same terms in 2018. The contract covers the Group's provision of professional services within its disposal facility and includes all programming, planning, calculation, specifications equipment and management services necessary to carry out the agreed services. In 2022, the Group continued to extend its services after bidding in December 2019 for municipality of Baras.

Beginning March 22, 2018, the Group has renewed its contract of solid waste disposal and service of a sanitary landfill with the municipality of Binangonan. The term of the contract shall be for nine months until December 31, 2018 unless sooner terminated. In 2020, the Group continued to extend its services after bidding in January 2020 and an extension of contract was awarded.

The contract with municipality of Teresa was entered into by the Group in January 2022. Under this agreement, the Group allows these municipalities to dump residual wastes to its landfill in Morong. The agreement took effect on January 2016 and shall end on December 2022 unless sooner terminated.

As of December 31, 2022 and 2021, outstanding balance of receivables from LGUs amounted to ₱20.18 million and ₱24.03 million, respectively (see Note 5).

- Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group through BEST, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

  The Group shall prepare, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources – Environmental Management Bureau

  (DENR-EMB). The implementation of the approved Closure Action Plan shall include the following:

  a. Stabilization of critical slopes or reformation of shape/slope;
  b. Provision of waste storage bank, suitable retaining wall or embankment structures;
  c. Installation of final soil cover and suitable vegetation;
  d. Provision of proper drainage systems to channel rainwater from the disposal site to the discharge drains; and
  e. Provision of adequate facilities for the management of the landfill gas and leachate.

  In addition, the Group shall be responsible and shall provide for the post-closure management and post-closure land use of the Facility, including maintenance and rehabilitation activities after the physical closure of the sanitary landfill. The Group shall also continuously monitor the implementation of the Closure Action Plan of the landfill for a period of ten (10) years. As of December 31, 2022 and 2021, the Group's ARO-liability has a carrying value of ₱31.28 million and ₱29.08 million, respectively. For the period ended December 31, 2022 and 2021, the related interest expense recognized to accrete the liability amounted to ₱2.20 million and nil, respectively.

23. Financial Risk Management Objectives and Policies

The Group's principal financial assets and liabilities comprise of cash, receivables, deposits, due to/from related parties, trade and other payables (excluding payable to government agencies) and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk and liquidity risk. It also supports the effective implementation of such policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

<u>Credit risk</u>
Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash, receivables and deposits. Credit risk pertains to the risk that a party to a

financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

2022

	Gross Maximum Exposure	**Fair Value of Collateral**	**Net Exposure**	**Financial Effect of Collateral**
Financial assets at amortized cost				
Cash*	**₱25,363,335**	**₱–**	**₱25,363,335**	**₱–**
Receivables:				
Trade				
Related parties	**877,887,264**	**816,724,305**	**61,162,959**	**816,724,305**
LGUs	**20,180,123**	**–**	**20,180,123**	**–**
Private Entities	**37,993,296**	**–**	**37,993,296**	**–**
Loan	**31,000,000**	**–**	**31,000,000**	**–**
Interest	**9,750,820**	**–**	**9,750,820**	**–**
Deposits	**1,988,034**	**–**	**1,988,034**	**–**
	₱1,004,162,872	**₱816,724,305**	**₱187,438,567**	**₱816,724,305**

**Excluding cash on hand.*

2021

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱6,991,534	₱–	₱6,991,534	₱–
Receivables:				
Trade				
Related parties	914,161,831	1,077,380,366	–	914,161,831
LGUs	24,032,385	–	24,032,385	–
Private Entities	23,646,843	–	23,646,843	–
Loan	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	–	1,988,034	–
	₱1,010,391,127	₱1,077,380,366	₱96,229,296	₱914,161,831

**Excluding cash on hand.*

On April 26, 2018, BEST entered into a Memorandum of Agreement with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares of the Parent Company, respectively, to guarantee BEST's receivables from IPMESI amounting to ₱693.74 million (see Notes 5 and 15). On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the Parent Company held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. The agreement is valid, binding and in full force and effect until the secured obligations are fully paid by IPMESI. IPMESI committed to pay its total liability to BEST. On January 31, 2023, management reduced the shares guaranteed by IPMRDC to 18,000,000 shares of the Parent Company in consideration of the payments made in 2022.

In March 2020, BEST entered into a Memorandum of Agreement with IPMCDC wherein the latter assigned 54,200,000 shares of the Parent Company, to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 54,200,000 shares of the Parent Company held by IPMCDC) from IPMCDC due to be paid in installment until 2023. On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of the Parent Company.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as December 31, 2022 and 2021 amounted to ₱816.72 million and ₱1,077.38, respectively.

There were no amounts that are set-off in accordance with the requirements of PAS 32, *Financial Instruments: Disclosures and Presentations*. There were no amounts subject to an enforceable master-netting arrangement or similar agreement as of December 31, 2022 and 2021.

Credit Quality. The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets:

	2022			
		Stage 1	**Stage 2**	**Stage 3**
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	**₱25,363,335**	**₱25,363,335**	**₱–**	**₱–**
Receivables				
Trade	**936,060,683**	**44,850,101**	**877,887,264**	**13,323,318**
Loans	**31,000,000**	–	**31,000,000**	–
Interest	**9,750,820**	–	**9,750,820**	–
Deposits	**1,988,034**	**1,988,034**	–	–
	₱1,004,162,872	**₱72,201,470**	**₱918,638,084**	**₱13,323,318**

**excluding cash on hand*

	2021			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	₱6,991,534	₱6,991,534	₱–	₱–
Receivables				
Trade	961,841,059	34,355,910	914,161,831	13,323,318
Loans	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	1,988,034	–	–
	₱1,010,391,127	₱43,335,478	₱953,732,331	₱13,323,318

**excluding cash on hand*

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. It maintains an adequate cash in the event of unforeseen interruption of its cash collections. The Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial assets					
At amortized cost					
Cash	**₱25,528,045**	**₱–**	**₱–**	**₱–**	**₱25,528,045**
Receivables:					
Trade	**27,915,374**	**19,829,754**	**31,265,572**	**857,049,983**	**936,060,683**
Loan	**–**	**–**	**–**	**31,000,000**	**31,000,000**
Interest	**–**	**–**	**–**	**9,750,820**	**9,750,820**
Deposits	**–**	**–**	**–**	**1,988,034**	**1,988,034**
	₱53,443,419	**₱19,829,754**	**₱31,265,572**	**₱899,788,837**	**₱1,004,327,582**

	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	**₱–**	**₱7,809,188**	**₱–**	**₱–**	**₱7,809,188**
Loan payable	**–**	**–**	**₱85,000,000**	**–**	**85,000,000**
	₱–	**₱7,809,188**	**₱85,000,000**	**–**	**₱92,809,188**

	2021				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial assets					
At amortized cost					
Cash	₱7,088,744	₱–	₱–	₱–	₱7,088,744
Receivables:					
Trade	24,347,134	24,829,997	912,663,928	–	961,841,059
Loan	–	–	–	31,000,000	31,000,000
Interest	–	–	–	8,570,500	8,570,500
Deposits	–	–	–	1,988,034	1,988,034
	₱31,435,878	₱24,829,997	₱912,663,928	₱41,558,534	₱1,010,488,337
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	₱–	₱27,388,823	₱–	₱–	₱27,388,823
Loan payable	–	–	88,000,000	–	88,000,000
	₱–	₱27,388,823	₱88,000,000	₱–	₱115,388,823

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers its total equity amounting to ₱1,314.25 million and ₱1,272.45 million as of December 31, 2022 and 2021, respectively, as capital.

Fair Value Information

Due to the short-term nature of the Group's financial instruments except for noncurrent loan receivables, their fair values approximate their carrying amounts as of December 31, 2022 and 2021. The fair value of the noncurrent loan receivables as of December 31, 2022 and 2021 amounted to ₱28.31 million, discounted using the Bloomberg Valuation (BVAL) rates. The carrying amount of the noncurrent loan receivables as of December 31, 2022 and 2021 amounted to ₱31.00 million.

Fair Value Hierarchy

As of December 31, 2022 and 2021, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

24. Segment Information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	2022				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue and other income					
Revenue from external customers	**₱–**	**₱307,703,173**	**₱307,703,173**	**₱–**	**₱307,703,173**
Intersegment revenue	**–**	**160,714**	**160,714**	**(160,714)**	**–**
Interest income	**167**	**16,362,949**	**16,363,116**	**–**	**16,363,116**
Equity earnings	**–**	**37,715,199**	**37,715,199**	**–**	**37,715,199**
Interest expense	**–**	**7,278,989**	**7,278,989**	**–**	**7,278,989**
Income (loss) before tax	**(3,517,490)**	**49,321,708**	**45,804,218**	**–**	**45,804,218**
Provision for income tax	**36**	**4,770,718**	**4,770,754**	**(516,334)**	**4,254,420**
Net income (loss)	**(3,517,526)**	**44,550,990**	**41,033,464**	**516,334**	**41,549,798**
Segment assets	**485,536,011**	**1,584,318,152**	**2,069,854,163**	**(501,137,328)**	**1,568,716,835**
Segment liabilities	**22,022,253**	**253,972,812**	**275,995,065**	**(21,528,654)**	**254,466,411**
Depreciation and amortization	**–**	**33,548,069**	**33,548,069**	**–**	**33,548,069**

	2021				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱–	₱275,342,201	₱275,342,201	₱–	₱275,342,201
Intersegment revenue	–	160,714	160,714	(160,714)	–
Interest income	327	1,192,245	1,192,572	–	1,192,572
Equity earnings	–	53,884,320	53,884,320	–	53,884,320
Interest expense	–	5,188,437	5,188,437	–	5,188,437
Income (loss) before tax	(3,535,820)	68,268,829	64,733,009	–	64,733,009
Provision for income tax	65	4,738,161	4,738,226	–	4,738,226
Net income (loss)	(3,535,885)	63,530,668	59,994,783	–	59,994,783
Segment assets	485,665,094	1,546,898,304	2,032,563,398	(498,425,000)	1,534,138,398
Segment liabilities	18,633,810	261,354,834	279,988,644	(18,300,000)	261,688,644
Depreciation and amortization	–	28,128,753	28,128,753	–	28,128,753

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Service and rental income derived from IPMCDC, IPMESI and IPMRDC (entities under common control of IPM Group) amounted to ₱147.84 million, ₱145.81 million and ₱141.75 million in 2022, 2021 and 2020, respectively.

25. Notes to Consolidated Statements of Cash Flows

Rollforward of liabilities under financing activities as of December 31, 2022 and 2021 as follows:

2022

	January 1, 2022	**Non-cash change**	**Cash flows**	**December 31, 2022**
Loan payable	**₱88,000,000**	**₱–**	**(₱3,000,000)**	**₱85,000,000**
Interest payable	**–**	**5,007,600**	**(5,007,600)**	**–**
	₱88,000,000	**₱5,007,600**	**(₱8,007,600)**	**₱85,000,000**

2021

	January 1, 2021	Non-cash change	Cash flows	December 31, 2021
Loan payable	₱90,000,000	₱–	(₱2,000,000)	₱88,000,000
Interest payable	–	2,917,048	(2,917,048)	–
	₱90,000,000	₱2,917,048	(₱4,917,048)	₱88,000,000

In 2022 and 2021, the non-cash changes in interest payable pertains to interest expenses amounting to ₱5.01 million and ₱2.92 million, respectively (see Notes 13 and 22).

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of IPM Holdings, Inc. and its Subsidiary (collectively, the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 24, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

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

May 24, 2023

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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of IPM Holdings, Inc. and its Subsidiary (collectively, the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 24, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Tax Identification No. 210-730-804
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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)
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BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9564656, January 3, 2023, Makati City

May 24, 2023

FS FOR FILING WITH SEC

AFTER THE BIR HAS DULY STAMPED "RECEIVED."

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	8	5	5	7

COMPANY NAME

IPM HOLDINGS, INC.

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

PENTHOUSE, THE TAIPAN PLACE, F. ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY 1605

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

IPM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

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

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

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

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

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

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman/Chief Executive Officer

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 24th day of May 2023

SUBSCRIBED AND SWORN to before me in CITY OF MAKATI on MAY 24 2023, affiants exhibiting to me their Passports, as follows:

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

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Series of 2023.

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

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of IPM Holdings, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended 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 Financial Statements* section of our report. We are independent of the Company 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 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.

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

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

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

In preparing the parent company 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 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 parent company 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 Parent Company'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 Parent Company'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 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 Parent Company to cease to continue as a going concern.

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

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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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 13 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of IPM Holdings, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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KAPIT KAMAY SA PAG-AHON
JUANILITO A. MACALALAD (Collection Section)

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

May 24, 2023

IPM HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	**₱121,012**	₱250,095
Financial assets (net of allowance for expected credit losses of ₱1,066,172 as of December 31, 2022 and 2021)	**–**	–
Other current assets - net (Note 5)	**40,000**	40,000
Total Current Assets	**161,012**	290,095
Noncurrent Asset		
Investment in a subsidiary (Notes 6 and 10)	**485,375,000**	485,375,000
	₱485,536,012	₱485,665,095
LIABILITIES AND EQUITY		
Current Liabilities		
Advances from related party (Note 10)	**₱21,500,000**	₱18,300,000
Accrued expenses and other payables (Notes 7 and 10)	**522,256**	333,812
Total Current Liabilities	**22,022,256**	18,633,812
Equity		
Capital stock (Note 8)	**690,000,000**	690,000,000
Deficit	**(226,486,244)**	(222,968,717)
Total Equity	**463,513,756**	467,031,283
	₱485,536,012	₱485,665,095

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
INCOME		
Interest (Note 4)	**₱163**	₱327
EXPENSES		
Professional fees	**822,792**	859,418
Salaries and wages	**678,000**	678,000
Directors' per diem (Note 10)	**600,000**	620,000
Stock exchange listing fee	**494,025**	559,125
Utilities (Note 10)	**180,000**	180,000
Provision for impairment losses (Note 5)	**181,209**	185,106
Rent expense (Note 10)	**160,714**	160,714
Entertainment, amusement and recreation	**124,080**	84,107
Transportation	**59,213**	50,576
Taxes and licenses	**19,027**	19,622
Office supplies and printing costs	**45,214**	9,310
Miscellaneous	**153,383**	130,170
	3,517,657	3,536,148
LOSS BEFORE INCOME TAX	**3,517,494**	3,535,821
PROVISION FOR INCOME TAX (Note 9)	**33**	65
NET LOSS / TOTAL COMPREHENSIVE LOSS	**₱3,517,527**	₱3,535,886

See accompanying Notes to Parent Company Financial Statements.

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

	Capital Stock (Note 8)	Deficit	Total
At January 1, 2022	**₱690,000,000**	**(₱222,968,717)**	**₱467,031,283**
Net loss	−	**(3,517,527)**	**(3,517,527)**
At December 31, 2022	**₱690,000,000**	**(₱226,486,244)**	**₱463,513,756**
At January 1, 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

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱3,517,494)**	(₱3,535,821)
Adjustments for:		
Provision for impairment losses (Note 5)	**181,209**	185,106
Interest income (Note 4)	**(163)**	(327)
Operating loss before changes in working capital	**(3,336,448)**	(3,351,042)
Changes in operating assets and liabilities:		
Increase in other current assets	**(181,209)**	(205,106)
Increase in accrued expenses and other payables	**188,444**	21,658
Net cash used in operations	**(3,329,213)**	(3,534,490)
Interest received	**163**	327
Income tax paid	**(33)**	(65)
Net cash flows used in operating activities	**(3,329,083)**	(3,534,228)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from advances from related party (Note 10)	**3,200,000**	3,300,000
NET DECREASE IN CASH	**(129,083)**	(234,228)
CASH AT BEGINNING OF YEAR	**250,095**	484,323
CASH AT END OF YEAR (Note 4)	**₱121,012**	₱250,095

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

IPM Holdings, Inc. (IPM) (the Parent Company) was incorporated and organized in the Republic of the Philippines on August 31, 1995, to engage in the business as an investment holding company. The registered office of the Parent Company is Penthouse, The Taipan Place F. Ortigas Jr. Road Ortigas Center, Pasig City.

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

	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 incorporated in the Philippines. The ultimate parent company is IPMCDC.

The Parent Company's subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST), was incorporated in the Philippines. BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services (see Note 6).

The accompanying parent company financial statements were approved and authorized for issue by the (BOD) on May 24, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying parent company financial statements have been prepared on a historical cost basis. These parent company financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in compliance with PFRSs. These financial statements may be obtained at the Parent Company's registered office address or from the SEC.

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

<u>New Standards, Interpretations and Amendments</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Parent Company.

- 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.

- Amendments to PAS 16, *Property, 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.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the 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*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and

the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

<u>Standards and Interpretation Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single*
- 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*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

Significant Accounting Policies

<u>Current versus Non-current Classification</u>
The Parent Company 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.

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 the most advantageous market must be accessible to by the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair Value Measurement of Nonfinancial assets
Fair value measurement of nonfinancial asset 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 financial statements on a recurring basis, the Parent Company 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.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Parent Company'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 Parent Company 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.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company 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.

For the purpose of fair value disclosures, the Parent Company 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.

Recognition, Measurement, Derecognition, and Impairment of Financial Instruments

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, FVPL and FVOCI. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings 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, inclusive of directly attributable transaction costs (referred to herein as “debt issue costs”).

Subsequent Measurement
Subsequent to initial recognition, the Parent Company classifies its financial assets in the following categories:

- Amortized cost
- FVPL
- FVOCI
    - with recycling of cumulative gains and losses (debt instruments)
    - with no recycling of cumulative gains and losses upon derecognition (equity instruments)

As of December 31, 2022 and 2021, the Parent Company’s financial assets pertain to financial assets at amortized cost (det instruments).

Financial Assets at Amortized Cost (Debt Instruments)
The Parent Company measures financial assets at amortized cost when:

- The financial asset is held within a business model with the objective to hold these and collect contractual cash flows; and,
- The contractual terms of the financial asset gives rise, on specified dates, to cash flows that are SPPI.

Financial assets at amortized cost are subsequently measured using the effective interest rate (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 Parent Company's financial assets at amortized cost include cash and cash equivalents and accrued interest receivables.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of 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 Parent Company could be required to repay.

Impairment of Financial Assets
The Parent Company's accounting for impairment losses for financial assets uses a forward-looking expected credit loss (ECL) approach. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Parent Company expects to receive.

The Parent Company has applied the Simplified Approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

As of December 31, 2022 and 2021, the Parent Company's financial liabilities pertain to accrued expenses.

Subsequent measurement
After initial measurement, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, 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 of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash
Cash includes cash on hand and deposits held on demand with banks and are carried in the parent company statements of financial position at face amount and earn interest based on the prevailing bank deposit rates.

Investment in a Subsidiary
A subsidiary is an entity in which the Parent Company exercises control over the operation and management of the subsidiary. The Parent Company 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.

An investor controls an investee if and only if the investor has all the following:
- 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 effect the amount of the investor's returns.

The Parent Company's investment in a subsidiary is accounted for in the parent company financial statements under the cost method of accounting.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Impairment of Nonfinancial Asset
The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company 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 unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income. 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.

The following criteria are also applied in assessing impairment of specific assets:

Investments in subsidiary
The Parent Company determines at each reporting date whether there is any objective evidence that the investment in subsidiary is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in profit or loss.

In assessing impairment indicators, the Parent Company considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the investee in the period the dividend is declared; or (b) the carrying amount of the investment in the separate financial statements exceeding the carrying amount of the investee's net assets, including goodwill.

<u>Other Current Assets</u>
Other current assets represent creditable withholding taxes, input vat and prepaid expenses, Prepaid expenses pertain to 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.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of sales tax except:
- where the tax incurred on a purchase of assets or services is not recoverable from the tax
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the tax authority is included as part of "Other current assets" in the statements of financial position.

Creditable Withholding Tax
Creditable withholding taxes are taxes deducted by required withholding agents who remit directly to the Bureau of Internal Revenue. These can be claimed by the Parent Company against the income tax liability of the Parent Company for the current taxable year and any excess thereof can be carried over for the next taxable year.

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.

Deficit
Deficit represents the cumulative amount of net losses of the Parent Company.

Revenue Recognition
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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent.

Interest income
Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in profit or loss in the period these are incurred.

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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting period.

Income tax relating to items recognized directly in the consolidated statement of comprehensive income is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Operating Segment

The Parent Company'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 11.

Provisions

Provisions are recognized when the Parent Company 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 Parent Company 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 parent company 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 parent company financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the parent company's financial position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material (Note 13).

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying parent company financial statements in conformity with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. However, future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the parent company financial statements as they become reasonably determinable. Actual results could differ from such estimates.

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.

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed as follows.

Estimation of allowance for expected credit losses (ECL)
The Parent Company maintains allowance for impairment loss on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Parent Company. The Parent Company performs a regular review of the age and status of these accounts, designed to identify accounts for impairment. The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

As of December 31, 2022 and 2021, financial assets at amortized cost amounting to ₱1,066,172 have been fully provided with allowance for expected credit losses since management believes that these receivables will not be recovered.

Impairment of nonfinancial assets
The Parent Company 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 and significant negative industry or economic trends. The Parent Company recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Parent Company to make estimates and assumptions that can materially affect the parent company financial statements. Future events could cause the Parent Company to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Parent Company's financial condition.

The carrying amount and the related impairment loss of prepaid taxes, creditable withholding tax and input VAT are disclosed in Note 5. The Parent Company recognized impairment loss amounting to ₱181,209 and ₱185,106 in 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Parent Company assessed that the prepaid expenses amounting to ₱40,000 is recoverable (see Note 5).

As of December 31, 2022 and 2021, there were no impairment loss recognized in the investment in a subsidiary amounting to ₱485,375,000 as management believes that the investment is fully recoverable (see Note 6).

Recognition of deferred tax assets
As of December 31, 2022 and 2021, 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 to five succeeding years and allowance for impairment losses because management believes that it is more likely than not that the deferred tax assets will not be realized in the future (see Note 9).

4. Cash

	2022	2021
Cash on hand	**₱2,210**	₱2,210
Cash in bank	**118,802**	247,885
	₱121,012	₱250,095

Cash in bank earns interest at the prevailing bank deposit rate.

Interest earned from cash in bank amounted to ₱163 and ₱327 in 2022 and 2021, respectively.

There is no restriction on the Parent Company's cash balance as of December 31, 2022 and 2021.

5. Other Current Assets

	2022	2021
Input VAT	**₱3,038,628**	₱2,857,419
Prepaid taxes	**1,976,300**	1,976,300
Creditable withholding tax	**1,137,430**	1,137,430
Prepaid expenses	**40,000**	40,000
	6,192,358	6,011,149
Less allowance for impairment losses	**6,152,358**	5,971,149
	₱40,000	₱40,000

The movement in allowance for impairment losses follows:

	2022	2021
Balance at beginning of year	**₱5,971,149**	₱5,786,043
Provision for impairment losses	**181,209**	185,106
Balance at end of year	**₱6,152,358**	₱5,971,149

The Parent Company provided an allowance for impairment on its prepaid taxes, creditable withholding tax and input VAT amounting to ₱6,152,358 and ₱5,971,149 as of December 31, 2022 and 2021, respectively, due to low probability that these assets may be utilized in the future.

6. Investment in a Subsidiary

The Parent Company's investment in a subsidiary, BEST, amounted to ₱485,375,000 as of December 31, 2022 and 2021 with the following details:

	2022	2021
Investment in a subsidiary	**₱615,000,000**	₱615,000,000
Less: Subscription payable (Note 10)	**(129,625,000)**	(129,625,000)
	₱485,375,000	₱485,375,000

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

On November 20, 2012, the Parent Company's BOD authorized the acquisition of 615,000,000 shares in BEST at par value of ₱1 per share, which constitute 75% of the resulting outstanding capital of BEST. Further, the Parent Company was authorized to partially pay for the 615,000,000 shares in BEST as follows: (a) ₱450,000,000 for the 600,000,000 shares that will come from the increase in authorized capital stock of BEST; and (b) ₱12,500,000 for the subscription rights to 15,000,000 shares in BEST.

On March 4, 2013, the Parent Company acquired 615,000,000 shares in BEST representing 75% interest and paid ₱462,500,000.

On February 10, 2014, the BOD approved the payment to BEST of ₱22,875,000 representing 15% of the unpaid balance on the total subscription price for the 615,000,000 shares subscribed by the Parent Company in BEST. Subscription payable as of December 31, 2022 and 2021 amounting to ₱129,625,000 was offset against the Parent Company's investment in a subsidiary (see Note 10).

Status of Operations and Management's Plans

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.

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 the Company. The facility was opened in 2021.

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

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

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

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

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

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

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

7. **Accrued Expenses and Other Payables**

	2022	2021
Accounts payable and accrued expenses	**₱508,732**	₱277,438
Taxes payable	**13,524**	56,374
	₱522,256	₱333,812

Accounts payable and accrued expenses includes unreleased checks and accruals of professional fees as of December 31, 2022 and 2021.

Taxes payable pertains to liabilities for withholding tax on compensation and expanded withholding tax as of December 31, 2022 and 2021.

Accrued expenses and taxes payable are non-interest-bearing and are generally payable within 30- to 60-day terms.

8. Equity

Capital Stock

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

Number of shares authorized to issue	
At beginning and end of year	740,000,000
Number of shares issued and outstanding	
At beginning and end of 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		

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.

The Parent Company's unissued authorized capital stock amounted to ₱50,000,000 as of December 31, 2022 and 2021.

The number of holders of securities of the Parent Company as of December 31, 2022 and 2021 is 114 shareholders.

Capital management

The primary objective of the Parent Company'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 Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

In 2013, following the receipt of capital infusion from IPM Group of Companies, the Parent Company acquired 75% interest in BEST, an investment that is expected to improve its financial condition. Following the subscription agreement with IPMCDC, IPMESI and IPMRDC, the Parent Company became part of the IPM Group of Companies on March 4, 2013.

As of December 31, 2022 and 2021, the Parent Company has a deficit of ₱226.49 million and ₱222.97 million respectively. The Parent Company is not exposed to externally-imposed capital requirements.

The Company considers its total equity as capital amounting to ₱463.51 million and ₱467.03 million as of December 31, 2022 and 2021, respectively.

9. Income Tax

The provision for income tax consists of final tax on interest income.

The details of the Parent Company's unrecognized deferred tax asset as of December 31, 2022 and 2021 follow:

	2022	2021
NOLCO	**₱9,418,104**	₱9,730,588
Allowance for impairment losses - financial assets	**1,066,172**	1,066,172
Allowance for impairment losses - other current assets	**6,152,358**	5,971,149

The Parent Company's deferred tax assets were not recognized because management believes that it is not probable that future taxable income will be available against which these can be utilized in the future before the carry forward benefit expires. The Parent Company will recognize a previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the previously unrecognized deferred tax asset to be recovered.

As of December 31, 2022, the Parent Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2022	₱3,212,370	₱–	₱–	₱3,212,368	2025
2019	3,524,852	–	3,524,852	–	2022
	₱6,737,222	₱–	₱3,524,852	₱3,212,368	

On September 3, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

Period	Amount	Applied	Expired	Balance	Expiry Year
2021	₱3,266,935	₱–	₱–	₱3,266,935	2026
2020	2,938,801	–	–	2,938,801	2025
	₱6,205,736	₱–	₱–	₱6,205,736	

The movements in NOLCO follow:

	2022	2021
Balance at beginning of year	**₱9,730,588**	₱9,411,482
Addition	**3,212,370**	3,266,935
Expiration	**(3,524,852)**	(2,947,829)
Balance at end of year	**₱9,418,106**	₱9,730,588

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

	2022	2021
Benefit from income tax at statutory tax rate	**(₱879,374)**	(₱883,955)
Add (Deduct) tax effects of:		
Change in unrecognized deferred tax assets	**848,395**	816,733
Nondeductible expenses	**31,028**	67,320
Interest income subjected to final tax	**(16)**	(33)
Effective income tax	**₱33**	₱65

10. **Related Party Transaction**

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 Parent Company; (b) associates; and (c) individual owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individuals.

The coverage of the Parent Company and Subsidiary'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 total consolidated assets based on the latest audited financial statement. Transactions amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Parent Company's policy.

The Parent Company 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 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:

	Amount		Outstanding Balance			
Category	**2022**	2021	**2022**	2021	**Terms**	**Conditions**
Subsidiary						
BEST						
Rent (a)	**₱160,714**	₱160,714	**₱–**	₱–	Noninterest-bearing; on demand	Unsecured
Subscription payable (b)	**–**	–	**129,625,000**	129,625,000	Due and demandable	Unsecured
Advances from related party (c)	**3,200,000**	3,300,000	**21,500,000**	18,300,000	Noninterest-bearing; on demand	Unsecured
Other related parties						
GNCA Holdings, Inc.(GNCA)						
Utilities (d)	**180,000**	180,000	–	–	Noninterest-bearing; on demand	Unsecured
Directors						
Directors' per diem (e)	**600,000**	620,000	–	–	Noninterest-bearing; on demand	Unsecured

a. On January 12, 2015, the Parent Company entered into a contract of lease with BEST for rental of office space amounting to ₱15,000 per month inclusive of utilities or ₱180,000 per year. The contract retroactively covers the period from October 2014 to October 2015. The contract of lease was renewed for another year with the same contract terms in 2022 and 2021. The Parent Company has no unpaid rent expense as of December 31, 2022 and 2021.

b. Subscription payable of the Parent Company to BEST amounted to ₱129,625,000 as of December 31, 2022 and 2021 which was offset against the Parent Company's investments in a subsidiary (see Note 6).

c. Advances of the Parent Company from BEST amounted to ₱21,500,000 and ₱18,300,000 as of December 31, 2022 and 2021, respectively. These advances represent noninterest-bearing, due and demandable advances obtained from the subsidiary to finance the operating requirements of the Parent Company. Breakdown follows:

	2022	2021
Advances from related party, beginning	**₱18,300,000**	₱15,000,00
Advances during the year	**3,200,000**	3,300,000
Advances from related party, end	**₱21,500,000**	₱18,300,000

d. The Parent Company entered into an agreement with GNCA, an entity controlled by one of the Parent Company's BOD, for the sharing of common costs incurred on the leased office space. The agreement provides that the Parent Company shall pay fixed monthly utility charges of ₱15,000 exclusive of VAT in 2022 and 2021, in lieu of its proportionate share in monthly rentals on the leased premises. The Parent Company has no unpaid utilities expense as of December 31, 2022 and 2021.

e. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD. On June 27, 2018, the BOD approved the 100% increase in the *per diem* of each director. Total per diem paid to the directors amounted to ₱0.60 million and ₱0.62 million in 2022 and 2021, respectively.

Compensation of Key Management Personnel
There is no contract covering the employment of directors and other key executive officers with the Parent Company. The Parent Company has no agreements with its executive officers regarding any bonus, profit sharing, pension or retirement plan.

11. **Segment Information**

For management reporting purposes, the Parent Company's activities are organized in one operating segment. As of December 31, 2022 and 2021, the segment's assets amounted to ₱485.54 million and ₱485.67 million, respectively. As of December 31, 2022 and 2021, the segment's liabilities amounted to ₱22.02 million and ₱18.63 million, respectively. In 2022 and 2021, the segment's source of revenue is interest income. The segment's net loss amounted to ₱3.52 million and ₱3.54 million in 2022 and 2021, respectively.

The Parent Company has no revenue outside the Philippines and no revenue from a single customer, hence, the Parent Company did not present geographical information required by PFRS 8, *Operating Segments.*

12. **Financial Instruments**

<u>Fair Value Information</u>
Due to the short-term nature of the Parent Company's financial instruments, their fair values approximate their carrying amounts as of December 31, 2022 and 2021.

<u>Fair Value Hierarchy</u>
As of December 31, 2022 and 2021, the Parent Company has no financial assets 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.

<u>Financial Risk Management Objectives and Policies</u>
The Parent Company's principal financial instruments comprise of cash, advances from related party, and accrued expenses and other payables. The main purpose of the Parent Company's financial instruments is to fund its operational and capital expenditures.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The main objectives of the Parent Company's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Credit risk
The investment of the Parent Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Parent Company's holding of cash exposes the Parent Company to credit risk if the counterparty is unwilling or unable to fulfill its obligations, and the Parent Company consequently suffers financial loss. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The Parent Company's maximum exposure to credit risk pertains only to cash in bank amounting to nil as of December 31, 2022 and 2021, net of the amount of PDIC insurance amounting to ₱500,000.

The gross maximum exposure to credit risk of the Parent Company approximates its net maximum exposure. There were no amounts that are set-off with the criteria in PAS 32, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*. There are no amounts subject to an enforceable master netting arrangement or similar agreement as of December 31, 2022 and 2021.

The Parent Company's cash in bank has high grade credit quality. The credit quality of the financial assets was determined based on the nature of the counterparty and the Parent Company's historical experience with them.

As of December 31, 2022 and 2021, the Parent Company's receivable amounting to ₱1,066,172 was fully impaired.

Liquidity risk
Liquidity or funding risk is the risk associated with the difficulty of selling financial assets in a timely manner at their values to meet obligations.

The Parent Company seeks to manage its liquidity profile through advances from related party to be able to finance capital expenditures and working capital requirements.

The Parent Company's accrued expenses and other payables are all due within one year. Advances from related party is due and demandable.

13. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

VAT
The Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. The Parent Company did not have any transaction subjected to output VAT in 2022.

b. Input VAT for 2022 follows:

Balance at January 1, 2022	₱2,857,419
Current year's domestic purchases/payments for:	
Services lodged under other accounts	125,956
Goods other than for resale or manufacture	14,367
Others	40,886
Balance at December 31, 2022	₱3,038,628

Taxes and Licenses
Details of the taxes and licenses for 2022 follow:

Local	
Business clearance	₱18,527
National	
BIR annual registration	500
	₱19,027

Withholding Taxes
The withholding taxes paid in 2022 follow:

	Amount	Outstanding balance
Tax on compensation and benefits	₱34,250	₱2,854
Expanded withholding taxes	109,434	10,670
	₱143,684	₱13,524

Tax Assessments
The Parent Company has no Final Assessment Notice and/or Formal letter of Demand from the Bureau of Internal Revenue (BIR) for alleged deficiency income tax, VAT and withholding tax.

In addition, the Parent Company has no pending tax case outside the administration of the BIR as of December 31, 2022.

SGV
Building a better working world

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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, 2022, on which we have rendered the attached report dated May 24, 2023.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the Parent Company has one hundred five (105) 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. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9564656, January 3, 2023, Makati City

May 24, 2023

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule A - Financial Assets
December 31, 2022

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Cash and cash equivalents	-	25,528,045	25,528,045	-
Trade receivables	-	936,060,683	936,060,683	-
Loan receivables	-	31,000,000	31,000,000	-
Interest	-	9,750,820	-	9,750,820
Deposits	-	1,988,034	1,988,034	-
	-	**1,004,327,582**	**994,576,762**	**9,750,820**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
December 31, 2022

			Deductions				
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Trade	914,161,831	324,930,596	361,205,163	-	-	-	877,887,264
Loans receivable	31,000,000	-	-	-	-	-	31,000,000
Advances to officers & employees	2,392,562	5,854,118	5,727,348	-	-	-	2,519,332
Interest receivable	8,570,500	1,180,320	-	-		-	9,750,820
	956,124,893	**331,965,034**	**366,932,511**	**-**	**-**	**-**	**921,157,416**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2022

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
IPM Holdings Inc.	18,460,714	3,200,000	160,714		21,500,000		21,500,000
	18,460,714	**3,200,000**	**160,714**	**-**	**21,500,000**	**-**	**21,500,000**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule D- Intangible Assets - Other Assets
December 31, 2022

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
My Basurero App	**6,240,255**			-	(1,248,053)	4,992,202
	6,240,255	**-**	**-**	**-**	**(1,248,053)**	**4,992,202**

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule E- Long Term Debt
December 31, 2022

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)

None

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule F- Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2022

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)

None

IPM HOLDINGS, INC. AND SUBSIDIARY

Schedule G - Guarantees of Securities of Other Issuers
December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

None

IPM HOLDINGS, INC. AND SUBSIDIARY
Schedule H - Capital Stock
December 31, 2022

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights	Number of Shares Held By		
				Related parties	Directors, officers and employees	Others
Common shares - Php1 par value	740,000,000	690,000,000	none	470,000,000	2,333,800	217,666,200
	740,000,000	**690,000,000**		**470,000,000**	**2,333,800**	**217,666,200**

IPM HOLDINGS, INC. AND SUBSIDIARY
Spplementary Schedule of Deficit of the Parent Company
December 31, 2022

Unappropriated deficit, as adjusted, beginning	222,968,717
Net loss during the period closed to deficit	3,517,527
Unappropriated deficit, as adjusted, ending	**226,486,244**

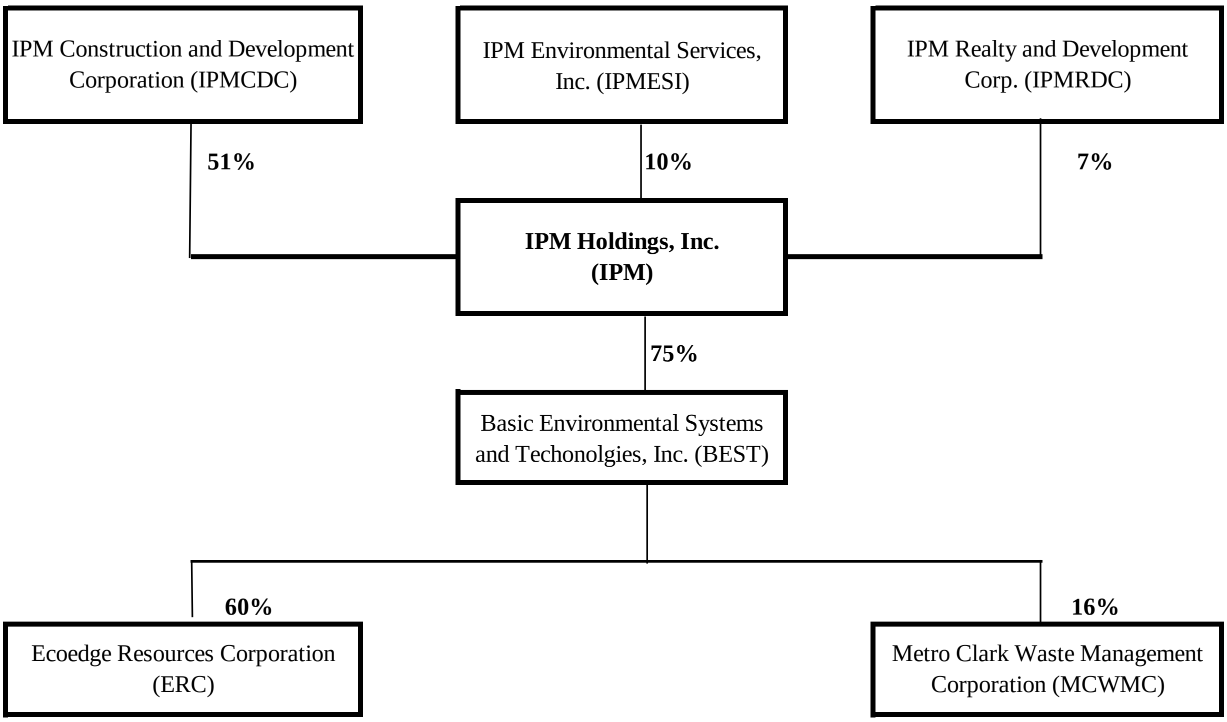
IPM HOLDINGS, INC. AND SUBSIDIARY

Financial Soundness Indicators
December 31, 2022

FSI	Calculation	Years Ended December 31 **2022**	2021
Current Ratio	Current Assets/Current Liabilities	**4.50x**	4.24x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	**4.32x**	4.19x
Solvency Ratio	Total Assets/Total Liabilities	**6.16x**	5.86x
Debt Ratio	Total Debts/Total Assets	**0.16x**	0.17x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	**0.19x**	0.21x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	**7.29x**	13.48x
Asset to Equity Ratio	Assets/Stockholders' Equity	**1.19x**	1.21x
Gross Profit Margin	Gross Profit/Net Sales	**0.19**	0.18
Net Profit Margin	Net Income/Revenues	**0.14**	0.22
Return on Assets	Net Income/Total Assets	**0.03**	0.04
Return on Equity	Net Income/Total Stockholders' Equity	**0.06**	0.05
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	**1.90**	1.84
Net Income per Share	Net Income/Outstanding Shares	**0.06**	0.09
Net Income per Share-Parent	Net Income/Outstanding Shares	**0.04**	0.06

	31-Dec-2022	31-Dec-2021
Current Ratio	**991,692,636/220,534,463**	972,158,390/229,147,700
Quick Ratio	**952,558,025/220,534,463**	959,839,023/229,147,700
Solvency ratio	**1,568,716,835/254,466,411**	1,534,138,398/261,688,644
Debt Ratio	**254,466,411/1,568,716,835**	261,688,644/1,534,138,398
Debt-to-Equity Ratio	**254,466,411/1,314,250,424**	261,688,644/1,272,449,754
Interest Coverage Ratio	**53,083,207/7,278,989**	69,921,446/5,188,437
Asset to Equity Ratio	**1,568,716,835/1,314,250,424**	1,534,138,398/1,272,449,754
Gross Profit Margin	**58,894,239/307,703,173**	49,534,099/275,342,201
Net Profit Margin	**41,549,798/307,703,173**	59,994,783/275,342,201
Return on Asset	**41,549,798/1,568,716,835**	59,994,783/1,534,138,398
Return on Equity	**41,549,798/690,000,000**	59,994,783/1,272,449,754
Book Value/Share	**1,314,250,424/690,000,000**	1,272,449,754/690,000,000
Net Income per Share	**41,549,798/690,000,000**	59,994,783/690,000,000
Net Income per Share-Parent	**30,282,966/690,000,000**	44,112,115/690,000,000

MAP OF IPM HOLDINGS, INC.
Group of Companies



COVER SHEET

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 . A N D
S U B S I D I A R Y

(Company's Full Name)

P E N T H 0 U S E , T H E T A I P A N P L A C E , F .
O R T I G A S J R . R O A D O R T I G A S C E N T E R
P A S I G C I T Y

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

Atty. Ana Katigbak	8424-2550 to 59 /817 6791
Contact Person	Company Telephone Number

1 2	3 1	**2022 SUSTAINABILITY REPORT**	4th Wed of May
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

IPM HOLDINGS, INC. AND SUBSIDIARY

2022

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	**IPM HOLDINGS, INC.**
Location of Headquarters	Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
Location of Operations	Basic Environmental Systems & Technologies, Inc. (BEST, Inc.), – Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Basic Environmental Systems & Technologies, Inc. (BEST, Inc.), a subsidiary
Business Model, including Primary Activities, Brands, Products, and Services	To invest in diversified industries in the Philippines. Currently, IPM Holdings, Inc.'s controlling stake in its subsidiary, BEST, Inc. provides the platform for it to grow and expand its footprint in the waste management industry.
Reporting Period	For the year ending December 31, 2022
Highest Ranking Person responsible for this report	Compliance Officer

- *This report is primarily focused on BEST, Inc., the operating segment and subsidiary of the company which has significant impact on the consolidated financial performance of the company for the year 2022.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
In the assessment of materiality associated with sustainability issues, the Company determines the relevant topics that are sufficiently important that it is essential to report them. These topics cover the following elements: • Significant economic, environmental, and social impacts of the organization; • Information that substantively influence the assessments and decisions of stakeholders, including investors; and • Matters that substantively affect the Company’s ability to create value over the short, medium and long-term.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

BEST, Inc.	Amount	Units
Direct economic value generated (revenue)	307,703,173	PhP
Direct economic value distributed:		
a. Operating costs	248,808,934	PhP
b. Employee wages and benefits	28,995,123	PhP
c. Payments to suppliers, other operating costs	23,343,882	PhP
d. Dividends given to stockholders and interest payments to loan providers	N/A	-
e. Taxes given to government	11,603,401	PhP
f. Investments to community (e.g. donations, CSR)	1,158,469	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The economic impact is perceived mainly through its core business which is the provision of waste management services to the government and private clientele, rental of equipment, thereby creating employment and business opportunities.	Employees, suppliers, customers, shareholders, government	The Company has a waste management set-up encompassing different areas, namely: business development, technical planning, engineering and project management, sales and marketing. The Company has hands-on approach to respond effectively to its clients and industry partners. Likewise, the Company has put into place controls, policies and programs to ensure the attainment of its operational and financial objectives including risk management, internal and external audits, manuals on company procedures and policies.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's future growth is dependent upon its ability to be more competitive to provide quality services and acquire more clients and develop and implement additional waste management projects.	Employees, suppliers, customers, shareholders, government	The Company continues to explore business opportunities with local governments and private sector and look for additional suitable land or property for waste management facilities, as well as appropriate technologies for treatment of waste. Management is continuously studying

		and evaluating the future development of the Company's other waste management projects.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's waste management business will benefit from the government's policy on Ecological Solid Waste Management and its strict implementation among the local government units and will contribute to increase demand for waste collection and disposal services and establishment of environmentally sound waste disposal/treatment facilities	Employees, suppliers, customers, shareholders, government	The Company continued to explore business opportunities through public-private partnership and contracts. Management is continuously studying and evaluating the future development of the Company's other waste management projects.

Climate-related risks and opportunities

Governance	Strategy
The Board through the company officers oversees that the company's activities is in harmony with sound environmental and climate-related policies. The Board makes sure that the projects comply with Environmental Impact Assessment System and related permitting requirement from the government. Climate-related risks and opportunities are material to the Company.	The company focuses on ways to reduce and recycle wastes as well as the proper disposal of wastes which is the core business of BEST, Inc. The company uses and supports environment friendly and biodegradable products and renewable energy. BEST, Inc. has investments in the production of Refuse Derived Fuel (RDF) wherein wastes are sorted mechanically and combustible wastes are shredded and bundled. Such RDF is used by cement factories as a source of alternative fuel.

Procurement Practices

Proportion of spending on local suppliers

BEST, Inc.	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company relies on various local and international suppliers for	Suppliers, customers	The purchase of waste management materials and services is centralized and is

waste management materials and equipment, and services		performed by the Procurement Department at the Head Office. The company has established a pre-qualification process to conduct due diligence and ensure the supplier's legitimacy, performance and capabilities as well as to confirm that the supplier meets the Company's standards including code of conduct, facility standards and human rights and the environment.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The supply of the required waste management materials and services may not always be available, or these may not meet the company's quality standards.	Suppliers, customers	The company determines the adequate supplies inventory for a sustainable period. The Company has a process of diversification of suppliers to mitigate supply chain disruptions.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company's strong relationship with the local suppliers enables it to be a preferred partner of these suppliers.	Suppliers, customers	The company remains to strengthen its relationship with local suppliers through patronizing their products and services and prompt payment of materials, deliveries and services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

BEST, Inc.	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The anti-corruption policies and procedures can prevent corruption using internal controls and educate and provide employees with the company's standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings.	Employees, community, suppliers, government, shareholders	The company's anti-corruption policies and procedures implemented, enforced and adhered to are communicated to all employees through orientation and continuous trainings to embed them in the company's culture.

Incidents of Corruption

BEST, Inc.	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No incident of corruption has been reported in the company since its inception.	Employees, community, suppliers, government, shareholders	The adoption of anti-corruption policy and program as well as a code of conduct endeavors to mitigate corrupt practices such as, but not limited to bribery, fraud, extortion, collusion, conflict of interest and money laundering. The company has adhered to the requirements in every contract with local, national government and private sector on Anti-Corruption clause.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

BEST, Inc.	Quantity	Units
Energy consumption (renewable sources)	Not available	GJ
Energy consumption (gasoline)	18,980.44	GJ
Energy consumption (LPG)	Not available	GJ
Energy consumption (diesel)	1,161,795.61	GJ
Energy consumption (electricity)	226,510.55	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Not available	GJ
Energy reduction (LPG)	Not available	GJ
Energy reduction (diesel)	Not available	GJ
Energy reduction (electricity)	Not available	kWh
Energy reduction (gasoline)	Not available	GJ

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Not Available	Cubic meters
Water consumption	26,997.45	Cubic meters
Water recycled and reused	Not Available	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?

Energy
The company's consumption of energy does not have material impact to the environment. Energy is consumed during the day to day operations of the company in the facilities site and in the corporate office.

Water
Water is a vital element of the company's operations in its waste collection activities and corporate office. The company works to ensure availability of water to provide clean and well-maintained premises and vehicle fleet. The company recognizes its responsibility to use water resource as efficiently as possible.

What are the Risk/s Identified?

Energy and water shortages.

What are the Opportunity/ies Identified?

The company aims to increase water usage efficiency.

Management Approach

Energy
The company's waste management services are designed by incorporating features to consume less electricity. These designs are expected to translate to considerable energy savings.

Water
The company implements measures to reduce water consumption in its offices and facilities and educates its employees on the importance of water conservation.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	Not Available	kg/liters
• non-renewable	Not Available	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Not Applicable (The company is not engaged in manufacturing products)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company's waste management projects in Morong, Rizal, and Pasig City use materials to build and maintain the sanitary landfill and other facilities including the roads inside the waste management facilities.	Suppliers, community, customers	The Company recognizes that the construction materials such as cement, rebars, HDPE, and GC Liners are non-renewable which entails high amounts of costs, energy and emissions to produce.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Scarcity of materials impacts pricing which indirectly affects the company's competitiveness.	Suppliers, customers	The company regularly monitors its materials consumption and works to continually improve on the designs and construction practices to ensure the optimization of materials without compromising quality or durability.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Significant portion of the total cost of the projects pertain to waste facilities construction materials and equipment. The reduction and proper maintenance in materials usage has corresponding effect on financial performance.	Customers, shareholders	The company is working on analyzing the efficiency of the usage of materials in its current waste management project development. Through the data generated, better design and systems can be created to increase efficiency in the usage of materials.

Environmental impact management

Air Emissions

GHG

BEST, Inc.	Quantity	Units
Direct (Scope 1) GHG Emissions	Not Available	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	Not Available	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Not Available	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Air emissions identified by the company are mostly from the use of fuel for our vehicle fleet. Indirect emissions come from the overall operations of the company in its facility site and corporate office.	Community, customers, employees, shareholders	The company's objective is to reduce emissions generated by continuously improving its efficiency in the usage of fuel for collection fleet. Regular maintenance of collection fleet is being monitored. The company submits quarterly and semi-annual report on the environmental performance of our facilities to DENR.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
GHG emissions from the collection fleet and facilities, and generation of electricity can contribute to climate change.	Community, customers, employees, shareholders	The company will work on the reduction of air emissions and energy conservation measures to mitigate the impact of GHG emissions.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company sees an opportunity to reduce carbon emissions by incorporating energy efficiency guidelines for its facilities and offices and proper care and maintenance of its collection fleet which can have a direct financial impact.	Community, customers, employees, shareholders	The company's expected to translate to reduction in air emissions and considerable energy savings through proper guidelines and procedures that will be prepared.

Air pollutants

BEST, Inc.	Quantity	Units
NO_x	Not Available	kg
SO_x	Not Available	kg
Persistent organic pollutants (POPs)	Not Available	kg

Volatile organic compounds (VOCs)	Not Available	kg
Hazardous air pollutants (HAPs)	Not Available	kg
Particulate matter (PM)	Not Available	kg

Solid and Hazardous Wastes

Solid Waste

BEST, Inc.	Quantity	Units
Total solid waste generated	182.50	kg
Reusable	9.13	kg
Recyclable	45.63	kg
Composted	Not Available	kg
Incinerated	Not Applicable	kg
Residuals/Landfilled	127.75	kg

Hazardous Waste

BEST, Inc.	Quantity	Units
Total weight of hazardous waste generated	None	kg
Total weight of hazardous waste transported	None	kg

Effluents

BEST, Inc.	Quantity	Units
Total volume of water discharges	5,000,000	Cubic meters
Percent of wastewater recycled	50	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Wastes Wastes that are generated from the company's offices/sites are collected by our group as we are engaged in waste management and an accredited waste collector. The collected wastes are properly disposed in the landfill/s closest to the office/site location.	Employees, community, suppliers, customers, stakeholders, environment	The company assesses the capability of its waste collectors to ensure proper waste disposal.
Effluents The company consumes water in its project site and corporate office. The company produces water discharges as a result of its day to day operations.	Employees, community, suppliers, customers, stakeholders, environment	The Company minimizes effluents by designing and incorporating in its project site wastewater/recirculation system and good housekeeping activities.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Failure in properly managing wastes and effluents have negative impact on the environment, human health and the company's reputation. Noncompliance may also result to penalties which will impact the company's financials.	Employees, community, suppliers, customers, stakeholders, environment	Sustainable waste management practices such as reuse, recycling, segregation, sewage treatment facilities, wastewater treatment/recirculation, proper water drainage and/or discharge are implemented as much as practicable.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Reuse and recycling as well as waste segregation can be done at source so that there will be a reduction in the residual wastes generated and collected for disposal to landfills. The company will evaluate its waste water treatment/recirculation to ensure efficient use of water.	Employees, community, suppliers, customers, stakeholders, environment	Proper implementation of reuse, recycle, segregation, waste water treatment shall be assessed and reviewed.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

BEST, Inc.	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	Php
No. of cases resolved through dispute resolution mechanism	0	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company's main business activity is waste management services. This includes construction involving movement of soil, materials and other resources that can disrupt environment.	Employees, community, government, environment	The company recognizes that compliance to environmental laws is paramount to its operations. A team and a Pollution Control Officer focused to manage and monitor compliance to environmental laws is established in the company.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Due to the nature of the company's business operations, there is a risk of non-compliance with environmental	Employees, community, government, environment	The company takes its responsibility to the environment seriously and environmental compliance is one of the key aspects in its

laws.		internal audit.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company strategizes to improve its monitoring system to ensure full compliance in the Government's environmental laws and regulations.	Employees, community, government, environment	The company continuously conducts internal trainings and third-party advisories to monitor full compliance to the environmental laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

BEST, Inc.	Quantity	Units
Total number of employees	74	
a. Number of female employees	7	#
b. Number of male employees	67	#
Attrition rate	0%	rate
Ratio of lowest paid employee against minimum wage	None	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	5	20
PhilHealth	Y	5	20
Pag-ibig	Y	10	15
Parental leaves	Y	0	0
Vacation leaves	Y	7	67
Sick leaves	Y	5	20
Medical benefits (aside from PhilHealth))	Y	0	0
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	N	0	0
Flexible-working Hours	N	0	0
Rice subsidy	N	0	0
Clothing allowance	N	0	0

Diversity and Equal Opportunity

BEST, Inc.	Quantity	Units
% of female workers in the workforce	9%	%
% of male workers in the workforce	91%	%
Number of employees from indigenous communities and/or vulnerable sector*	0%	0%

Employee Training and Development

BEST, Inc.	Quantity	Units
Total training hours provided to employees	888	
Female employees	804	hours
Male employees	84	hours
Average training hours provided to employees	12	
Female employees	12	hours/employee
Male employees	12	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes that employees are instrumental to the realization of the company's goals and success.	The company has policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and success. The company ensures that employees are valued for their contributions and are continuously empowered through professional development opportunities.
What are the Risk/s Identified?	**Management Approach**
Employment risk is part of doing business. This risk will directly affect the Company's culture, brand, operational efficiency, and ultimately profitability.	The Company conducts regular employee satisfaction survey to determine the employees' satisfaction and feedback to address any personnel concerns within the company. The company ensures that their compensation is consistent with the company's culture, strategy and industry standards.
What are the Opportunity/ies Identified?	**Management Approach**
Personal growth and development empowers employees to perform better results and meet their goals. Through development opportunities within the workplace, the company can expect to attract prospective employees and keep current employee population motivated, productive and confident.	The company conducts regularly a review of the Human Resources Development/Personnel Handbook to strengthen provisions on salaries and benefits policies, promotion and career advancement directives.

Labor-Management Relations

BEST, Inc.	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not Applicable	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

BEST, Inc.	Quantity	Units
Safe Man-Hours	Not Applicable	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	3	#

Labor Laws and Human Rights

BEST, Inc.	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	The company guarantees full respect for human rights and upholds the dignity of its employees.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company ensures compliance with the labor code and other laws and regulations protecting the rights of all its employees while promoting a healthy and safe environment in the workplace.	The company requires key personnel to attend health and safety training/seminar to help employees identify hazards and adopt safe and healthy working practices.
What are the Risk/s Identified?	**Management Approach**
The company recognizes that threats to the rights, health and safety of its employees impacts productivity, as well as employee retention and engagement.	Assessments are routinely made to ensure that safe working practices are adopted and workers are compliant to the company's health and safety standards.

What are the Opportunity/ies Identified?	Management Approach
The company sees the opportunity to not only cascade compliance to labor laws and regulations within the company but also to partners, suppliers and contractors that the company is in business with. The company continues to work with business partners to build a culture of health and safety within and outside its organization.	The company will continue to focus on the proper identification, monitoring, assessment and management of the risks associated with workplace hazards conditions, labor standards and human rights.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Yes, through verbal query
Forced labor	Y	Yes, through verbal query
Child labor	Y	Yes, through verbal query
Human rights	Y	Yes, through verbal query
Bribery and corruption	Y	Yes, through verbal query

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes the role of its business partners in delivering the company's services and strives to maintain a long- term, mutually beneficial relationship between suppliers, contractors and service providers.	The company provides equal opportunities and promotes fair and open competition among its suppliers and trade partners.
What are the Risk/s Identified?	**Management Approach**
The company recognizes the risk that suppliers and service providers may not deliver the products and services as specified and on time; they may not apply in their operations the correct practices agreed upon during the initiation of the contract.	The existing supplier accreditation policy ensures that its trade partners meet the company's standards in delivering quality output. Also, the accreditation process aids to assess the supplier's capability and compliance to all relevant laws and regulations.
What are the Opportunity/ies Identified?	**Management Approach**
The company can still improve its current accreditation standards, process and criteria.	Management, through the top officers will review its existing supplier accreditation policies to enhance and include relevant criteria to achieve sustainability.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)
Local Employment Hiring The company prioritizes and hires employees who are local residents of the barangays, cities/municipalities wherein company operations are located. **Local Government Partnership** The company communicates regularly with the local governments such as Barangay San Guillermo, Morong, Rizal and the local government of Morong wherein BEST's operates and owns a sanitary landfill to ensure the company's operations are in line with the local government's objectives.

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

Customer Management

Customer Satisfaction

BEST, Inc.	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	99%	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes that customer satisfaction will impact the entire organization as it reflects the overall experience of the customer. It does not only have a direct impact financially but it also affects morale and retention.	The company prioritizes its customers by implementing the following: 1) Customer Communications focused on Billings, Collections and Treasury, and Documentation 2) Managing Systems (Customer Portal, Trunk line, Email, SMS, FB) 3) Responding to general customer queries (FB, Email, Phone)
What are the Risk/s Identified?	**Management Approach**
Customer dissatisfaction can gravely affect the Company's business and customer relationships.	The company continues to provide quality waste management services at the best price. The company values advertising by word of mouth and first-hand experience by their brokers, agents and return customers.

What are the Opportunity/ies Identified?	Management Approach
The company will promptly provide the most appropriate solutions to any issues that may be of concern to customers.	The company will identify the needs of its customers, and solicit feedback from customers at every step of the process.

Health and Safety

BEST, Inc.	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures customer's health and safety.	The company ensures that its properties do not pose any risk to health and safety to its stakeholders.
What are the Risk/s Identified?	**Management Approach**
Accidents that are out of the company's control that can happen within the company's premises, projects, facilities.	The company is committed to meet the highest standards to be resilient to any structural threats.
What are the Opportunity/ies Identified?	**Management Approach**
The company continues improvement in the areas of health and safety.	Regular medical check-up and safety seminars are being conducted.

Marketing and labelling

BEST, Inc.	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company advertises its services through printed ads, brochures, online platforms e.g. company website, Facebook page, and other promotional means.	The company ensures that it complies with existing laws and regulations pertaining to product promotions and advertising.
What are the Risk/s Identified?	**Management Approach**
There are no significant risks identified.	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Labels can create profound impacts on the company's overall marketing efforts and can gravely affect a potential buyer's decision to purchase.	The company's marketing and labelling strategy ensures that these cater to what the market needs and prefers.

Customer privacy

BEST, Inc.	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company ensures that customer privacy and customer data be kept confidential and be used only for business purposes.	The company has a Grievance Policy to resolve any complaints from customers regarding customer privacy.
What are the Risk/s Identified?	**Management Approach**
Lack of employee awareness regarding customer privacy may lead to breaches.	Proper training of employees who talk to and handle customers to ensure customer privacy is protected.
What are the Opportunity/ies Identified?	**Management Approach**
Programs to be conducted on all employees and officers to ensure protection of customer privacy.	The Board to initiate needed trainings for customer privacy.

Data Security

BEST, Inc.	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
All customer personal information such as names, addresses, contact information, signature, and other details that were collected by the company in the course of its transactions with them are logged in the company's database and can be accessed only by duly authorized personnel.	The company conducts a regular review that such customers' data are sufficiently protected.
What are the Risk/s Identified?	**Management Approach**
The company recognizes that there is a threat to data security due to cyber hacking and mishandling of data. This may result to disruption in the company's operations and/or loss/theft of corporate information and/or personal identification information.	The company conducts a regular review that such customers' data are sufficiently protected.

What are the Opportunity/ies Identified?	Management Approach
The company continues to assess data management system to improve customer confidence and patronage.	The company is now incorporating data privacy as a key principle in its programs, projects, procedures, measures, software and technologies.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal value/ Contribution to UN SDGs	Potential Negative Impact or Contribution	Management Approach to Negative Impacts
Segregation-at-source/Grassroots level Information, Education and Communication (IEC) Campaign BEST TRASH TO CASHBACK	3 GOOD HEALTH AND WELL BEING 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Additional waste generation from giving out flyers, educational materials.	Online materials, use of social media accounts for IEC.

Waste Collection	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES		
Waste Diversion	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Displacement of informal waste sector (junkshops, aggregators)	Involving the informal waste sector as part of the closed loop system as recyclables waste sources and accepting the types of materials that is of no use to their existing business but can be used as refuse-derived fuel (RDF) for Ecoedge Resources Corporation.

	17 PARTNERSHIPS FOR THE GOALS		
Waste Processing	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	Health and safety concerns on incoming waste types	Quality assurance and quality control on recyclables (segregated, clean, and dry) accepted on each Trash to Cashback drop off location, with right to refuse items that cannot be processed or contaminated with other types of waste.
Waste Disposal	3 GOOD HEALTH AND WELL BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	Health and safety hazards to nearby communities	Placement of engineering interventions to prevent leachate leakage and daily odor control and soil cover. Usage of QR codes to monitor ingress and egress of accredited vehicles for control and safety. Segregation and sorting on-site are not allowed.

	17 PARTNERSHIPS FOR THE GOALS		
Methane extraction to power generation GEP	7 AFFORDABLE AND CLEAN ENERGY		

UN SUSTAINABLE DEVELOPMENT GOALS (ALTERNATIVE)

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Trash to Cashback (TTCB) Program

Trash to Cashback Program aims to reduce the amount of wastes that are leaked to the environment through sustainable and efficient means by rewarding individuals who continuously exchange their segregated recyclables and be an avenue for behavioral change.

TTCB connects Eco-Warriors (e.g. individuals, companies, Local Government Units) and waste management providers (e.g. recycling and upcycling partners, waste collectors and transporters, sanitary landfill operators) towards a closed loop system that enablers the former to help the environment by exchanging their recyclables for incentives, while the latter is able to prolong the lifespan of these resources.

By recycling, repurposing, and reusing our resources, we are able to bring these back to the supply chain as new products with a new purpose.

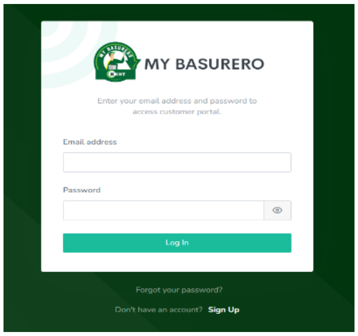
Anchored to Republic Act 9003 (**Ecological Solid Waste Management Act of 2000**) and Republic Act 11898 (**Extended Producer Responsibility Act of 2022**), TTCB became a platform for multistakeholder participation to ensure compliance, monitoring and forecasting in the said Republic Acts.

TTCB has become the end-to-end data management system, linked to My Basurero, to keep track of the waste mass flow from the generator to diversion and/or disposal.

With this breakthrough that started in 2021, TTCB has partnered with different companies as their official retrieving partner of different recyclable types with the common goal of creating programs to reach every Filipino to become eco-champions of their communities. Partnership with micro, small and medium enterprises has revolutionized the industry by creating new avenues to see waste as a resource.

My Basurero App

My Basurero Application is one of the waste value chain innovations designed by BEST on 20XX. It started as a fleet management platform for internal use then evolved into catering to clients needs at the height of the pandemic. Customers can now book a waste collection trip using the application and can even earn environmental points that may be used as payment for succeeding trips to be booked.



My Basurero has become the brand of BEST as the new face of waste management, boosting the morale of our helpers, drivers and sorters. Time and motion reports are generated for each trip, and satisfaction of customers in waste collection and transport is prioritized.

In the new normal, My Basurero is poised to be one of the key tools in baselining, not only in the existing collection and transport nodes of the value chain. It is now expanding its reach to waste disposal monitoring through Site by My Basurero.

Site by My Basurero is a tool used in sites monitoring through fleet accreditation and issuance of QR codes. Site by My Basurero is under proof-of-concept stage aimed to be implemented in all waste diversion, waste processing and waste disposal facilities of BEST.