COVER SHEET

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S.E.C. Registration Number

8990 HOLDINGS, INC.

(Company's Full Name)

11F LIBERTY CENTER, 104 HV DELA COSTA, SALCEDO VILLAGE, MAKATI

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

Roan Buenaventura-Torregoza
Compliance Officer
Contact Person/s

(632) 4789659/5333915/5333917
Company Telephone Number

1	2		3	1

Month Day
Calendar Year

SEC Form 17-A
December 31, 2022

FORM TYPE

0	8		2	7

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders	Domestic	Foreign
33	30	3

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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

- For the fiscal year ended **December 31, 2022 (Full Year)**
- Commission identification number. **CS 2005 11 816**
- BIR Tax Identification No **239-508-223-000**
- Exact name of issuer as specified in its charter **8990 HOLDINGS, INC.**
- Province, country or other jurisdiction of in Company or organization : **Metro Manila, Philippines**
- Industry Classification Code (SEC Use Only)
- **11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
  Address of issuer's principal office Postal Code
- Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**
- Former name, former address and former fiscal year, if changed since last report **N/A**
- Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**5,391,399,020**
Preferred Shares	**37,000,000**

- Are any or all of the securities listed on a Stock Exchange?

  Yes [**√**] No [ ]

  If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

  Name of Stock Exchange: **Philippine Stock Exchange**
  Class of Securities Listed: **Common Shares**

Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Preferred Shares**

- Indicate by check mark whether the registrant:

  (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Company Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

  Yes [√] No [ ]

  (b) has been subject to such filing requirements for the past ninety (90) days.
  Yes [√] No [ ]

- State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

  The aggregate market value of the voting stock held by non-affiliates of the Company as of December 29, 2014, the last trading day for the year is Php9,964,483,980.24 (1,399,506,177 shares @ Php7.12/share).

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

- 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 [ ] (N/A)

DOCUMENTS INCORPORATED BY REFERENCE

- 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 documents is incorporated:

  (a) Any annual report to security holders; **(N/A)**

  (b) Any information statement filed pursuant to SRC Rule; **(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

Business Development

8990 Holdings, Inc. ("The Company") is the top property developer in the Philippines for 2015, 2016, and 2017, in terms of take-out value from the HDMF. The Company, through its Subsidiaries, has been developing Mass Housing Projects in high-growth areas across the Visayas, Mindanao and Luzon since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain 8990 Related Companies, developed their first Mass Housing project in 1991 in Cagayan de Oro. The Company has built a reputation of providing quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market. The Company's DECA Homes, Urban DECA Homes, and Urban DECA Towers brands have also gained a strong reputation in the market, resulting in the Company garnering numerous awards such as BCI Asia Top 10 Developers in 2019, Best Low Cost Housing Developer (National) awarded last March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 106 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation. As of December 31, 2020, the Company has completed 58 Mass Housing projects and is developing another 20 Mass Housing, MRB and high-rise projects. Across these completed and ongoing projects, the Company has, since 2003, delivered 74,674 units, with approximately 49,000 additional units available for development and sale from ongoing projects. The Company also has an identified pipeline of three (3) projects which commenced in 2020 and which in total are expected to provide approximately 11,500 units available for sale. Licenses to Sell of the two out of the three projects for launching have been secured, to date.

The Company believes that its industry experience has equipped it with the ability to understand the needs, preferences, means and circumstances of consumers in the Philippine Mass Housing market. The Company offers an affordable pricing and payment model, and has developed its CTS Gold in-house financing program to cater to Mass Housing market Filipino consumers who do not have the accumulated savings to pay high down payments for homes but have sufficient recurring income to support monthly amortization payments. Under this program, customers only pay a minimal down payment and can quickly move into their chosen homes. The Company retains ownership of such homes until full payment is made by the customer. The CTS Gold program is further strengthened by the Company's strong relationship with Pag-IBIG, the primary Government agency providing housing financial assistance to Filipinos through the long-established Pag-IBIG housing loan program. The Company has structured the CTS Gold program, in particular the CTS Gold Convertible product, such that the requirements for such product generally mirror the requirements for availing of a Pag-IBIG home loan. This essentially facilitates the take-up by Pag-IBIG of such loans upon application for by customers, converting receivables of the Company into cash and lessening the financing and other risks appurtenant to potential buyer defaults.

Consistent with the Company's thrust of providing quality and affordable housing units to its customers, the Company also introduced a pre-cast construction process which enables it to construct and complete residences ready for move-in much faster than under the conventional concrete cinder block method. Through this process, the Company is able to construct townhouses and single-storey attached units in just eight (8) to ten (10) days, with an additional five (5) days for single-storey houses with lofts. The use of this process also allows the Company to realize significant cost savings and enables it to turn over units to its customers in a fast and efficient way.

In addition to horizontal Mass Housing subdivision projects, the Company also develops MRB condominium projects. The Company's first MRB Mass Housing project started in Cebu in 2012. Similar MRB projects in Metro Manila started in 2015. The Company plans to develop other MRB projects in other urban areas.

The Company has ventured into high-rise condominium projects in the highest density urban areas of Metro Manila. The buildings are intended to be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts). Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute between their places of work and homes in the outlying neighborhoods of Metro Manila, resulting in savings in transportation time and costs that would accrue to the condominium unit residents.

In 2018, 2019, and 2020, the Company recorded consolidated revenues amounting to ₱11,525.6 million, ₱15,400.5 million, and ₱14,233.5 million, respectively, with resulting net income of ₱4,810.4 million, ₱5,862.8 million, and ₱4,831.9 million, respectively.
24,872.853,159.19December 31, 2022
December 31303290December 31The CTS Financing Program is an affordable pricing and payment model designed to cater to customers who do not have the accumulated savings to pay a substantial down payment but have sufficient recurring income to support monthly amortization payments. Under the CTS Financing Program, customers can move into their chosen home after a minimal down payment ranging from 3% to 5% of the total contract price, compared to approximately 10% to 20% equity down payment generally required by other developers. The Company retains ownership of the housing unit until full payment is completed by the buyer. This innovative in-house financing program allows buyers to purchase a property with a small upfront payment, thereby providing accessible housing to demographic groups for which home ownership has traditionally been challenging to attain.

The CTS Financing Program is strengthened by the Company's strong relationship with the HDMF and its Pag-IBIG Fund, the Government's established housing financial assistance program with a statutory mandate to provide assistance for the housing requirements of its members and allot not less than 70% of its investible funds for the deployment of housing loans to qualified buyers. The Company has structured the CTS Financing Program such that the requirements to participate in such in-house financing program generally mirrors the requirements for availing of a Pag-IBIG home loan. This mirroring of requirements facilitates the take-out by Pag-IBIG of such loans when applied for by 8990 buyers, thereby converting the receivables of the Company into cash and reducing the financing and other risks relating to potential buyer defaults.
Industry Experience and Strategic Shareholder Support

The Company has been developing Mass Housing projects in high-growth areas across the Philippines since 2003. In doing so, the Company has benefited significantly from the industry experience of its principals who, prior to the establishment of the Company's Subsidiaries and through certain related companies of 8990, developed their first Mass Housing project in 1991 in Cagayan de Oro.

The Company believes that its industry experience has equipped it with the ability to understand the needs, preferences, means and circumstances of consumers in the Philippine Mass Housing market for which it has gained a reputation of providing quality and affordable homes. Awards recognizing the Company's achievements include the following: PropertyGuru 2021 Best Affordable Condo Development (Metro Manila), PropertyGuru 2021 Best Affordable Condo Development (Southern Luzon), PropertyGuru 2021 Best Affordable Housing Development (Metro Davao), Pag-IBIG Top Property Developer (Visayas and Mindanao) in the first half of 2021 in terms of take-out value from Pag-IBIG, Top Property Developer in the Philippines from 2017 to 2019 in terms of take-out value from Pag-IBIG Best Low Cost Housing Developer (National) in March 2017 by Q Asia's Seal of Product and Quality Service, Top 10 Developers in the Philippines in 2015 & 2016 by BCI Asia, 2016 Outstanding Developer Low Rise Mass Housing by FIABCI-Philippines, 2015 Best Mid-Cap Firm in the Philippines by Finance Asia, and 2015 Prestigious Seal Awardee for Best Developer in Low-Cost Housing by Gawad Sulo Foundation.

In addition, the Company enjoys the support of its strategic shareholders, TPG and Pasir Salak, a subsidiary of Khazanah Nasional Berhad. TPG and Pasir Salak have provided strategic support to the Company through their extensive experience in investing in housing and real property companies across the Asia-Pacific region and their long-term and growth-oriented investment approach. They have provided guidance and insights on strategic planning, financing and capital market planning and business optimization, among others.

Mission and Vision

The Company's mission is to be the most admired Mass Housing developer in terms of industry leadership, price and quality. In providing quality and affordable housing to the Filipino family, the Company conducts its business with integrity, fairness and competence towards its vision to maximize the value it provides to customers, suppliers, investors, shareholders and Philippine society in general.

STRENGTHS AND STRATEGIES

Competitive Strengths

The Company considers the following to be its principal competitive strengths:

Operation in a large, underserved market with significant growth potential

Robust macroeconomic fundamentals in the Philippines is expected to drive demand for the Philippine Mass Housing market. According to Frost & Sullivan, the Philippines' GDP is expected to grow at a compounded annual growth rate ("CAGR") of 5.2% from 2015 to 2025F, driven by sustained public projects, especially under the Government's "Build, Build, Build" initiative, a comprehensive infrastructure development program, private consumption and spending and innovative projects. Prior to the pandemic, the Philippines was one of the fastest-growing economies in Southeast Asia due to its strong household consumption, remittances, and government's extensive spending on infrastructure. The pandemic upended the economy as the country went into a strict lockdown. Growth stalled, and the GDP contracted by (4.1%) in 2020 per the IMF. Recovery was slow in the first three quarters of 2021 as the country continued implementing restrictions and controlling business activities. Only in the fourth quarter of 2021 did the Philippines recover and hit a 7.7% GDP quarterly growth. The Government is optimistic about hitting 6.3% GDP growth in 2022 as it moves to lift restrictions and allow more businesses to open and operate in higher capacity. In addition, a growing and increasingly urbanized population will bolster demand for housing in the long term, especially in large cities such as Metro Manila, Davao City and Cebu City. According to Frost & Sullivan, the urban population amounted to 47% of the total Philippines' population of 110 million in 2020 and is expected to grow 10% from 52 million to 57 million from 2020 to 2025F.

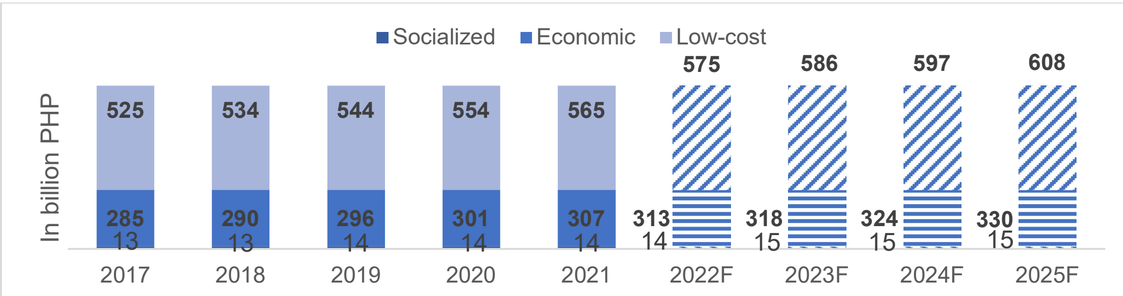
By 2022, total housing need (i.e., the supply-demand gap in the housing market) in the Philippines is expected to reach 6.8 million units, of which 80% is estimated to be within the Mass Housing segment. Frost & Sullivan estimated that, if such housing need is not addressed sooner, total housing needs may reach almost 12.3 million by 2030, of which approximately 85% are in the Mass Housing market (2.7 million are socialized, 6.2 million are economic and 1.5 million are low-cost housing units). Moreover, it was estimated by BSP's Consumer Financial Survey in 2018 that around 71% of the middle-income to low-income Filipino families are renting their houses, signifying a large underserved housing need especially in the affordable housing market.

Figure 1: Combined Housing Segmentation as defined by law and industry

Classification	DHSUD Definition (in ₱)
Socialized Tier 1	₱480,000 below
Socialized Tier 2	₱480,001 – 530,000
Socialized Tier 3	₱530,001 – 580,000
Economic	₱580,001 - 1.75 million
Low Cost	Up to ₱3 million
Mid End	Above ₱3 million to ₱4 million
High End / Open Market	₱4 million and up

Source: DHSUD, 2021; Frost & Sullivan Expert Interviews

Figure 2: Estimated Gross Value of Economic, Low-cost and Socialized Housing Segment, 2017–2025F



Source: Frost & Sullivan

Affordable housing also forms one of the key national priorities of the Government, who has rolled out various initiatives to accelerate the sector's growth across all dimensions. According to Frost & Sullivan, the Government is expected to invest ₱8.4 trillion (US$165 billion) across 2016 to 2022 into various infrastructure projects, benefitting the housing sector by enhancing connectivity to current projects and opening new areas for residential development. The Government has further demonstrated its unwavering commitment towards affordable housing through the rollout of the 20-year National Housing and Urban Development Sector Plan by the National Human Settlements Board ("NHSB") set up by the Department of Human Settlements and Urban Development ("DHSUD") in 2021 to consolidate strategies, plans and programs of the DHSUD, the key shelter agencies, partner-developers and other stakeholders to address the provision of adequate and affordable housing to all Filipinos. According to DHSUB official publication "The Shelter" in December 2020, the DHSUD will be looking into (a) policy reviews and reforms targeting to expedite financing services to the poor and low-income households, (b) exploring Public Rental Housing Policy ("PRHP"), (c) reviewing the price ceiling of socialized subdivision and condominiums, (d) reviewing loan ceiling for economic, low-cost, and medium cost housing, and (e) assessing whether to extend the Rent Control Act of 2020, all of which would likely benefit the affordable housing market.

The Government addresses the affordability of housing for homebuyers through the Pag-IBIG fund, which provides attractive and affordable loans for homebuyers with low interest rate (averaging 5% in 2020), low-income requirement and longer loan term (up to 30 years), according to Frost & Sullivan. They also incentivize private housing developers to provide socialized and economic housing projects through (a) five-year income tax holiday, (b) exemption from capital gains tax and (c) the availment of Pag-IBIG's Developer's Loan Program. Pag-IBIG provides credit facilities to accredited private developers to help them recover its investments and develop housing projects faster while waiting for take-outs of delivered and completed housing loan applications. In 2020, Pag-IBIG has released ₱64 billion (US$1.3 billion) of housing loan proceeds to 63,750 members, wherein 75% were developer-assisted and 25% were retail accounts.

According to Frost & Sullivan, the ongoing COVID-19 pandemic has resulted in a slowdown in the Philippine housing industry as buyers became wary of the uncertainties. Notably, while investment purchases from the up-tier market slowed down, the demand for low-cost housing proved to be more robust. Given that low-cost housing is seen less as an investment and more as a necessity, the market tends to be less prone to market, financial and economic slowdown and more impacted by consumer preferences and trends.

The Company believes that it is well-positioned to capitalize on the growing demand and unmet need for Mass Housing, as well as supportive Government policies in the Philippines, given its leading and differentiated market position in the Mass Housing market, the strong nationwide brand equity of its DECA Homes, Urban DECA Homes, and Urban DECA Towers lines, its working relationship with governmental agencies and its commitment to focus on environmentally sustainable and socially responsible growth.

Market leader with an established track record and well-recognized brands for the underserved Mass Housing segment

The Company is the top Mass Housing developer in the Philippines by Pag-IBIG takeout from 2017 to December 31, 2022, which amounted to ₱24.9 billion.

The Company has been developing Mass Housing Projects in high-growth areas across the Philippines since 2003 and has built a strong reputation of providing a full suite of quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, through the Company's DECA Homes, Urban DECA Homes, and Urban DECA Towers brands. The Company has also placed an extensive focus on providing affordable housing to demographic groups for which home ownership has been traditionally challenging to attain, as well as creating a sustainable community through amenities that allows residents to live in a safe, healthy and vibrant community.

In recognition of the Company's contribution to the Mass Housing market in the Philippines, the Company has also won numerous prestigious awards such as:

- Best Affordable Condo Development (Metro Manila and Southern Luzon) and Housing Development (Metro Davao) in 2021 by PropertyGuru
- Top Housing Developer in the Philippines from 2017 to 2019 and Top Property Developer in the Visayas and Mindanao regions in the first half of 2021 in terms of take-out value from the Pag-IBIG fund
- Best Low Cost Housing Developer (National) awarded in March 2017 by Q Asia's Seal of Product and Quality Service
- Outstanding Developer Low Rise Mass Housing in 2016 by the International Real Estate Federation in the Philippines ("FIABCI-Philippines")
- BCI Asia Top 10 Developers in 2015 and 2016
- Best Mid-Cap Firm in the Philippines in 2015 by Finance Asia
- Prestigious Seal Awardee for Best Developer in Low-Cost Housing in 2015 by Gawad Sulo Foundation

Driven by its strong commitment to deliver, the Company has completed 65 Mass Housing projects and has 17 ongoing Mass Housing, MRB and HRB projects as of December 2021.

Unique business model positions the Company for long-term leadership in a fragmented and under-penetrated market

The Company believes that it is one of the few scaled, nationwide developers with customer offerings uniquely dedicated to serving the housing needs of the Mass Housing segment. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The Mass Housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

Further differentiating 8990 is its ability to provide the full value chain required by the Mass Housing market:

- **Land Acquisition**: Actively evaluates attractive land acquisition opportunities nationwide. Key criteria include proximity to areas close to the Company's target customers, including Pag-IBIG members, and its sources of livelihood
- **Customer Screening**: Focus on gainfully employed customers who have significant lifetime earnings potential and are acquiring the Company's developments as their primary residence
- **Construction Technology**: Pre-cast system manufacturing construction technology that allows rapid construction of quality houses
- **In-House Financing**: Accessible in-house financing with a unique combination of attractive upfront equity and affordable monthly payments
- **Strong Pag-IBIG relationship**: Status, track-record and customer screening synchronization with Pag-IBIG allows for continuous and seamless Pag-IBIG take up
- **Credit Collection**: Emphasis on incentivizing a strong repayment behavior through required financial literacy seminars
- **Property Design and Management**: Focused on creating "communities" within each development such as through sports facilities, churches, parks and meeting areas. In addition, the Company provides comprehensive and ongoing support for properties

Pre-cast system manufacturing construction technology driving efficiencies and cost-savings

The Company has continually invested in innovation to update its building processes and minimize waste of materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers in the Philippines, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, the 2013 7.2 magnitude earthquake which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 15 days with an additional five days for single-storey houses with lofts.

The Company continuously improves and refines this process and has mastered its efficient implementation in the field, allowing for quick turnover and re-deployment of capacity. This construction process is highly scalable leading to highly efficient use of capital and industry-leading returns.

Customer-focused product and payment scheme complemented by effective collection, risk management policies and loan factoring for a rapid capital recycling cycle

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base, which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership.

For illustration, the Company's housing portfolio includes the following products.

Figure 5: 8990's Product Portfolio

Micro Living Units –
URBAN DECA TOWERS

- Typical floor area: ~13 sqm
- Location: Highest density urban areas of Metro Manila
- Walking distance to place of work
- Target unit price range: **c.PHP1.7mm (c.US$33.4k)**

Urban Deca Towers

Horizontal Residential Subdivisions –
DECA HOMES

- Typical floor area: 35 sqm to 60 sqm
- Typical lot area: 35 sqm to 120 sqm
- Location: Outskirts of major metropolitan areas nationwide (excludes Metro Manila)
- Unit price range: **c.PHP450k-2.0mm (c.US$8.8-39.2k)**

Single-storey

Townhouse

Medium-rise Residential Buildings –
URBAN DECA HOMES

- Typical floor area: 25 sqm to 36 sqm
- Location: Central areas of highly urban locations (i.e., Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes
- 4 to 5-storey low-rise or 8 to 16-storey with lifts
- Unit price range: **c.PHP800k-2.0mm (c.US$15.7-39.2k)**

Medium-rise Building

Source: Company Information

Furthermore, the Company's innovative CTS Financing Program typically requires a relatively small upfront payment (normally 3% to 5% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allows customers to purchase and move into a housing unit without material effect on their savings. Fast and efficient processing under the CTS Financing Program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To support the CTS Financing Program, the Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. The Company proactively approaches customer credit management, beginning at the point prior to actual sale by conducting in-house seminars/lectures covering key topics related to purchasing a housing unit such as documentary requirements, payment structure and credit and legal obligations connected with the housing unit purchase. The Company has also implemented a comprehensive credit verification process for all potential buyers looking to purchase housing units under the in-house CTS Financing Program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. The Company believes that its combination of industry experience, customer selection and comprehensive program to collect, educate and support its customers has resulted in the Company's estimated collection efficiency rate of 94% at the end of 2021. The estimated collection efficiency rate is the amount collected out of the current amount due from a customer. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in within a year from the time of default.

Further complementing the Company's in-house financing solutions are loan factoring options available that generate additional cash for the Company such as: Migration to Pag-IBIG, Sale of Receivables to Financial Institutions Without Recourse and Partnership with banks after accreditation for loan migration.

Strong relationships with key housing and shelter agencies

The Company, through its Subsidiaries and Principals, Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board and Founder) ("the Principals"), has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013. In addition, the accreditation of the Company's projects with the Board of Investment under the IPP allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a strong reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's takeout of the Company's contracts-to-sell under its CTS Financing Program. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

Committed to integrating ESG-aligned practices across the Company and all projects

The Company places great value on Environmental, Social and Governance ("ESG") standards, as they take pride in conducting its business responsibly. They are committed to ESG standards that help in building a sustainable future for the communities they serve and creating long-term value for all its stakeholders. Accordingly, they have undertaken several initiatives toward this including providing affordable housing and basic infrastructure, promoting gender equality and social equality, pursuing inclusive growth, and maintaining sustainable community and environment.

The Company is also committed to contributing towards achieving the Sustainable Development Goals ("SDGs") adopted by the United Nations Member States in the year 2015. The Company benchmarks and integrates these SDGs with key areas of its business operations. The efforts undertaken by the Company ensure a positive contribution to at least 6 of the 17 SDGs, including: SDG #11: Sustainable Cities and Communities, SDG #10 Reduce inequality, SDG #8 Decent work and Economic Growth, SDG #12 Responsible Consumption and Production, SDG #13 Climate Action, and SDG #15 Life on Land. They actively continue to work on further deepening its impact across these goals and expanding the scope of its influence across other goals, in the pursuit of a win-win for both its business as well as social ecosystem.

The Company provides affordable housing to demographic groups in Philippines for which home ownership is traditionally challenging to attain, by offering 3% equity versus 10 to 20% in the Mass Housing market. Monthly amortization is made more affordable by providing longer loan term that are not widely available for the majority of the population. As of September 30, 2021, an average of 63% of the 8990's home buyers have a maximum gross monthly income of ₱55,000 (US$1,100) and below and an average of 55% are women. For vast majority of them, it would have been significantly challenging for them to own homes, if not because of the affordable housing and innovative financing offered by the Company together with its partners.

The Company's housing development are not only affordable but provides access to infrastructure, including water, sanitation, transportation, and security features for residents to live in safe, healthy, vibrant communities that allow individual to access opportunities for economic mobility through proximity to job opportunities, and stable and safe living environments.

The Company is focused on environmental sustainability in its operations through a decade long commitment to low waste, smart design and resources efficient buildings.

In addition to the efforts undertaken towards Social and Environmental goals, the Company also incorporates high standards in its Corporate Governance through standard operating procedures / manuals detailing procedures to be followed for each and every function.

Experienced management team with extensive expertise in Mass Housing development

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board), Attorney Anthony Vincent S. Sotto (President and CEO), Roan Buenventura-Torregoza (Chief Financial Officer) and Alexander Ace S. Sotto (Chief Operating Officer), who each have extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market, and span an aggregate of over 100 years in the industry.

Through their various business ventures (including 8990), the Principals have constructed housing units across multiple regions in Philippines across Visayas, Luzon and Mindanao, including major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local government agencies and banks.

Mr. Yu carries with him over 30 years of experience in the Mass Housing business. Mr. Martinez has over three decades of experience in the Mass Housing industry and was once the National President of the SHDA, the largest national organization of subdivision and housing developers in the Philippines with over 200 members.

Attorney Anthony Vincent S. Sotto has almost 19 years of experience with the Company, and has previously served as the capacities of Deputy Chief Executive Officer, General Manager and Assistant General Manager in the Company.

Alexander Ace S. Sotto's 19 years of experience in the real estate industry began when he joined 8990 Holdings Inc. in 2004. He is currently the Chief Operating Officer of the Company.

Meanwhile, Roan Buenaventura Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc.

Key Strategies

The Company was founded to address the Mass Housing problem in the Philippines. By 2030, the total housing need in the Philippines could increase to approximately 12.3 million units, of which approximately 85% will be in the Mass Housing market, according to Frost & Sullivan. However, the supply of affordable housing is unable to catch up, given that most Mass Housing developers are small regional developers, with limited geographical coverage. At the same time, certain demographic groups, including the low- to middle-income Filipinos, often face difficulties accessing home financing solutions that meets its cash flow profile.

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to address the Mass Housing problem in the Philippines by delivering affordable homes and innovative financing solutions with speed and quality to its target customers, mainly comprising low- to middle-income earners. This is achieved through:

1. Introduction of an innovative financing solution that allows Filipinos to own a housing unit by paying monthly amortization at the price equivalent to that of a monthly rental payment

2. Establishing a close partnership with the Government's Mass Housing agency to expedite the delivery of the Government's housing initiatives

3. Delivering fast, quality and affordable housing options near customers' source of livelihoods

4. Successful execution of a unique and superior business model addressing an underserved market, and is highly profitable due to the Company's operational and financing efficiencies

To further build on its competitive strengths and allow further expansion of its business, the Company plans to undertake the following:

Pursue growth by maintaining leadership with affordable and competitive pricing

The Company has a distinct leadership position in the Mass Housing segment

The Company believes that it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, uniquely positioning it vis-à-vis other major housing developers in the Philippines. The Company's focus in the socialized, economic and low-cost housing segment in the Philippines allows it to target the large addressable housing market opportunity for lower income groups, with an estimated market size of ₱887 billion (US$17.4 billion) in 2021 by gross value, according to Frost & Sullivan.

The housing market in the Philippines is highly fragmented, with about 3,000 entities engaged in the housing sector and hundreds of developers, according to Frost & Sullivan. The Company believes that most of its direct competitors are smaller regional developers, with much smaller scale and limited geographical coverage, hence its nationwide scope has allowed it to achieve economies of scale from its operations, thereby offering housing units at more attractive price points compared to its direct competitors.

The Company believes that its unique positioning and leadership in the underserved need-based Mass Housing market will continue to provide demand for its housing developments in the future.

The Company seeks to promote home ownership for its target customers by matching housing cost with their ability to pay

The Company seeks to promote home ownership in the Mass Housing segment in part by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers. In particular, the Company intends to seek ways to improve on and further provide flexibility through its CTS Financing Program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows customers to move into their chosen housing unit after a significantly lower down payment of 3% to 5% of purchase price and pay down their housing loan across an average term of 25 years and at a fixed interest rate of 9.5% for the first four years.

The Company's financing program hence allows customers to break down the housing unit purchase price into affordable monthly amortizations, based on the cash flow they receive on a monthly basis from their employment and other sources of income. The Company also endeavors to keep monthly amortizations affordable at approximately 35% of their monthly income, as well as approximately matching these monthly amortization with monthly rental rates that its target customer would have otherwise paid for similar Mass Housing units, thereby encouraging the low- to middle-income customers to buy a house rather than continue renting.

For example, the Company offers a monthly amortization payment of approximately ₱3,900 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit, with 9.5% annual interest rate for the first four years and a 25-year amortization schedule) to approximately ₱17,500 (the estimated amortization for a ₱2,000,000 loan with 9.5% annual interest rate and a 25-year amortization schedule) under its in-house CTS Financing Program, at the right price range (₱450,000 to ₱2.0 million per housing/condominium unit).

The Company believes that the attractiveness of the CTS Financing Program is likely to continue driving demand for its housing developments into the future.

Continue to innovate and invest in maintaining the Company's competitive advantage

The Company intends to further leverage and invest into its CTS Financing Program and rapid construction technology to maintain its competitive strength.

The Company believes that the key success factor of its CTS Financing Program is not just in its innovative structure, but also in its ability to complement this with comprehensive and proactive customer engagements. This is done through consistent customer engagements through financial literacy programs to guide them through the documentary requirements for the loan application process and educate them on credit management to encourage strong loan repayment behavior. This has led to a successful track record with an estimated 93% performing accounts ratio from 2015 to 2022. The Company intends to continue its efforts to optimize its financing program and financial literacy programs to deliver a comprehensive housing solution for its target customers and maintain its industry-leading profit margins.

The Company intends to continually invest in innovation to update its construction processes and minimize waste of materials, while at the same time delivering housing units with quality and speed. The utilization of an on-site pre-cast construction process has resulted in significant cost savings and healthy profit margins. The Company believes that similar innovations into highly scalable construction processes will further enhance efficiency of capital use, rapid recycling of cash flow and its industry-leading returns. Additionally, the Company intends to explore further ways to incorporate environmental sustainability into its construction process.

Continue with monetization of its receivables through various channels

The Company rapidly recycles its capital by migrating home loans offered or selling receivables from customers (via its in-house CTS Financing Program) through three main channels:

1. Sale of receivables to financial institutions
2. Migration to Pag-IBIG
3. Partnership with banks after accreditation to migrate these loans to them

For the period between 2016 to 2022, the Company has successfully sold ₱30.9 billion of receivables to financial institutions and migrated ₱24.9 billion of loans to Pag-IBIG.

The Company's strong track record in the monetization of its receivables could be attributed to its strong relationship with financial institutions and its ability to structure its in-house CTS Financing Program to mirror the requirements of Pag-IBIG home loan. As a result, the Company believes that up to 99% of home loans offered by the Company are eligible for migration to Pag-IBIG.

The Company intends to continue to monetize its receivables in order to recycle its capital to fund future growth plans, as well as to de-risk its capital structure to maintain a net debt to equity ratio of 0.61x as of December 31, 2021, on par with the industry average.

Maintain appropriate financing, liquidity and risk management policies

The Company believes that its financing model is robust, through its ability to generate strong demand through providing attractive financing options for customers, and at the same time, preventing losses through appropriate financing, liquidity and risk management measures.

Measures undertaken include:

- financial literacy programs to maintain high collectability at an estimated 93% performing accounts ratio for the year ended December 31, 2022;
- de-risking its capital structure through monetization of receivables; and
- protecting its capital through retaining the home ownership until the loan amount is fully received from the homebuyers.

This has enabled the Company to achieve industry leading return on equity. The Company intends to continue implementing such measures to ensure adequate protection against financing risks.

Continue to grow land bank in strategic locations for development

The Company plans to continue to explore opportunities to replenish its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects. The Company aims to seek out properties located in areas with high population growth rates and rental yield, close proximity to public transportation terminals and major thoroughfares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities, where there are underserved housing needs for its target customers across the Philippines. The Company also targets to commence development of new land bank properties within two to three years of purchase.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (a) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (b) geographically expand into new cities. For example, the Company has brought to Metro Manila the Urban DECA Homes high-rise building concept in Tondo, Manila, and Mandaluyong.

Driving further ESG initiatives across its business model

The Company founded on the vision to provide quality and affordable housing to the Filipino family and maximize the value that it provides to customers, suppliers, investors, shareholders and Philippine society in general, has integrated ESG initiatives in its business model. The Company believes that its unique and superior business and financing model allows it to address an underserved housing need in the society, while at the same time, maintaining its industry-leading profitability through operational and financing efficiencies.

The Company's ability to offer a full suite of housing projects at affordable price points provide accessible housing to demographic groups for which home ownership has traditionally been challenging to attain. Based on the Company's internal data on customer demographics, an average of 57% of its customers have a gross monthly income of ₱55,000 and below, 62% are single, 55% are females, 18% are OFWs and 15% are undergraduates, as of December 31, 2022.

The Company endeavors to go beyond providing basic housing infrastructure, but also to create sustainable communities through amenities offered in the housing developments, which includes security features to protect residents (e.g. gated entrance with security), social spaces to promote interaction (e.g. clubhouse, church) and recreational facilities to promote healthy lifestyle (e.g. swimming pool and wakeboarding park). The Company believes that these initiatives have contributed to high customer satisfaction.

The Company also actively seeks ways to be environmentally friendly. Since 2018, the Company has eliminated the use of wood products in the construction of houses. Since 2019, newly designed projects are installed with waste-water facilities and material recovery facilities to minimize wastage. At the same time, the Company also strategically locate its micro-living developments close to business districts to reduce carbon emissions from daily commute that would otherwise be necessary.

The Company believes that ESG is a crucial component of its business model and endeavors to drive and implement further ESG initiatives.

Maintain its working relationship with regulators

The Company has a track record of strict adherence to local rules, regulations and social responsibility requirements imposed on licensed housing developers.

Adherence to good corporate governance plays an integral role in the way in which the Company conduct their business. The Company has processes in place to help ensure that there is operational transparency, information sharing, accountability, and constant dialogue with all its stakeholders.

The Company has also been supportive in the national and local government initiatives in Mass Housing, including and not limited to:

- adhering to the government guidelines (e.g., loan moratorium during the COVID-19 pandemic);
- active participation with the various real estate groups (e.g., SHDA);
- active participation in community-based initiatives (e.g., shelter agencies, school, church programs)
- incorporating environmentally friendly practices into its operations such as tree planting (at a scale that is in compliance of Department of Environment and National Resources guidelines) and building waste water management systems; and
- facilitating the participation of middle- to low-income customers in Pag-IBIG home loan initiatives, through unique structuring of its in-house financing program to mirror the requirements of Pag-IBIG's home loan

The Company intends to continue its best practices and maintain an effective working relationship with regulators to conduct its business with integrity and competence, maximizing the value it provides to the Philippine society.

The 8990 Group

8990 Group is comprise of the parent, which is also the holding company, 8990 Holdings, Inc. and six (6) wholly-owned subsidiaries namely: [1] 8990 Housing Development Corporation (8990 Housing); [2] 8990 Luzon Housing Development Corporation (8990 Luzon); [3] 8990 Mindanao Housing Development Corporation (8990 Mindanao); [4] 8990 Davao Housing Development Corporation (8990 Davao); [5] 8990 Leisure and Resorts Corporation (8990 Leisure); and [6] Fog Horn, Inc. (Fog Horn)

8990 Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), and was listed in Philippines Stock Exchange (PSE) on July 8, 2005 and October 20, 2010, respectively.

Subsidiaries

The following table presents certain information regarding the Company's Subsidiaries as of December 31, 20220.

Subsidiary	**Country of Incorporation**	**Company's Ownership Interest**
8990 Housing	Philippines	100%
8990 Luzon	Philippines	100%
8990 Mindanao	Philippines	100%
8990 Davao	Philippines	100%
8990 Leisure	Philippines	100%
Fog Horn Inc	Philippines	100%

8990 Housing

Established in 2003, 8990 Housing is flagship subsidiary of the Company. Its primary purpose is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. 8990 Housing registered with the Philippine SEC on March 20, 2003. Its principal office address is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

Listed below are 8990 Housing's wholly-owned subsidiaries:

- Euson Realty and Development Corporation (ERDC)
- Tondo Holding Corporation (THC)
- 8990 Coastal Estates, Inc. (8990 Coastal)
- Primex Land, Inc (PLI)
- 8990 Monterrazas Corporation

Euson Realty & Development Corp.

Euson Realty & Development Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It is a a wholly-owned subsidiary of 8990 Housing Development Corporation. It was registered with the Securities and Exchange Commission (SEC) on September 25, 2009 primarily to own, use, improve, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments, condominiums and other structures. The projects under this Company are UDH Manila Buildings 1 to 8.

Tondo Holdings

Tondo Holdings Corp. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on June 23, 1999 primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of ever kind and description. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On June 5, 2014, the Company's previous stockholders entered into a Share Purchase Agreement with 8990 Housing to sell 100% of the outstanding shares of the Company, with the intention of developing land owned by the Company into low-cost high-rise condominium or Urban Deca Homes Manila project located at Vitas St., Tondo manila. In 2016, the Company has started the development of the project. Projects under this company are UDH Manila Buildings 9 to 13.

8990 Coastal Estates, Inc.

8990 Coastal Estates, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on April 16, 2007 primarily to acquire real estate of all kinds whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structure or whatever kind, together with their appurtenances. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

On July 2, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in its corporate name from RFC Coastal Estates, Inc. to 8990 Coastal Estates, Inc. The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on January 30, 2019 and December 19, 2019, respectively. The Company has not started commercial operations and has a property located in Mactan, Cebu.

Primex Land, Inc.

Primex Land, Inc. was incorporated in the Philippines on April 16, 1994. The Company was primarily engaged in acquiring, owning, operating and maintaining real estate properties. In 2017, 8990 Housing acquired controlling interest over the Company after its acquisition of all the outstanding shares of stock from previous stockholders. The project under this company is Deca Homes Meycauyan. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

8990 Monterrazas Corporation (8990 Monterrazas)

8990 Monterrazas. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on September 25, 1974. The Company is established to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds; and, to construct, improve, manage, operate, lease or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. It is currently involved in high-cost land development business. The project under this company is Monterrazas de Cebu. It is a wholly-owned subsidiary of 8990 Housing Development Corporation.

8990 Luzon

8990 Luzon is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on October 28, 2008. 8990 Luzon engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. The registered principal office address of 8990 Luzon is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

8990 Mindanao

8990 Mindanao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Mindanao primarily engages in developing mass housing projects. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Mindanao owns certain parcels of land used for the Company's development projects.

8990 Davao

8990 Davao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Davao primarily engages in the mass housing development business. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Davao owns certain parcels of land used for the Company's development projects.

8990 Leisure

8990 Leisure is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on November 24, 2009. 8990 Leisure engages in acquiring, purchasing, holding, managing, developing and selling land with or without buildings or improvements for such consideration and in such manner or form as the company may determine of as the law permits, erecting, constructing, altering, managing, operating, leasing in whole or in part, buildings and tenements of the company or other persons, engages in real estate consultation and management including identifying, purchasing, conceptualizing, preparing master plans and layouts for land and building developments, managing the properties of and advising clients, developing or executing plans, undertaking project management and overseeing construction, except for management of funds, portfolios, securities and other similar assets. 8990 Leisure owns certain parcels of land used for the Company's development projects. 8990 Leisure's principal office address is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Fog Horn

Fog Horn is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on January 14, 2004. Fog Horn engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. Fog Horn's registered principal office address is located at the 3rd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Bankruptcy, Receivership and Similar Proceedings

To the best of its knowledge, the Company and its subsidiaries are not subject to any bankruptcy, receivership and/or similar proceedings.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On May 15, 2012, IHoldings, Januarius, and Kwantlen purchased 79.5% of the outstanding capital stock of the Company from certain stockholders of the Company. In compliance with the Republic Act No. 8799, also known as the Securities Regulation Code of the Philipine (SRC) and the Implementing Rules and Regulation of the SRC, as amended, (IRRs), a tender offer for all other remaining shares of the Company was conducted, the terms and conditions of which were disclosed through the Tender Offer Report dated June 19, 2012. Following the lapse of the tender offer period on July 19, 2012, during which no stockholder tendered any shares, a Final Tender Offer Report dated August 2, 2012 was filed with the Philippine SEC.

On May 29, 2012, prior to the closing of the sale referred to above, the Company transferred all of its assets to IP Converge Data Services, Inc. (IPCDSI) and subsequently transferred all of its equity interest in IPCDSI to its parent company at the time, IP Ventures, Inc. (IPVI), and consequently became a shell company.

On July 25, 2012, pursuant to the sale transaction discussed in the immediately preceding paragraph, IPVI and IPVG Employees, Inc. (IEI) transferred a total of 136,400,000 shares of the Company to IHoldings, Januarius and Kwantlen through the facilities of the PSE. As a result, IHoldings, Januarius and Kwantlen acquired ownership, and control over 61.4% of the Company's total outstanding capital stock. The remaining 40,000,000 shares of the Company acquired pursuant to the sale were transferred through the PSE immediately upon the lapse of the lock-up period applicable to said shares.

On May 6, 2013, the Company acquired all of the outstanding shares in the Subsidiaries from their respective shareholders under a Deed of Exchange dated May 6, 2013, as amended and supplemented on June 8, 2013 and, in exchange, agreed to issue a total of 3,968,357,534 shares from the increase of the Company's authorized capital stock in favor of the Subsidiaries' majority shareholders at the time. Consequently, under a private placement transaction and to ensure continued compliance with Philippine minimum public ownership requirements of the PSE, the Company applied with the Philippine SEC to: [1] increase its authorized capital stock to accommodate the foregoing issuance; [2] change the primary purpose of the Company into a financial holding company; and [3] change its corporate name to "8990 Holdings, Inc.". The Philippine SEC approved the application for the foregoing on October 1, 2013.

On February 1, 2019, The Board approved the adoption by the Company of a share buyback program, with the following terms and conditions: [a] The buyback program shall be for a period of up to eighteen (18) months from the date of board approval (or until 1 August, 2020), unless period is otherwise shortened by the Board of Directors; [b] The Company shall be authorized to repurchase up to Php2 Billion worth of common shares; [c] The Share Buyback Program will not involve any active and widespread solicitation for stockholders of the Company to sell their shares; [d] The majority/controlling shareholders of the Company (i.e. Iholdings, Inc. and Kwantlen Development Corporation, as well as their respective controlling shareholders) will not participate in the Share Buyback Program; [e] The Share Buyback Program will be implemented in the open market through the trading facilities of the Philippine Stock Exchange; [f] the Company shall repurchase shares using cash and book them as treasury shares; [g] The share buyback program will be implemented in an orderly manner and will not (and should not) affect any of the Company's prospective and existing projects and investments; [h] any share buyback implemented shall take into account the need to maintain the liquidity of the Company's stock in the market, as well as public ownership requirements; [i] any significant development in the Share Buyback Program will be duly disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The purpose for the Share Buyback

Program is to enhance and improve shareholder value and to manifest confidence in the Company's value and prospects through the repurchase of the common shares.

On March 15, 2019, 8990 Holdings, Inc., through its subsidiary 8990 Housing Development Corporation ("8990 Housing"), entered into a Subscription Agreement with Genvi Development Corporation ("Genvi"), for the subscription by 8990 Housing of a total of 2,913,128 common shares out of the existing but unissued capital stock of Genvi, at the subscription price of Two Hundred Ninety-one Million Three Hundred Twelve Thousand Eight Hundred Pesos (Php 219,312,800.00) in cash. The Subscription Transactions is intended to be the first phase of the Genvi Acquisition, which was completed through the subscription by 8990 Housing, resulting to 8990 Housing to own approximately 72.83%. 8990 Housing hopes to consolidate its ownership of Genvi by acquiring the remaining 27.17% of the resulting issued and outstanding capital stock of Genvi following completion of continuing discussions with the current shareholders of Genvi and confirmation of due diligence findings.

On June 30, 2019, the second phase of the Genvi Acquisition was completed through the acquisition of the remaining 27.17% of Genvi by 8990 Housing. The second phase of the transaction was through a separate share purchase transaction between 8990 Housing and the shareholders of Genvi. The consideration for the second phase of the transactions was Eight Hundred Million Pesos (Php 800,000,000.00). The completion of the second phase resulted to 8990 Housing owning 100% of the total issued and outstanding capital stock of Genvi. The purpose of the acquisition was to allow 8990 Holdings Inc., to expand into other real estate segments, such as high-end developments.

Business of Issuer

Business segments of the 8990 Group are as follows:

- Construction of low-cost mass housing
- Construction of medium-rise condominium units
- Construction of high-rise condominium units
- Hotel operations

Construction of low-cost mass housing

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contrition. About forty three percent (42%) of revenues in 2020 were from low-cost mass housing business segments. Refer to Note 21 of the 2020 Audited Consolidated Financial Statements for details.

The Company constructs three (3) types of housing unit namely:

1. Single-storey detached – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building
2. Single-storey attached – a single floor residential unit built in a row of four (4) or more units joined by a common side walls
3. Townhouse – a two-storey residential unit built in a row of four (4) or more units joined by a common side walls

Floor areas typically range from 35 sq. m. to 60 sq. m. Typical unit price range from ₱450,000 to ₱2,000,000.

Developer subdivisions have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system, power system, gated entrance with security personnel and perimeter fence. In addition to the foregoing facilities standard to all subdivision, some projects feature one or more of the following leisure facilities: wakeboard park, swimming pool, basketball court, clubhouse/multi-purpose hall, church and commercial market. Certain larger projects have an are designated for commercial businesses.

As of December 31, 2022, the Company has completed 59 residential subdivisions comprising approximately 48,518units.

Construction of medium-rise condominium units

The Company also develops low-cost residential complexes of MRBs under the Urban DECA Homes brand. An MRB is a walk-up building of four to five stories or an elevator-quipped building of eight to 12 stories. These MRBs are located in central areas of highly urban locations (i.e. Metro Manila, Metro Cebu, Davao) within walking distance of major public transportation routes. The Company developed its first MRB Mass Housing project in Mandaue City in the province of Cebu. The Company has also developed MRB projects in Cavite, Sucat, and Muntinlupa. Other MARB projects to be launched in NCR are in the pipeline.

The floor area for an MRB unit typically ranges from 25 sq. m. to 36 sq. m. Unit prices range from ₱800,000 to ₱2,000,000.

MRB complexes have the following common facilities: concrete roads, sidewalk with curbs and gutters, underground drainage system, centralized water system (hooked up to public utility providers), power system, cable and telephone lines, gated entrance with security personnel and perimeter fence. In addition to the foregoing, MRB complexes have on-site leisure facilities such as a swimming pool, basketball court, clubhouse/multi-purpose hall and/or a park.

As of December 31, 2022, the Company has completed 6 MRB projects and delivered an aggregate of 7,336 units. The Company currently has 2 ongoing MRB projects, with an aggregate 1,776 units for sale.

Construction of high-rise condominium units

The Company has ventured into high-rise cocndominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱1,000,000, which equates to initial monthly amortization payments of around
₱8,000 under the Company's CTS financing product (with typical 25-year term, 9.5% annual interest rate subject to adjustment after fifth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱8,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

In 2016, Urban Deca Homes Manila, a 13-storey condominium building, was launched. Unlike Urban Deca Tower, unti sizes are for first time residential home buyers ranging from 22 to 35 square meter. This project is the first of its kind in Tondo, Manila. Having said that, this project was positively received by the customers with six (6) buildings sold, to date. Average selling price of Urban Deca Homes manila is ₱1,700,000.

A similar project launched in Ortigas in 2019, Urban Deca Homes Ortigas caters to first time home buyers in the Pasig and nearby cities. With 2-BR and 3-BR units, homeowners will now have more space which is conducive for starting a family. Selling price for Urban Deca Homes Ortigas ranges from ₱1,800,000 to ₱3,000,000.

Summary of Projects

I. The tables below summarize the status of the various new and ongoing projects the Company has under its various Subsidiaries as of December 31, 20220:

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
I. Completed Projects						
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988
12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,062
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187

30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
36	Urban Deca Homes Tisa 2	8990 Housing	MRB	2021	1,392	1,392
Iloilo						
37	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
38	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
39	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
40	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,912
Leyte						
41	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360
Davao						
42	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
43	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
44	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
45	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
46	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649
47	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
48	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
49	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
50	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
51	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
56	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
57	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
58	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
59	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
60	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
61	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
62	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
63	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
64	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
65	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
66	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
67	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

	Project Name	Company	Type	Completion Year	No. Of Units	Units Delivered
II. On-going						
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	3,296
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	2,329
3	Deca Homes Pampanga	8990 Housing	Horizontal	2027	4,127	-
Metro Manila						
4	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	10,170
5	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	3,962
6	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5,166	-
7	Urban Deca Homes Commonwealth	8990 Housing	HRB	2024	3,240	-
Cebu						
8	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	390
9	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						
10	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,452
11	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	327
12	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	881
13	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	2,238
14	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	923
Leyte						
15	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	171
Davao						
16	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	2,919
17	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	646
General Santos						
18	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,260

Liquidity Management

Financing Options

PAG-IBIG Transfer

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it migrates its CTS Gold Convertible receivables thru HDMF's housing loan program for members, typically within four (4) years of the loan commencement period, subject to the Company's requirements. The Company was able to migrate ₱664 billion of receivables to Pag-IBIG in 2020, respectively. Pag-IBIG released housing loans in the said aggregate amounts to pay off the balance of the purchase price of the housing units sold by the Company to qualified Pag-IBIG members. The acceptance or rejection of the buyer's housing loan application is based on certain guidelines such as employment, number of contributions made by the homeowner/Pag-IBIG member, and net disposable income, among other factors. As a result of the Company's CTS Gold Convertible requirements mirroring those of Pag-IBIG's, the Company estimates that substantially all of its historic requests for take- outs have been accepted by Pag-IBIG. As of date, the Company is not offering the CTS Gold Convertible or the CTS Gold Straight financing options and is only offering CTS Gold In-House Financing to homebuyers.

Nonetheless, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company's CTS receivables as a result of take-ups by Pag-IBIG also affects the Company's results of operations. As a greater amount of CTS receivables are converted pursuant to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

Other Receivables Management Options

In addition to its receivables take-up arrangements with institutions such as Pag-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral, or enters into agreements for the sale of its receivables to banks and other financial institutions on a non-recourse basis.

Credit and Collection

The Company has a credit and collection team which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The Company has also developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

The Company's credit and collection team is composed of Sixty-seven (67) permanent employees organized per area of operation. Of the Sixty-seven (67), four (4) are supervisors in charge of North Luzon, South Luzon, Cebu/Ormoc, Iloilo/Bacolod, and Davao/Gensan, while sixty three (63) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported contractual employee who serves as collection officer in the various projects nationwide. These collection officer ensure enforcement of the Company's credit and collection policies. In addition, the services of nine (9) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

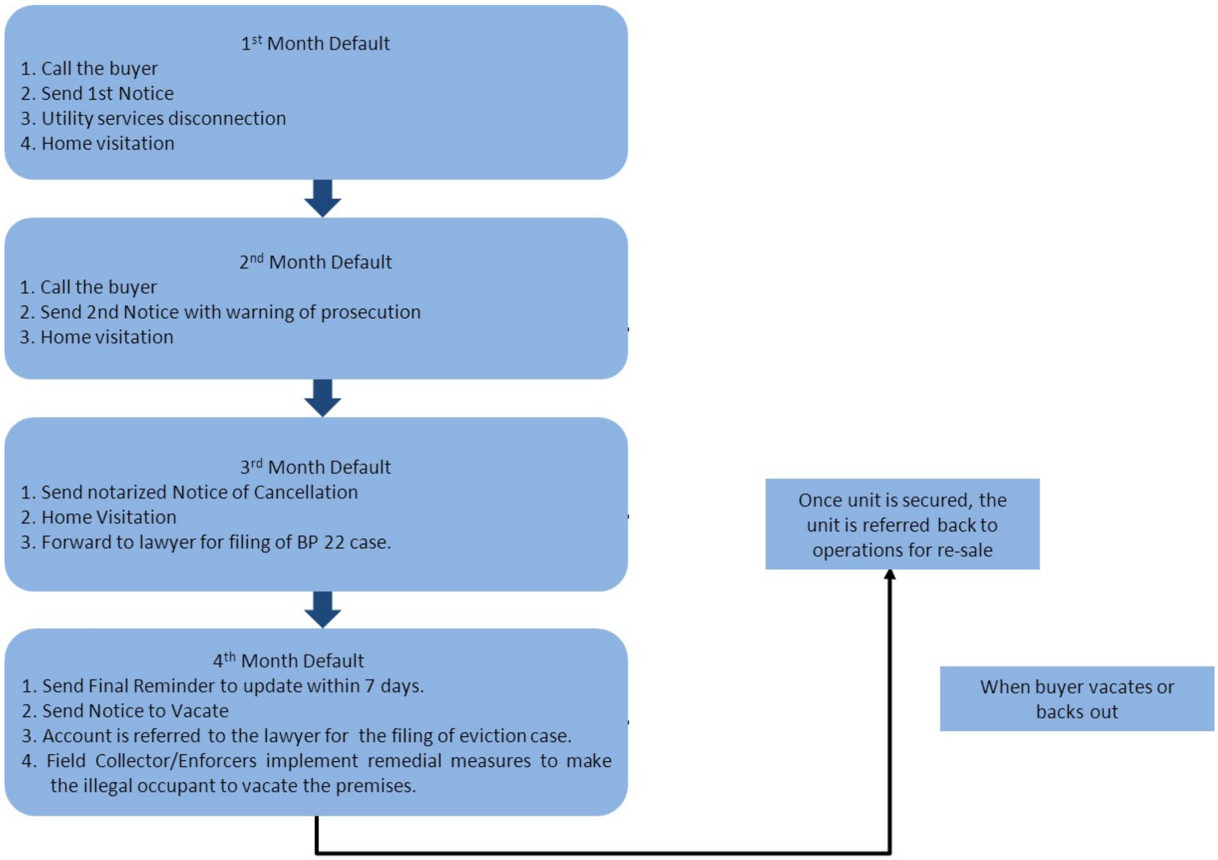
Submission of Check Payments

Potential homebuyers of the Company's housing units are required to submit twenty-five (25) post-dated checks. The first twenty-four (24) checks are equivalent to the first twenty-four (24) monthly amortization payments while the 25th check represents the outstanding principal balance as of the 25th month and serves as an assurance that the borrower will again submit another twenty-four (34) post-dated checks (equivalent to the payments for months 25 to 48) plus another 25th check equivalent to the outstanding principal balance as of the 49th month. This cycle is repeated until the loan is fully paid at the end of the term. The ecess of the twenty-four (24) checks will be deposited if the borrower fails to submit the next set of twenty-five (25) checks.

The Company imposes a ₱2,200 bank penalty fee and a ₱200 fee per bounced check as facilitation and retrieval fee. Likewise, a fee of PhP200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated performing accounts ratio are 83% in 2020 (heavily affected by Bayanihan 1 and 2) and 93% in 2022.

In the Company's experience, through remedial measures, approximately half of the defaulting accounts usually become current again after a one- to three-month payment lag, while the other half of the defaulting accounts result in the cancellation of the CTS and remarketing of the property. The Company was able to leverage on its experience and expertise in acting as Pag-IBIG's collection agent prior to 2011 in the formulation and execution of its credit and collection polices.



Accounts are considered in default when the buyer fails to pay one (1) monthly amortization, while payments are considered late if the buyer fails to pay his amortization on the due date.

Marketing and Sales

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of forty eight (48) teams, headed by unit managers and one thousand two hundred sixty four (1,264) total licensed brokers and with a combined total approximately 16,634 active agents. All of the unit managers and the agents under them are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

As a marketing strategy, the Company's sales and marketing teams regularly conduct presentations to potential clients to inform them of the Company's products. Mall exhibits have likewise provided the Company with an effective platform to introduce its product offerings and get leads on prospective buyers. Another strong source of sales relates to "repeat buyers," in the form of family members of those who already own a DECA Home unit.

Moreover, promotional discounts are also offered by the Company to attract buyers and increase their interest. These include:

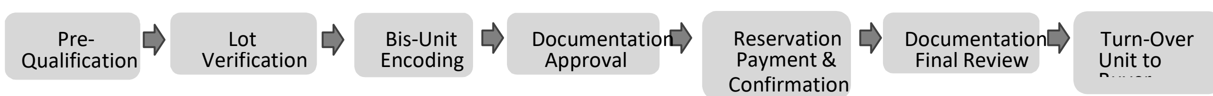
- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discount as follows:

Down Payment Fully Paid Within	Cash Discount
7 Days	3%

- "LipatAgad" Buyer are allowed to move-in to the property upon full payment of the required down payment pending take-out of the loan with Pag-IBIG.

CTS Gold Sales Process

The CTS 2018 product follows a rigorous process of credit verification for all potential buyers. The following diagram illustrates the process under the CTS Gold product:



- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.

- Lot Verification – The availability of the unit is verified.

- BIS-Unit Encoding – A unit manager assigns and encodes the buyer's identification into its system to avoid double reservation.

- Documentation Approval – A documentation manager submits the buyer's information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re-evaluation.

- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.

- Documentation Final Review – The documents are sent to a documentation manager for final review.

- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

All of the raw materials used by the Company are sourced from domestic Philippine suppliers. Suppliers are chosen based on a number of criteria, including the quality of the raw materials supplied, stability of supply in the past, delivery time, pricing of the raw materials as well as the financial and industrial strength of the supplier. The Company's sourcing strategy is to deal with reliable suppliers at the best available price, prefer national over local suppliers and encourage on-time delivery by its suppliers.

The Company maintains relationships with over 200 suppliers. For the year ended December 31, 2021, the Company's five largest raw materials suppliers in aggregate accounted for approximately 40% of the Company's total amount of purchases for horizontal and four-storey MRBs. The Company is not dependent on any single supplier for raw materials.

Below is the list of the Company's top five (5) raw material suppliers:

Company	Country	Material Pruchased
Steelasia Manufacturing Corp.	Philippines	Deformed steel bars
1154 Gravel and Sand Trading	Philippines	Aggregates
Omnicrete Corporation	Philippines	Readymix
2027 Glass and Service Corp	Philippines	Windows
Readymix Concrete Davao Inc	Philippines	Premix

Customers

The Company mainly focuses on serving the needs of the Mass Housing market. Specifically, the Company targets (a) the upper-end of the lower-class segment of society and (b) the lower-end of the middle class of the society. The Company's target market consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.). 75% of the horizontal unit buyers and 93% of condominium unit buyers have monthly gross income above ₱26,000. The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real estate purchases. The following table summarizes the Company's customer demographics as of December 31, 2021:

Demographic		Subdivision	Condominium
Young:		87%	85%
	20 to 35 Years Old	53%	55%
	36 to 45 Years Old	34%	31%
College-Educated and Licensed Professionals		84%	87%
Gainfully Employed:		100%	100%
	Office Workers	48%	68%
	OFW	22%	11%
	BPO	7%	4%
Minimum ₱26,000 Gross Family Income		18%	10%
Primary Residence Purpose		76%	94%

Customer Service and Warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period. Customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects.

Competition

The Company believes it does not have significant direct competition from national (i.e. Metro Manila-based) real-estate developers for low cost housing projects within its price range (i.e. PhP450,000 to PhP2.0 million per housing unit). Although competitors with nationwide scope, such as Amaia Land Corporation, a subsidiary of Ayala Land, Inc.; Century Limitless Corporation, a subsidiary of Century Properties Group, Inc.; Filinvest Land, Inc., under the "Futura Homes" brand; Suntrust Properties, Inc., a subsidiary of Megaworld Corporation; Robinsons Land Corporation, under the "Robinsons Communities" brand; Summerhills Home Development Corporation, a subsidiary of SM Prime Holdings, Inc.; and Vista Land, under the "Camella Homes" brand, do undertake affordable housing projects, they do so at a higher price range (i.e. PhP1.5 million and up), which is a different market from that of the Company's.

The Company has direct competitors at the local/regional level that sell housing units within its PhP450,000 to PhP2.0 million price range. These include: Johndorf and ProHomes in Cebu; Foothills Development Corporation and HLC Development Corporation in Davao; ProFriends, Ion Realty, Happy Homes and San Raphael Realty in Iloilo; Hausland, Fiesta Communities and El Valerio Realty in Pampanga; and ProFriends, Homemark Development, Picar Development, Rudex, Masaito and New APEC in Cavite.

Employees

As of the date of this report, the Company has a total of six hundred (600) employees. This is broken down as follows:

Function	Number of Employees
Managers	102
Finance	67
Accounting	42
Conversion Staff	36
Credit & Collection Staff	67
Documentation Staff	94
HR/Admin Staff	44
MIS	15
Planning/Engineering Staff	61
Pre-Documentation Staff	23
Treasury	3
Records Management	11
Materials & Procurement	8
Condo Corp/HOA	7
Receivables management	4
Customer Service	12
Legal	4

Furthermore, to date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Property

The Company has been granted the certificate of registration of the "DECA Homes", "Urban DECA Homes" and "Urban DECA Towers" trademarks by the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its Subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

Health, Safety and Environment

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Legal Proceedings

As of December 31, 2022, neither the Company nor any of its Subsidiaries or affiliates are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's or affiliate's interests, would have a material effect on the business or financial position of the Company or any of its Subsidiaries or affiliates.

Risks Relating to the Companies Business

The ongoing COVID-19 global pandemic has adversely affected, and is expected to continue to have an adverse effect on, the Company's business and operations.

Coronavirus disease 2019 ("COVID-19"), an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of December 31, 2021, there have been over 263 million confirmed cases worldwide. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

In response to the increasing number of COVID-19 cases in the Philippines, President Rodrigo Duterte declared the entire Luzon island under total lockdown (Enhanced Community Quarantine or "ECQ") on

March 16, 2020, which restricted the movement of the population with certain exceptions. Among the lockdown measures implemented were the suspension of work or alternative working arrangements in the private sector except in establishments providing basic necessities, suspension of mass transport facilities, and travel restrictions.

ECQ was originally set to end by April 12, 2020 but was first extended to April 30, 2020 then to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("MECQ"), general community quarantine ("GCQ") or modified GCQ ("MGCQ") was implemented. The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas was downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. On July 30, 2021, the Government again placed Metro Manila under ECQ from August 6, 2021 to August 20, 2021. On August 20, 2021, the Government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021.

In September 2021, the Interagency Task Force for the Management of Emerging Infectious Diseases ("IATF") mandated new community quarantine classifications for dealing with COVID-19 covering entire cities and/or municipalities, by issuing the Guidelines on the Pilot Implementation of Alert Levels System for COVID-19 Response in the National Capital Region ("NCR"). In order to clarify the parameters of allowed and restricted activities in the different areas where community quarantine is declared, scattered provisions of the IATF resolutions were codified into the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines and released by the IATF on April 20, 2020 through Resolution No. 30. In the new classification framework, which focuses on the imposition of granular lockdown measures, community quarantine was reduced to either ECQ or GCQ, with the latter having an Alert Level System through Levels 1 to 4, with each alert level limiting restrictions only to identified high-risk activities. The current system was adopted through Executive Order 112 (s.2020) and has been regularly updated to respond to the prevailing situation.

A new variant of the COVID-19 virus, named "Omicron," emerged in the last week of November 2021. Considered as a highly contagious strain of COVID-19, Omicron has prompted a return to stricter quarantine measures and an increase in the IATF's alert levels to Alert Level 3.

The Philippine government has taken various steps to address the effects of COVID-19 on Philippine business and economy. On March 25, 2020, Republic Act No. 11469 or the "Bayanihan to Heal As One Act" which took effect, which granted the President the power to provide for a minimum of 30 days grace period on the payment of residential rents falling due during the ECQ. In relation thereto, the Department of Trade and Industry ("DTI") issued Memorandum Circular No. 20-12, which provided that residential rents and commercial rents for Micro, Small and medium Enterprises ("MSMEs") that have stopped operating during the ECQ shall be entitled to the said grace period. The cumulative amount of rents due during this period shall be spread out or equally amortized in the six months following the end of the ECQ and shall be added to the rent due on these succeeding months, without penalties, interest, fees, and charges.

The Bayanihan to Heal as One Act also provided the President the power to direct financial institutions, including the Pag-IBIG Fund, to implement a grace period for the payment of housing loans, among others. The implementing rules provide that the mandatory grace period should be at least 30 days, which is automatically extended if the ECQ period is extended. On June 25, 2020, the Bayanihan to Heal as One Act measures, which were implemented to address the COVID-19 pandemic in the Philippines, expired.

On September 11, 2020, the President Duterte signed into law the Bayanihan to Recover as One Act or also known as the "Bayanihan II", which extended the emergency powers of the President granted by its predecessor, the Bayanihan to Heal as One Act which lapsed on June 25, 2020. Bayanihan II aims to reduce the adverse impact of COVID-19 on the socioeconomic well-being of Filipinos and struggling businesses by providing assistance and other forms of socioeconomic and regulatory relief.

Section 4 of the Bayanihan II authorizes the President to exercise powers necessary and proper to undertake and implement the following recovery measures (among others): (a) direct banks, financing companies, lending companies, real estate developers, entities providing in-house financing, other financial institutions, private or public, among others, to implement a one-time 60-day grace period for the payment of all existing, current and outstanding loans falling due or any part thereof, on or before December 31, 2020; (b) direct institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum 30-day grace period for the payment of utilities falling due within the period of ECQ, MECQ, without incurring interests, penalties, and other charges; (c) grant a minimum 30-day grace period on residential rents and commercial rents of lessees not permitted to work, and MSMEs and cooperatives ordered to temporarily cease operations within the period of the community quarantine, without incurring interests, penalties, fees and other charges; and (d) prohibit increasing rents during this period.

According to Frost & Sullivan, the COVID-19 pandemic has dramatically impacted the housing industry, resulting in a slowdown as buyers became wary of the uncertainties, even though the demand for low-cost housing proved to be more robust while investment purchases from the up-tier market slowed down. For example, according to Frost & Sullivan, in terms of gross value added, the Philippine real estate industry contributed ₱1.028 trillion in 2020, which was a 17% decline from 2019. According to Frost & Sullivan, the COVID-19 pandemic halted construction and created a feeling of uncertainty amongst investors and buyers, with many putting off any big investments or expense like buying or investing in real estate. This, in turn, affected and continues to affect the revenue targets of the Company and its Subsidiaries, particularly as a result of delays in collections as well as the construction of some of the Company's projects. The COVID-19 pandemic has also (i) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (ii) increased volatility or caused disruption of global financial markets and affected businesses' capabilities of accessing capital markets and other funding resources on favorable or acceptable terms; and (iii) resulted in social and political instability. The COVID-19 pandemic has also affected and continues to affect the employment of migrant Filipinos, who largely contribute to the demand for the Company's projects. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Company's and its subsidiaries' operation and cash flow.

The Company recognizes the risks from emerging infectious diseases such as COVID-19 and has immediately addressed critical aspects of its operations, such as workforce health and safety, and supply chain disruption. In order to minimize disruptions to its operations, the Company has adopted either work from home arrangements or provided its staff with housing and shuttle services. Further, the Company attempts to minimize supply chain disruptions by ordering its supplies well in advance. Despite these measures, the extent to which the COVID-19 pandemic impacts the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company and its subsidiaries, it may also have the effect of heightening many of the other risks described in this Prospectus and thus adversely affecting the Company's operation and capabilities of paying dividends on the Offer Shares, and also the price and value of the Offer Shares. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of overseas Filipino workers ("OFWs"). These events adversely affect demand for the Company's projects from OFWs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

All of the Company's business activities are conducted in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the amount of remittances received from OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market;
- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political or economic developments in or affecting the Philippines.

There is a degree of uncertainty regarding the economic and political situation in the Philippines. This uncertainty could have adverse effects on the revenues from the Company's business.

Servicing the mass housing segment of the real estate industry allows the Company to mitigate the risk of demand fluctuation brought about by country-specific risks, being it a needs market and not investment nor speculative in nature. The huge housing backlog as projected by HLURB is a strong indicator that the demand for mass housing unit will continue to be underserved in the short to medium term. Further, the expertise of the management team in dealing with the mass market segment enables them to create an overall package, “build-sell-finance” scheme, to assure that their target market will be able to afford the housing units and realize the projected demand.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company provides a substantial amount of in-house financing to its customers via its CTS program. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilize the Company’s in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

In addition, in instances where various customer receivables have been given as collateral for the Company’s financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

Moreover, other cheaper financing options may become available and if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company makes it a point to turn over the housing unit to the buyer as soon as the unit is finished and the minimal required equity is paid in order to create a sense of ownership. This has been proven effective in avoiding defaults.

The Company will be in a better position in cases where cheap financing options would be available to the buyers as this will immediately result to cash payments rather than long term receivables, hence, will be able to have readily available funds to build new inventories for sale, and would not need to avail of any external financing be it from creditors or equity holders.

The Company's liquidity and financial results are affected by the willingness of various financial institutions, including Pag-IBIG, to process loan take-ups and the expediency by which such financial institutions process these take-ups.

Under its business and operating model, the Company, through its subsidiaries including 8990 Housing, 8990 Luzon, 8990 Davao, 8990 Mindanao, and Foghorn, typically provides in-house financing to its customers via its CTS Gold financing team upon the initial purchase of a potential home. From time to time, the Company requires the prospective purchaser to apply with Pag-IBIG for take-up of the loan obligation. The Company may also transfer loan portfolios directly to Pag-IBIG on behalf of its customers. Should Pag-IBIG grant the prospective buyer's application, it would then grant a home loan to the prospective buyer (to pay for the purchase price of the Mass Housing unit) and remit the loan proceeds to the Company or the subsequent owner of the relevant receivable. However, due to the number of applications pending with Pag-IBIG at any one time, there are often delays in the processing of these loan take-ups. Furthermore, Pag-IBIG may also deny loans for various reasons, such as incomplete documents and insufficient equity ownership (through prior payment of principal), among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Furthermore, if the loans are held as collateral by banks, then the banks need time to pass the titles, which could cause delays. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow. Moreover, in the event that Pag-IBIG completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to 42 other financial institutions. Any of these events may have a material adverse effect on the Company's financial condition and results of operations. See "– The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program."

In addition to having its CTS loans taken up by Pag-IBIG and borrowing from banks using the CTS loans as collateral, the Company also from time to time transfers its CTS loans to banks, typically going through a similar procedure as described above for Pag-IBIG. Similarly, there may be delays in the efficient and timely processing of these loans take-ups and the banks may also deny these loans for various reasons. Depending on the degree of any such delays or denials, and amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the home buyer loans would be retained on the Company's books as receivables and delay its cashflow.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies.

The Company's liquidity and financial results are dependent on the implementation and success of various measures to manage its liquidity risk.

The Company adopts various measures to manage its liquidity risk. For example, the Company developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the migration of payment delinquency. Also, the Company enters into take-up arrangements with institutions such as Pag-IBIG to monetize its receivables. From time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral for an interest rate ranging from 5.25% to 5.5%. The Company sells its receivables to certain banks with recourse. Typically, under such arrangements, if take-up by Pag-IBIG does not occur within one (1) to five (5) years of the sale of the receivables, the Company is required to either extend the term or repurchase the receivables. For the full year ending December 31, 2021, the Company has submitted to Pag-IBIG approximately ₱6 billion.

In 2018, 2019, certain subsidiaries of the Company entered into various CTS Receivables Sale and Purchase Agreements ("RSPAs") with Dearborn Resources and Holdings, Inc. ("Dearborn") for the sale of CTS Receivables at face value (outstanding principal balance at the time of sale) by such subsidiaries to Dearborn in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱15 billion which the 8990 subsidiaries have assigned to Dearborn, and which receivables constituted 14.49% and 8.38% of the consolidated assets of the Company in 2018 and 2019, respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱23.89 billion. Similarly, in 2019, 2020 and 2021, certain subsidiaries of the Company entered into various RSPAs with Filmore Resources Holdings, Inc. ("Filmore") for the sale of CTS Receivables at face value by such subsidiaries to Fillmore in tranches and on a without recourse basis. As of date, these RSPAs cover CTS Receivables with total principal or face value of approximately ₱12.6 billion which the 8990 subsidiaries have assigned to Filmore, and which receivables constituted 16.11 and 14.% of the consolidated assets of the Company in 2020 and 2021 (as of the date of the last sale), respectively. The interest income that the Company would have otherwise received had such CTS receivables continued to full term is approximately ₱20.59 billion. As of the date hereof, except for the loan facilities extended by the Company in favor of Dearborn, none of the Company, its directors, officers, or principal shareholders, have any interest, directly or indirectly, in Dearborn or Filmore.

In addition, since 2016, the Company has engaged in the sale of its receivables to banks on a non-recourse basis. Failure to meet the obligations backed by receivables on a non-recourse basis will lead to the transfer of rights of the receivables to the banks. Furthermore, the Company has begun to explore possible securitization transactions with respect to a portion of its receivables portfolio. In a letter dated 16 October 2020, the SEC advised the Company that the SEC En Banc has conditionally approved the securitization plan of the Company covering approximately ₱2.13 billion in CTS receivables, subject to the submission of the final credit rating report. Under the securitization plan, the Company and certain subsidiaries (namely, 8990 Housing, 8990 Luzon, 8990 Davao, and Fog Horn) will sell to a special purpose corporation, CBC Assets One (SPC), Inc., CTS receivables from about 2,511 CTS accounts with an original term of up to twenty-five (25) years. Concurrent with the sale of such receivables, CBC Assets One as issuer will issue asset-backed certificates worth about ₱2.13 billion (based on the face value of the CTS receivables acquired) backed by the CTS receivables. 8990 HDC will act as servicer of the CTS Receivables under the securitization plan. The asset-backed certificates will consist of Tranche A certificates with principal value of approximately ₱1.59 billion and Tranche B certificates with principal value of approximately ₱531.3 million to be sold at face value. The SEC has likewise confirmed that the issuance of the asset-backed certificates is considered an exempt transaction (and, thus, exempt from SEC registration) as the certificates will be issued to not more than nineteen (19) investors in the Philippines. As of date, the Company has yet to complete such securitization. The Company may be left with the riskiest tranche of its receivables portfolio due to this securitization. As the Company has not completed the aforementioned securitization transactions, there can be no guarantee that such transaction will materialize. The Company might not always successful manage its receivables. The inability to manage its receivables portfolio could lead to a situation where the Company does not have sufficient cash to pay its obligations as they come due or have insufficient cash to meet its expansion strategy. If any of the Company's means of managing its liquidation risks is unsuccessful, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its experience management team with extensive expertise in Mass Housing development.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditure to acquire land for development, complete existing projects and commence construction on new developments.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing; however, it may also fund such requirements through other means, such as equity sales, among others, in the future. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will not issue Common Shares that may cause dilution, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent acquisition of land for or completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains strong relationships with key housing and shelter agencies. It may also obtain financing from capital markets.

A portion of demand for the Company's products is from OFs, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to OFs, including overseas Filipino workers ("**OFWs**") and Filipino expatriates, generate a portion of the demand for the Company's housing and land development projects. In addition, unnamed OFWs may provide financial support to named buyers who are located in the Philippines. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFs or a reduction in the purchasing power of OFs. These include:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located, such as the United States, the Middle East, Italy, the United Kingdom, Singapore, Hong Kong and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and restrictions imposed by other countries on the entry or the continued employment of foreign workers.

As an example, the Company believes that the global economic downturn of 2008 resulted in OFW remittances tending to be used for basic family expense or savings and bank deposits rather than for investing in or purchasing real estate. In addition, turmoil in the Middle East and North Africa have resulted in OFs being repatriated from these regions and losing their steady sources of income. Currently, the constrained economic activities brought by the COVID-19 has resulted in mass layoffs and repatriation of thousands of OFWs. These events adversely affected demand for the Company's projects from OFs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on Management's extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market. The Company has also adopted strategies, among others, to increase its existing coverage and grow geographically.

The Company's focus on residential housing and land development exposes it to sector-specific risks, including competition in the Philippine residential real estate industry.

The housing market involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of its residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's income from, and market values of, its real estate projects are largely dependent on these projects' popularity when compared to similar types of projects in their areas, as well as on the ability of the Company to correctly gauge the market for its projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, the quality of the housing and related facilities offered by the Company, price and payment terms of the project, available financing for the project and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that it is one of the few developers dedicated to serve the housing needs of the mass housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

Historically low interest rates, expansion in overall liquidity, extensive construction of housing units and other factors could lead to the risk of formation of asset bubbles in real estate.

For the past several years, central banks globally, including the BSP, have kept overall interest rates at historically low levers for an extended period of time. This has occurred in conjunction with high levels of liquidity in the Philippines owing to strong and growing remittances from OFWs, the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts and strong inflows of foreign investments, among other factors. In addition, before the COVID-19 pandemic, the pace of real estate construction, particularly for housing in and surrounding Metro Manila and other urban areas, has likewise been strong by historical standards. All these have increased the risk that rising prices may not be sustainable, particularly in the real estate sector. If rising prices are not sustained, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. The country also has a very young demographic profile benefitting from rising disposable income. The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. The Company also has an experienced management team to mitigate this risk.

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing and condominium units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on management's extensive experience and a strategy of replenishing its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects.

There can be no assurance that the Company will not suffer from substantial sales cancellations. The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivision, MRB unit or high-rise unit sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. As a result, the Company's historical income statements are not necessarily accurate indicators of the Company's future revenue or profits.

To mitigate this risk, the Company relies on its customer-focused product and payment scheme that is best suited for the Mass Housing market, coupled with effective collection and risk management policies. The Company has also adopted a strategy to promote home ownership in the Mass Housing segment by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers.

The Company may not be able to successfully manage its growth or expansion strategies.

The Company intends to continue to pursue an aggressive growth strategy for its residential property business. To this end, the Company currently has 17 ongoing projects, as of December 31, 2021, and is expecting to launch two (2) new ones in 2022. License to Sell of the one out of two projects for launching are secured, to date. The Company's growth strategy for its housing and land development business may require the Company to manage additional relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. This substantial growth in projects will also require significant capital expenditure, which may entail taking on additional debt or equity to financing housing and land development projects.

There can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, delays in obtaining relevant licenses and permits, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. The Company may also experience delays resulting from its current strategy of engaging a limited number of contractors for its construction operations. See "- Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget." Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, results of operations or financial condition.

Similarly, the Company intends to further pursue its strategy of expanding its MRB residential developments and high-rise building developments. To this end, the Company intends to construct more MRB developments and complete its first high-rise building development. The Company's strategy to expand these businesses will require the Company to manage additional relationships with third parties such as potential retailers, suppliers and contractors. Moreover, high-rise building development will be a new line of business to the Company. As a result, the Company could encounter various issues that it does not have extensive experience dealing with associated with this business, such as applicable laws relating to commercial rental/tenancy laws and condominium construction and different construction, operational and marketing requirements, among others. There can be no assurance that the Company's continued expansion into MRB developments and new expansion into high-rise building developments will be successful. There can also be no assurance that there will be a market for the Company's high-rise building developments. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company also has an experienced management team to mitigate this risk.

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

- Because the Company believes that a substantial portion of its customers procure financing (either using the Company's in-house financing program or through banks) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- If Pag-IBIG increases the rates at which it lends to customers, the Company would also need to increase the rates of its in-house financing program due to the in-house financing program's mirroring of Pag-IBIG requirements as part of the Company's strategy for easier off-take by Pag-IBIG.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty-obtaining financing on the same or similar commercial terms from other banks.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company relies on its Competitive Strengths and Key Strategies.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company undertakes due diligence in the acquisition of parcels of land.

The Company faces risks relating to project cost and completion.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in laws or in Government priorities;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;
- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to sell its housing and land development projects. This would impair the Company's ability to reduce its inventory and working capital requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company relies mainly on the Lasvazmun and Conmax groups of companies to complete the construction for substantially all of its projects. Should either of the contractors mentioned above become unable to perform with respect to their contracted scope of work, there can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule, which could result in costs increases or project delays.

Furthermore, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and timing. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labor may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company trains its contractors on the processes used in the construction of its projects. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

The Company uses exclusive external third-party brokers to sell a significant portion of its residential housing and land development projects.

The Company uses exclusive external third-party brokers to market and sell all of its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Also, negative publicity on the Company's exclusive third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules, more stringent requirements are now being imposed in respect of the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain its existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate this risk, all of the unit managers and the agents who constitute the marketing and distribution network of the Company are exclusively contracted by the Company. Furthermore, all unit managers are accredited licensed realtors. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is condition on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationship with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

To mitigate this risk, the Company adopts a strong compliance culture and maintains strong relationships with key housing and shelter agencies and positive relationships with regulatory agencies and local government agencies.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of ₱1.5 million or less and sales of residential houses and lots with a gross selling price of ₱2.5 million or less from the VAT of 12.0%. however, under the TRAIN Law which amended certain provisions of the Tax Code, beginning January 1, 2021, the VAT exemption shall only apply to (i) sale of real estate property not primarily held for sale to customers or held for lease in the ordinary course of business; (ii) sale of real property utilized for socialized housing as defined by Republic Act No. 7279; and (iii) sale of house and lot, and other residential dwellings with selling price of not more than ₱2 million.

There is no assurance that laws and regulations removing the VAT exemption for socialized housing will be passed and enacted in the future. If the VAT exemptions are removed, the selling prices for the Company's subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Under R.A. 7279 the Company is required to construct a certain number of Socialized Housing units for each project that intends to receive BOI accreditation. This requirement is measured in the form of a ratio test between the number of Socialized Housing units for the project and the number of Economic Housing units for that same project. The Company does not have the same experience with developing Socialized Housing units as it does with developing Economic Housing units and may incur greater costs and/or not achieve comparable levels of success in its development of Socialized Housing units. Furthermore, Socialized Housing units have lower profit margins for the Company than Economic Housing units. If, due to regulatory changes, the Company is required to increase its ratio of Socialized Housing unit construction, then the Company's business, financial condition and results of operations may be adversely affected.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the year, including typhoons, droughts, volcanic eruptions and earthquakes. Recently, on January 12, 2020, Taal Volcano erupted causing ash falls and earthquakes in Metro Manila, Southern Luzon, some parts of Central Luzon and Pangasinan in the Ilocos region. The PHILVOCS issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

While the Company carries all-risks insurance during the project construction stage and requires all of its purchasers to carry fire insurance, the Company does not carry any insurance for certain catastrophic events, and there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property; as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and result of operations.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate this risk, the Company endeavors to have foreseeable risks covered by the Company's insurance, to the extent possible and practicable. The Company's engineers also monitor its general contractors to ensure that all construction work is according to the project specifications and work inspection is conducted before any progress billing is approved. Furthermore, the Company also retains 10% of the project cost for a specified period to cover for any construction defect or other liability on the part of the contractor.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the principal owners have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development.

The transactions referred to above are described in Note 29 of the 2021 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and its Subsidiaries;
- Plans to develop the respective businesses of the Company and its Subsidiaries; and
- Business opportunities that may be attractive to the Selling Shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

All related-party transactions are executed with caution and guided judgement, and are properly documented.

To mitigate this risk, the related-party transactions are made on arms-length basis.

8990 is a holdings company that depends on dividends and distributions from the Subsidiaries.

8990 is a holding company and conducts no independent business operations other than providing certain corporate and other support service to the Subsidiaries. 8990 conducts substantially all of its operations through the Subsidiaries. Substantially all of its assets are held by, and substantially all of its earnings and cash flows are attributable to, the Subsidiaries. 8990's liquidity, ability to pay interest and expense, meet obligations, provide funds to its Subsidiaries and distribute dividends are dependent upon the flow of duns from the Subsidiaries. There can be no assurance that the Subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to 8990 to enable it to meet its own financial obligations.

The ability of the Subsidiaries to pay dividends is subject to applicable laws and restructions contained in debt instruments of such Subsidiaries and may also be subject to deduction of taxes. No assurance can be given that 8990 will have sufficient cash flow from dividends to satisfy its own financial obligations. Any shortfall would have to be made up from other sources of revenue, such as a sale of investments, or financing available to the Company, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Luis N. Yu, Jr., and Mariano D. Martinez, Jr. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or it the qualified individual takes any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company believes it maintains a positive relationship with its directors, members of senior management and other key officers.

The Company may be unable to attract and retain skilled professionals, such as architects, engineers and third-party contractors.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects, engineers and third-party contractors. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of the Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activites.

The Company believes it maintains a positive relationship with its architects, engineers and third party contractors. To attract and retain skilled professionals, the Company also provides a competitive compensation and benefits package.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

The Company believes it maintains a positive relationship with its employees through established organizational and employee policies and procedures that promote a good working environment and company culture.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company may, from time to time, be involved in disputes with various parties involved in the construction and operation of its properties, including contractual disputes with contractors, suppliers, construction workers, and homeowners or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable discussions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate this risk, the Company shall endeavor to amicably settle the legal proceedings and exhaust all legal remedies available.

Disruptions in the financial markets could adversely affect the Company's ability to refinance existing obligation or raise additional financing, including equity financing.

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted as a result of these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increase and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. If due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its projects could be lost, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The incurrence of additional debt to finance the Company's planned development projects could impair the Company's financial condition, results of operations and cash flows. The Company may need to incur additional debt to finance its expansion projects and future development projects. This indebtedness could have important consequences for the Company. For example, it could:

- Make it more difficult for the Company to satisfy its debt obligations as they become due;
- Increase the Company's vulnerability to general adverse economic and industry conditions;
- Impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisition or general corporate purposes;

- Require the Company to dedicate a significant portion of its cash flow from operations to the payment of the principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;

Item 2. Properties

Project Development and Construction

Land Acquisition

Land acquisition offer to the Company and/or joint ventures begins with the Company making a marketability determination of the location of the property, based on the intended development. The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorizations, as well as adding necessary improvements and infrastructure including sewage, roads and electricity.

If the property passes the initial procedure, the Company then conducts due diligence on the property. The evaluation process focuses on the following major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- geographic location (i.e. proximity to public transportation);
- technical characteristics of the property (e.g., location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land, it conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title. The Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property. The Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

After the second stage is passed, the Company then determines the fair price and terms for the acquisition and then negotiates with the land owner for the purchase.

Site Development and Construction

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects is contracted out to qualified and accredited independent contractors. The Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company primarily contracts with AGS Contek and Development, Inc., Ronen Construction, Creoterra, Inc., NN and N Realty and Panico Construction and Development Corporation to complete its horizontal projects; and Megawide Construction Corporation and Scheirman Construction Consolidated, Inc. to complete its vertical projects. Typically, these contractors are paid approximately 20% to 25% initially as down payments, with 65% to 70% paid on a turnkey basis and the remaining 10% paid after three months, retained as coverage for any faults.

The Company builds its horizontal subdivision units in five steps: (1) casting, (2) foundation preparation, (3) assembly, (4) roofing and retouching, and (5) finishing and detailing:

(1) Construction begins with the casting process, which comprises setting molds and pre-casting the walls and ceiling slabs near the actual project site. The Company's pre-casting process utilizes the proprietary concrete mix developed by the Company internally, which produces concrete slabs that are approximately four times stronger than typical concrete slabs used in the Philippines and dry in approximately 22 hours (compared to 21 days for standard casting).

(2) Simultaneously, the foundation at the site is prepared and laid, comprising laying down reinforcing bars and allocations for wiring and pipes, setting hooks for the assembly stage and pouring the concrete mixture. This phase is completed in one day.

(3) At the assembly stage, cranes are used to lift the pre-cast components and erect the components in the foundation that is prepared while casting is still in progress. The ends of the components are welded together. This process also takes one day.

(4) Roofing and retouching involves the addition of steel beams to support the roof, installation of the roof, and the retouching of rough edges in the concrete structure. This stage takes two to three days to complete.

(5) Lastly, finishing and detailing takes four to five days to complete and involves smoothing out the walls, floors and ceilings of the unit, applying paint, and installing doors, windows, and electrical and plumbing fixtures.

The Company currently has capacity to develop up to 15,000 units annually. The Company can further expand its capacity by increasing the number of its pre-fabrication molds, without requiring significant additional investments in time or resources.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

Land Bank

As an integral part of its strategy, the Company believes that if maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has investment in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four (4) to five (5) years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven (7) to eight (8) years. As of December 31, 2022, the Company had a land bank of approximately 582.20 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of December 31, 20220 are set out in the table below:

Region	**Location**	**Rawland (HA)**
Luzon	San Mateo, Rizal	31.20
Luzon	Batasan, Quezon City	17.04
Luzon	Balara, Quezon City	17.60
Luzon	Alabang Zapote, Las Pinas City	4.80
Luzon	Filinvest, Alabang	0.12
Luzon	Otis, Mendiola	2.80
Luzon	Yakal Makati	0.14
Luzon	Taft, Manila	0.08
Luzon	Monticello, Baguio	4.27
Luzon	Teachers Camp, Baguio	0.19
Luzon	Juan Luna, Manila	0.23
Luzon	Tondo, Manila	1.30
Luzon	general trias, cavite (bellavista vacant lots)	1.10
Luzon	pampanga,angeles (DCRR wakeboard)	8.82
Luzon	Cutud Angeles, Pampanga	12.85
Luzon	Mabalacat, Pampanga	27.81
Luzon	Imus, Cavite	5.00
Luzon	Balagtas, Batangas City	7.69
Luzon	Meycauayan, Bulacan	2.26
Luzon	Ortigas Ext, Pasig	1.46
	Subtotal Luzon	**146.76**
Visayas	Monterazzas, Cebu	162.89
Visayas	Ormoc, Leyte	3.00
Visayas	Guadalupe, Cebu	3.20
Visayas	Cebu Business Park, Cebu	0.31
Visayas	Vistamar, Cebu	0.18
Visayas	Mactan, Cebu	43.80

Visayas	Talamban, Cebu	2.90
Visayas	San Miguel, Iloilo	65.67
Visayas	Granada, Bacolod	63.08
Visayas	Siquijor	8.00
Visayas	Pavia, Iloilo	3.26
	Subtotal Visayas	**356.29**
Mindanao	Mulig, Davao	15.30
Mindanao	Quirino, Davao	0.71
Mindanao	Tigatto, Davao	24.83
Mindanao	Butuan City	14.50
Mindanao	Talomo, Davao	23.81
	Subtotal Mindanao	**79.15**
	Total Landbank (Raw Land)	**582.20**

Luzon	**In Hectares**
Cubao, Quezon City	0.43
Ortigas Ext, Pasig	1.46
San Mateo, Rizal	31.20
Batasan, Quezon City	17.04
Balara, Quezon City	17.60
Commonwealth, Quezon City	2.00
Alabang Zapote, Las Pinas City	4.80
Filinvest, Alabang	0.12
Otis, Mendiola	2.80
Yakal, Makati	0.14
Taft, Manila	0.08
Tanza, Property	10.00
Monticello, Baguio	4.27
Teachers Camp, Bagio	0.19
Juan Luna, Manila	0.23
Tondo, Manila	1.30
General Trias, Cavite	1.10
Pampanga, Angeles	8.82
Meycauayan, Bulacan	2.26
Cutud, Angeles	29.23
Subtotal Luzon	**135.07**
Visayas	
Guadalupe, Cebu	3.20
Leganes, Iloilo	25.40
Cebu Business Park, Cebu	0.31
Vistamar, Cebu	0.18
Mactan, Cebu	45.33
Ormoc, Leyte	5.70
San Miguel, Iloilo	39.95
Granada, Bacolod	62.00
Talamban, Cebu	2.90

Monterazzas, Cebu	180.62
Siquijor	8.00
Sta. Barbara, Iloilo	32.58

The Company intends to continue to look for land in various parts of the Philippines for future development.

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 20218:

	Name of Lessee	Monthly Rental (₱)	Term	Company
1	LFM Properties Corporation	80,550.40	8/1/2012-7/31/2013	HDC
		84,577.92	8/1/2013-7/31/2015	
		88,807.04	8/1/2015-7/31/2016	
		93,246.72	8/1/2016-7/31/2017	
		97,909.28	8/1/2017-7/31/2018	
		103,783.68	8/1/2018-7/31/2019	
		110,010.88	8/1/2019-7/31/2020	
		116,611.04	8/1/2020-7/31/2021	
		104,117.00	8/1/2021-7/31/2022	Holdings
		110,364.00	8/1/2022-7/31/2023	
		116,986.00	8/1/2023-7/31/2024	
		70,029.48	4/21/2019-4/20/2020	
		59,400.00	3/20/2020-2/19/2021	
2	SM Arena Complex Corporation	840,000.00	6/22/2013-6/22/2014	HDC
		840,000.00	6/22/2015-6/22/2016	
		840,000.00	6/22/2016-6/22/2017	
		840,000.00	6/22/2017-6/22/2018	
		840,000.00	6/22/2018-6/22/2019	
		886,666.67	6/22/2019-6/22/2020	Genvi
		791,666.67	6/27/2022 – 6/26/2023	
3	Philippine General Merchandise Corporation (2nd Floor)	12,678.75	4/1/2005-3/31/2007	HDC/FHI
		14,212.27	4/1/2007-3/31/2008	
		51,075.92	4/1/2008-3/31/2009	
		56,183.50	4/1/2009-9/30/2009	
		118,309.68	6/1/2009-11/30/2009	
		124,225.17	6/1/2010-5/30/2011	
		136,253.04	9/1/2010-8/31/2011	
		149,878.34	9/1/2011-8/31/2012	
		164,866.18	9/1/2013-8/31/2015	
		180,320.00	9/1/2015-8/31/2017	
		198,352.00	9/1/2017-8/31/2019	

		198,352.00	9/1/2019-8/31/2021	
		198,352.00	9/1/2021-8/31/2023	
4	**Philippine General Merchandise Corporation** (3rd Floor)	49,580.44	7/1/2015-7/1/2016	HDC/FHI
		159,600.00	7/1/2016-6/30/2018	
		173,040.00	7/1/2018-6/30/2020	
		173,040.00	7/1/2020-6/30/2022	
		180,723.00	6/1/2022-5/31/2024	
5	**Philippine General Merchandise Corporation** (5th Floor)	176,960.00	2/1/2018-3/31/2020	HDC
		176,960.00	2/1/2020-3/31/2022	
		184,468.00	6/1/2022-5/31/2024	
6	**Philippine General Merchandise Corporation** (Mezzanine)	77,040.00	6/1/2021-6/1/2022	HDC
7	**Iloilo New Life Commercial Inc.** (Mezzanine)	67,200.00	7/15/2017-01/14/2019	HDC
		67,200.00	1/15/2019-1/14/2020	
		67,200.00	1/15/2020-1/14/2021	
		60,000.00	1/15/2021-1/15/2022	
		60,000.00	1/16/2022-1/15/2023	
8	**Iloilo New Life Commercial Inc.** (Door 2)	23,520.00	8/1/2017-7/31/2018	HDC
		23,520.00	8/1/2018-7/31/2019	
		23,520.00	8/1/2019-7/31/2020	
		23,520.00	8/1/2020-7/31/2021	
		21,000.00	8/1/2021-7/31/2022	
		21,000.00	8/1/2022-7/31/2023	
11	**Iloilo New Life Commercial Inc.** (Door 3)	23,520.00	7/1/2017-6/30/2018	HDC
		23,520.00	7/1/2018-6/30/2019	
		23,520.00	7/1/2019-6/30/2020	
		23,520.00	7/1/2020-6/30/2021	
		21,000.00	7/1/2021-6/30/2022	
		21,000.00	7/1/2022-6/30/2023	
12	**Priscilla Mae Animas**	28,880.00	4/1/2019-3/31/2021	HDC
		30,208.00	4/1/2021-3/31/2023	
13	**Otropunto Corp. (Ground Floor)**	61,068.00	1/16/2016-1/15/2018	HDC
		67,175.02	1/16/2018-7/15/2018	
		67,175.02	7/16/2018-7/15/2019	
		67,175.02	7/16/2019-7/16/2020	
		67,175.02	7/16/2020-7/16/2021	
		64,176.12	7/16/2021-7/16/2022	
		70,982.47	7/16/2022-7/16/2023	
14	**Otropunto Corp. (2nd Floor)**	15,736.49	7/14/2021-7/16/2022	HDC
		17,453.19	7/16/2022-7/16/2023	
	Otropunto Corp. (3nd Floor)	17,976.00	7/16/2022-7/16/2023	HDC
15	**Calsado Enterprises**	32,423.16	6/5/2016-6/4/2017	HDC
		32,423.16	6/5/2017-6/4/2018	
		33,896.95	6/5/2018-6/4/2019	
		17,997.40	8/5/2019-8/4/2020	
		17,997.40	8/5/2020-8/4/2021	
		18,471.16	8/5/2021-8/4/2022	

16	**Rosalinda M. Amit**	13,000.00	11/11/2021-11/11/2022	HDC
17	**Greencove Enterprise, Inc (Ground Floor)**	104,500.00	3/20/2021-3/20/2026	HDC
18	**Greencove Enterprise, Inc (Third Floor)**	84,000.00	4/19/2021-3/20/2026	HDC
19	**Simed and Company Inc. (501)**	13,500.00	5/15/2021-5/14/2022	HDC
20	**Simed and Company Inc. (503-504)**	18,238.50	5/15/2021-5/14/2022	HDC

8990 Holdings

8990 as a lessee

8990 entered into a non-cancellable operating lease contract covering its principal office in Liberty Center Building in Makati City in 2012. The contract has a term of two (2) years, and was renewed in 2014. In 2014, 8990 also entered into a non-cancellable operating lease as a lessee covering a corporate suite located at the SM Mall of Asia Arena for a term of one (1) year and will expire on June 22,2015. The SM Mall of Asia lease has been renewed yearly and active, to date.

Fog Horn

Fog Horn as a lessee
Fog Horn recognized rent expense pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing

8990 Housing as lessee
Rent expense pertains to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2021.

8990 Housing as a lessor
A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007. This lease has been renewed yearly and active, to date.

8990 Luzon

8990 Luzon as a lessee
8990 Luzon recognized rent expense pertaining to rentals for office space, staff house, and generator set.

8990 Luzon as a lessor
8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitled to receive ten percent (10%) of monthly gross sales of riding passes in excess of PhP2 million.

Item 3. Legal Proceedings

Neither the Company nor any of its Subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

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

There was no matter submitted to a vote of security holders during the period covered by this report, except for the matters taken up during the Annual Meeting of Stockholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATIONS

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The Company has outstanding 5,517,990,720 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. ("PSE") as of December 31, 20220. The closing price as of December 31, 20220 is Php9.868.24 per share.

The following are the quarterly high and low prices, as well as the closing price of the company's shares traded at the Philippines Stock Exchange, Inc. for the last five (5) years:

	2022			2021			2020			2019			2018		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1st	14.00	10.32	13.86	8.24	7.00	7.07	14.86	11.96	11.96	13.44	8.23	12.84	7.22	6.06	6.60
2nd	13.88	10.00	10.18	7.69	7.11	7.32	12.00	9.61	9.71	16.28	12.90	15.50	7.64	6.42	7.36
3rd	10.90	9.10	10.58	9.50	7.02	9.21	9.86	6.72	6.72	15.86	15.04	15.04	7.49	7.10	7.28
4th	10.86	9.21	9.86	11.92	9.20	11.28	8.30	8.02	8.24	15.06	14.62	14.74	8.10	7.00	8.10

	202			201			201			201			201		
	High	Low	Clos	High	Low	Clos	High	Low	Clos	High	Low	Clos	High	Low	Clos
1s	14	11	11	13	8 2	12	7 2	6 0	6 6	7 7	6 5	6 8	7 9	6 3	7 7
2n	12	9 6	9 7	16	12	15	7 6	6 4	7 3	6 9	5 9	6 6	8 0	7 3	7 6
3r	9 8	6 7	6 7	15	15	15	7 4	7 1	7 2	6 6	4 9	5 0	8 2	7 2	7 4
4t	8 3	8 0	8 2	15	14	14	8 1	7 0	8 1	6 7	6 7	6 7	7 6	6 8	7 5

The market capitalization of the Company as of December 31, 2022 was approximately 53,159,194,337.20Php45,468,243,532.80 based on the closing price of Php9.86 per share.

Holders

The following table sets forth the stockholders of record of the Company as of December 31, 20218:

Shareholder	Number of Shares Subscribed	Subscribed and Paid-up (in Php)	% Ownership
IHOLDINGS, INC.	2,524,367,002	2,524,367,002	45.75%
PCD NOMINEE CORPORATION (NON-FILIPINO)	1,459,878,284	1,459,878,284	26.46%
KWANTLEN DEVELOPMENT CORPORATION	926,325,018	926,325,018	16.79%
LUIS N. YU, JR.	258,099,322	258,099,322	4.68%
MARIANO D. MARTINEZ JR.	168,916,767	168,916,767	3.06%
UNIDO CAPITAL HOLDINGS INC.	160,549,600	160,549,600	2.91%
PCD NOMINEE CORPORATION (FILIPINO)		9,233,730	0.17%
HILDA L. UY	5,000,000	5,000,000	0.09%
MARIA LINDA BENARES MARTINEZ	2,000,000	2,000,000	0.04%
DANIELLA MARIE ISABELLE DE LUNA UY	1,000,000	1,000,000	0.02%
GIANNA MARIE CLAIRE DE LUNA UY	1,000,000	1,000,000	0.02%
JUIANNA MARIE ANGELINE DE LUNA UY	1,000,000	1,000,000	0.02%
ANTHOLIN TAN MUNTUERTO	300,000	300,000	0.01%
MARK WERNER JUECO ROSAL	200,000	200,000	0.00%
NICOLAS CATALYA DIVINAGRACIA	100,000	100,000	0.00%
MA. CHRISTMAS RENIVA NOLASCO	11,500	11,500	0.00%
IAN ORMAN E. DATO	5,001	5,001	0.00%

HECTOR ABLANG SANVICTORES	2,000	2,000	0.00%
STEPHEN G. SOLIVEN	1,500	1,500	0.00%
JESUS SAN LUIS VALENCIA	300	300	0.00%
HAN JUN SIEW	100	100	0.00%
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	100	100	0.00%
ALEXANDER ACE S. SOTTO	100	100	0.00%
WEI BENG CHAN	100	100	0.00%
RAUL FORTUNATO REAMICO ROCHA	100	100	0.00%
MANUEL CASTILLO CRISOSTOMO	100	100	0.00%
OWEN NATHANIEL SY AU ITF LI MARCUS AU	80	80	0.00%
JOSELITO TANWANGCO BAUTISTA	8	8	0.00%
LOWELL L. YU	1	1	0.00%
ANTHONY VINCENT SOTTO	1	1	0.00%
ARLENE KEH	1	1	0.00%
DOMINIC JOHN PICONE	1	1	0.00%
MANUEL S. DELFIN JR.	1	1	0.00%
RAUL FORTUNATO R. ROCHA	1	1	0.00%
RICHARD L. HAOSEN	1	1	0.00%
WILLIE UY	1	1	0.00%

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

Listed below are the cash dividends declared and/or paid by the Company.

Preferred Shares

5.5072Jan 26, 2023Feb 10, 2023

5.5072Oct 24, 2022Nov 10, 2022

5.5072July 272Aug 10,2

5.5072April 262May 102
72227222722272222**6.0263% per share**
Declaration Date: February 4, 2020
Record date: February 17, 2020
Payment date: March 2, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: May 15, 2020
Payment date: June 1, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: August 17, 2020
Payment date: September 1, 2020

6.0263% per share
Declaration Date: February 4, 2020
Record date: November 16, 2020
Payment date: December 1, 2020

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Issuance of Shares Constituting Exempt Transaction

Not applicable.

Description of the Shares

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2022.

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,524,367,002 *	2,524,367,002*	46.82%
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	1,710,102,823	1,710,102,823	31.72%

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

Pursuant to its articles of incorporation as amended on October 1, 2013, the Company has an authorized amount of capital stock of PhP7,000,000,000 divided into 7,000,000,000 Common Shares with a par value of PhP1.00 per share, of which 5,391,399,020 Common Shares are issued and outstanding as of the date of this report.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.

2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.

3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.

4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.

5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association o0r corporation in which the corporation is or become interested.

6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation, or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.

7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.

8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.

9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise

of any one or more of the powers herein enumerated, or which shall at any time appear conductive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum, Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a`-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- declaration or issuance of share dividends;
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;

- merger or consolidation;
- dissolution;
- an increase or decrease in capital shares;
- ratification of a contract of a directors or officer with the corporation;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

<u>Factors Affecting Results of Operations</u>

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual interest rate of nine and a half percent (9.5%) on their housing loans under the CTS program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 2 and 3 to the Company's 2017 Audited Consolidated Financial Statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

In million pesos	2021	2020	2019
Revenue	20,357.73	14,233.53	15,400.51
Cost of sales and services	10,053.81	7,410.48	6,541.95
Gross income	**10,303.91**	**6,823.06**	**8,858.56**
Operating expenses	2,690.52	1,821.83	2,675.81
Net operating income	**7,613.40**	**5,001.23**	**6,182.75**
Finance costs	1,673.03	1,692.08	1,616.72
Other income	1,723.59	1,640.64	1,593.98
Income before income tax	**7,663.96**	**4,949.79**	**6,160.01**
Provision for income tax	449.02	117.90	297.19
Net income	**7,214.93**	**4,831.88**	**5,862.81**

Revenue

The Company's revenue primarily comprises of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

<u>Results of Operations</u>

21*Revenue*

For the year ended December 31, 2022, the Company recorded consolidated revenue of ₱21,636.7 million, an increase of 6 % from consolidated sales of ₱20,357.7 million recorded for the year ended December 31, 2021. The Company's real estate sales generated ₱21,412.9 million in revenues for the year ended December 31, 2022, an increase of 5% from the ₱20,332.8 million in revenues recorded for the year ended December 31, 2021.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2022 was ₱10,903.6 million, an increase of 8% from consolidated cost of sales and services of ₱10,053.8.5 million for the year ended December 31, 2021. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2022 was ₱10,733.1 million, an increase of 4% from consolidated gross income of ₱10,303.9 for the year ended December 31, 2021. The Company's gross income margin for the year ended December 31, 2022 was 49.6% compared to a gross income margin of 50.6% recorded for the year ended December 31 ,2021.

Operating Expenses

For the year ended December 31, 2022, the Company recorded consolidated operating expenses of ₱3,197.3 million, an increase of 19% from consolidated operating expenses of ₱2,690.5 million recorded for the year ended December 31, 2021.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2022 were ₱2,757.1 million, an increase from consolidated other operating income (expense) of ₱₱1,723.6 million recorded for the year ended December 31, 2021.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2022 were ₱1,912.9 million, an increase from consolidated finance costs of ₱1,673.0 million recorded for the year ended December 31, 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2022 was ₱8,439.4 million, an increase from consolidated income before income tax of ₱7,664.0 million recorded for the year ended December 31, 2021.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2022 was ₱786.1 million, an increase from consolidated provision for income tax of ₱449.0 million recorded for the year ended December 31, 2020.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2022 was ₱7,653.3million, an increase of 6% from consolidated net income of ₱7,2140.8 million recorded for the year ended December 31, 2021. The Company's consolidated net income margin for the year ended December 31, 2022 and 2021 remained at 35%.

Revenue

For the year ended December 31, 2021, the Company recorded consolidated revenue of ₱20,357.7 million, an increase of 43% from consolidated sales of ₱14,233.5 million recorded for the year ended December 31, 2019. The increase was mainly attributable to increased real estate sales. Lifting of construction restrictions allowed the Company to deliver more units in 2021. The Company's real estate sales generated ₱20,332.8 million in revenues for the year ended December 31, 2021, an increase of 44% from the ₱14,169.1 million in revenues recorded for the year ended December 31, 2020.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2021 was ₱10,053.8.5 million, an increase of 36% from consolidated cost of sales and services of ₱7,410.5 million for the year ended December 31, 2020. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2021 was ₱10,303.9 million, an increase of 51% from consolidated gross income of ₱6,823.1 for the year ended December 31, 2020. The Company's gross income margin for the year ended December 31, 2021 was 51% compared to a gross income margin of 48% recorded for the year ended December 31 ,2020.

Operating Expenses

For the year ended December 31, 2021, the Company recorded consolidated operating expenses of ₱2,690.5 million, an increase of 48% from consolidated operating expenses of ₱1,821.8 million recorded for the year ended December 31, 2020.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2021 were ₱1,723.6 million, an increase from consolidated other operating income (expense) of ₱1,637.3 million recorded for the year ended December 31, 2020.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2021 were ₱1,673.0 million, a decrease from consolidated finance costs of ₱1,692.1 million recorded for the year ended December 31, 2020. The decrease was mainly attributable to lower level of loans from 2020 to 2021.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2021 was ₱7,664.0 million, an increase from consolidated income before income tax of ₱4,949.8 million recorded for the year ended December 31, 2020.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2021 was ₱449.0 million, an increase from consolidated provision for income tax of ₱117.9 million recorded for the year ended December 31, 2020. The increase was attributed to sales from non BOI accredited projects in Metro Manila such as but not limited to Urban Deca Homes Ortigas and Urban Deca Homes Manila.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 was ₱7,2140.8 million, an increase of 49% from consolidated net income of ₱4,83157.91 million recorded for the year ended December 31, 2020. The Company's consolidated net income margin for the year ended December 31, 2021 and 2020 were 35% and 34% respectively.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

For the year ended December 31, 2020, the Company recorded consolidated revenue of ₱14,233.5 million, a decrease of 8% from consolidated sales of ₱15,400.5 million recorded for the year ended December 31, 2019. The decrease was mainly attributable to decreased real estate sales. The Company's real estate sales generated ₱14,169.1 million in revenues for the year ended December 31, 2020, a decrease of 6% from the ₱14,997.3 million in revenues recorded for the year ended December 31, 2019.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2020 was ₱7,410.5 million, an increase of 13% from consolidated cost of sales and services of ₱6,542.0 million for the year ended December 31, 2019. The increase was mainly attributable to increases in cost of real estate operations.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2020 was ₱6,823.1 million, a decrease of 23% from consolidated gross income for the year ended December 31, 2019. The Company's gross income margin for the year ended December 31, 2020 was 48% compared to a gross income margin of 58% recorded for the year ended December 31 ,2019.

Operating Expenses

For the year ended December 31, 2020, the Company recorded consolidated operating expenses of ₱1,821.8 million, a decrease of 32% from consolidated operating expenses of ₱2,675.8 million recorded for the year ended December 31, 2019.

Other Operating Income (Expense)

The Company's consolidated other operating income (expense) for the year ended December 31, 2020 were ₱1,637.3 million, a decrease from consolidated other operating income (expense) of ₱1,594.0 million recorded for the year ended December 31, 2019.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2020 were ₱1,692.1 million, an increase from consolidated finance costs of ₱1,616.7 million recorded for the year ended December 31, 2019. The increase was mainly attributable to higher interest rate of the Company's loan from creditor banks, and high interest for bonds payable as it is long term in nature.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2020 was ₱4,949.8 million, a decrease from consolidated income before income tax of ₱6,160.0 million recorded for the year ended December 31, 2019.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2020 was ₱117.9 million, a decrease from consolidated provision for income tax of ₱297.2 million recorded for the year ended December 31, 2019.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2020 was ₱4,830.8 million, a decrease of 18% from consolidated net income of ₱5,857.1 million recorded for the year ended December 31, 2019. The Company's consolidated net income margin for the year ended December 31, 2020 and 2019 were 34% and 38% respectively.

<u>Financial Position</u>

As at December 31, 2022 compared to as at December 31, 2021

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,482.2 million as at December 31, 2022, a decrease of 10% from consolidated cash on hand and in banks of ₱1,655.7 3 million as at December 31, 2021.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱5,868.7 million as at December 31, 2022, a 35% increase from consolidated current portion of trade and other receivables of ₱4,351.3million as at December 31, 2021.

Inventories

The Company's consolidated inventories were ₱46,721.3 million as at December 31, 2022, an increase of 5% from consolidated inventories of ₱41,704.8 million as at December 31, 2021. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱2,044.61 million as at December 31, 2022, an increase of 7% from consolidated due from related parties of ₱1,329.1million as at December 31, 2021.

Other current assets

The Company's consolidated other current assets were ₱5,532.3 million as at December 31, 2022, an increase of 7% from consolidated other current assets of ₱5,175.2 million as at December 31, 2021, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱38,035.2 million as at December 31, 2022, an increase from consolidated trade and other receivables – net of current portion of ₱31,922.0 million as at December 31, 2021.

Property and equipment

The Company's consolidated property and equipment was ₱806.0 million as at December 31, 2022, a decrease of 1% from consolidated property and equipment of ₱732.3 million as at December 31, 2021.

Investment properties

The Company's consolidated investment properties were ₱321.1 million as at December 31, 2022, a decrease of 6% from consolidated investment properties of ₱341.5 million as at December 31, 2021.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱426.0 million as at December 31, 2022, an increase of 7% from consolidated other noncurrent assets of ₱449.6million as at December 31, 2021.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱8,786.0 million as at December 31, 2022, a decrease of 4% from consolidated current portion of trade and other payables of ₱9,182.0 million as at December 31, 2021.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱20,654.3 million as at December 31, 2022, an increase of 16% from the consolidated current portion of loans payable of ₱17,818.4 million as at December 31, 2021.

Deposits from customers

The Company's consolidated deposits from customers were ₱1,064.9 million as at December 31, 2022, a slight increase from consolidated deposits from customers of ₱875.9 million as at December 31, 2021.

Due to related parties

The Company's consolidated due to related parties was ₱289.5 million as of December 31, 2022, an increase from consolidated due to related parties of ₱81.9 million as at December 31, 2021.

Income tax payable

The Company's consolidated income tax payable was ₱60.6 million as of December 31, 2022, an increase from consolidate income tax payable of ₱50.4 million as at December 31, 2021.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion was ₱938.6 million as of December 31, 2022, an increase from consolidated trade and other payables – net of current portion of ₱934.1 million as at December 31, 2021.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱23,824.4 million as of December 31, 2022, an increase from consolidated loans payable – net of current portion of ₱12,050.8 million as of December 31, 2021. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Financing program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,560.8 million as at December 31, 2022, an increase from consolidated deferred tax liability of ₱1,112.7 million as at December 31, 2021. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2021 compared to as at December 31, 2020

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,655.7 million as at December 31, 2021, an increase of 37% from consolidated cash on hand and in banks of ₱1,209.3 million as at December 31, 2020.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱4,351.3 million as at December 31, 2021, a 42% increase from consolidated current portion of trade and other receivables of ₱3,064.8 million as at December 31, 2020.

Inventories

The Company's consolidated inventories were ₱41,704.8 million as at December 31, 2021, an increase of 5% from consolidated inventories of ₱39,812.0 million as at December 31, 2020. The increase was due mainly to work in progress inventories related to high rise building project in Urban Deca Homes Manila, Urban Deca Homes Ortigas, Urban Deca Tower Cubao and Urban Deca Homes Commonwealth.

Due from related parties

The Company's consolidated due from related parties were ₱1,329.1 million as at December 31, 2021, an increase of 11% from consolidated due from related parties of ₱1,194.6 million as at December 31, 2020.

Other current assets

The Company's consolidated other current assets were ₱5,175.2 million as at December 31, 2021, an increase of 26% from consolidated other current assets of ₱4,117.3 million as at December 31, 2020, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱31,922.0 million as at December 31, 2021, an increase from consolidated trade and other receivables – net of current portion of ₱25,838.7 million as at December 31, 2020.

Property and equipment

The Company's consolidated property and equipment was ₱732.3 million as at December 31, 2021, a decrease of 1% from consolidated property and equipment of ₱739.3 million as at December 31, 2020.

Investment properties

The Company's consolidated investment properties were ₱341.5 million as at December 31, 2021, a decrease of 2% from consolidated investment properties of ₱348.0 million as at December 31, 2020.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱449.6 million as at December 31, 2021, an increase of 7% from consolidated other noncurrent assets of ₱419.8 million as at December 31, 2020.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱9,182.0 million as at December 31, 2021, an increase of 71% from consolidated current portion of trade and other payables of ₱5,362.3 million as at December 31, 2020.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱17,818.4 million as at December 31, 2021, a decrease of 10% from the consolidated current portion of loans payable of ₱19,742.4 million as at December 31, 2020.

Deposits from customers

The Company's consolidated deposits from customers were ₱875.9 million as at December 31, 2021, a slight increase from consolidated deposits from customers of ₱858.9 million as at December 31, 2020.

Due to related parties

The Company's consolidated due to related parties were ₱81.9 million as at December 31, 2021, a decrease from consolidated due to related parties of ₱233.5 million as at December 31, 2020.

Income tax payable

The Company's consolidated income tax payable was ₱50.4 million as at December 31, 2021, a decrease from consolidate income tax payable of ₱74.5 million as at December 31, 2020.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱934.1 million as at December 31, 2021, an increase from consolidated trade and other payables – net of current portion of ₱926.1 million as at December 31, 2020.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱12,050.8 million as at December 31, 2021, an increase from consolidated loans payable – net of current portion of ₱11,470.5 million as at December 31, 2020. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱1,112.7 million as at December 31, 2021, an increase from consolidated deferred tax liability of ₱880.5 million as at December 31, 2020. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2020 compared to as at December 31, 2019

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱1,209.3 million as at December 31, 2020, an increase of 16% from consolidated cash on hand and in banks of ₱1,043.4 million as at December 31, 2019.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱3,064.8 million as at December 31, 2020, a 17% decrease from consolidated current portion of trade and other receivables of ₱3,685.4 million as at December 31, 2019.

Inventories

The Company's consolidated inventories were ₱39,812.0 million as at December 31, 2020, an increase of 7% from consolidated inventories of ₱37,046 million as at December 31, 2019. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land, and work in progress inventories related to high rise building project in Urban Deca Homes Manila and Urban Deca Homes Ortigas.

Due from related parties

The Company's consolidated due from related parties were ₱1,194.6 million as at December 31, 2020, an increase of 20% from consolidated due from related parties of ₱996.5 million as at December 31, 2019.

Other current assets

The Company's consolidated other current assets were ₱4,117.3 million as at December 31, 2020, an increase of 3% from consolidated other current assets of ₱4,014.2 million as at December 31, 2019, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables – net of current portion were ₱25,838.7 million as at December 31, 2020, an increase from consolidated trade and other receivables – net of current portion of ₱18,179.9 million as at December 31, 2019.

Property and equipment

The Company's consolidated property and equipment was ₱739.3 million as at December 31, 2020, a decrease of 7% from consolidated property and equipment of ₱796.5 million as at December 31, 2019.

Investment properties

The Company's consolidated investment properties were ₱348.0 million as at December 31, 2020, a decrease from consolidated investment properties of ₱353.7 million as at December 31, 2019.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱419.8 million as at December 31, 2020, an increase from consolidated other noncurrent assets of ₱368.8 million as at December 31, 2019.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱5,362.3 million as at December 31, 2020, a decrease of 2% from consolidated current portion of trade and other payables of ₱5,488.8 million as at December 31, 2019.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱19,742.4 million as at December 31, 2020, an increase of 72% from the consolidated current portion of loans payable of ₱11,503.3 million as at December 31, 2019.

Deposits from customers

The Company's consolidated deposits from customers were ₱858.9 million as at December 31, 2020, an increase of 27% from consolidated deposits from customers of ₱673.7 million as at December 31, 2019.

Due to related parties

The Company's consolidated due to related parties were ₱233.5 million as at December 31, 2020, an increase from consolidated due to related parties of ₱82.6 million as at December 31, 2019.

Income tax payable

The Company's consolidated income tax payable was ₱74.5 million as at December 31, 2020, a decrease from consolidate income tax payable of ₱76.1 million as at December 31, 2019.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables – net of current portion were ₱926.1 million as at December 31, 2020, a decrease from consolidated trade and other payables – net of current portion of ₱990.0 million as at December 31, 2019.

Loans payable - net of current portion

The Company's consolidated loans payable – net of current portion was ₱11,470.5 million as at December 31, 2020, an increase from consolidated loans payable – net of current portion of ₱6,461.1 million as at December 31, 2019. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program as well as construction of its high rise projects.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱880.5 million as at December 31, 2020, a decrease from consolidated deferred tax liability of ₱919.6 million as at December 31, 2019. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("Pag-IBIG"), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2022	**2021**	**2020**
	in million pesos		
Net cash from (used in) operating activities	**(3,106.79)**	**2,367.37**	**(3,184.98)**
Net cash provided by (used in) investing activities	**(1,148.21)**	**(268.69)**	**(580.74)**
Net cash provided by (used in) financing activities	**4,026.42**	**(1,652.28)**	**3,931.62**
Net increase (decrease) in cash on hand and in banks	**(228.58)**	**446.40**	**165.90**
Cash on hand and in banks at beginning of year	**1,655.74**	**1,209.34**	**1,043.44**
Cash and cash equivalents of newly acquired subsidiary	**55.07**	**-**	**-**
Cash on hand and in banks at end of year	**1,482.23**	**1,655.74**	**1,209.34**

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash used in operating activities was ₱3,106.79 million for the year ended December 31, 2022, and consolidated net cash used in operating activities were ₱2,367.371,055.53 million, for the year ended December 31, 2021.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31 ,2022 and 2021 were ₱1,148.21 million and ₱268.69 million, respectively.

For the year ended December 31, 2022, consolidated net cash flow used in investing activities reflected acquisitions of, business, investments, property , equipment and purchase of investment properties.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the year ended December 31, 2022 was at ₱4,026.42679.
1 million while net cash flow used in financing activities for the year ended December 31, 2021 were ₱1,65228679.1 548.4 million.

For the year ended December 31, 2022, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2022 and 2021.

Key Performance Indicators	**As of December 31. 2022 Unaudited**	**As of December 31. 2021 Unaudited**
Current Ratio	2.00	1.88
Book Value Per Share	8.76	8.27
Debt to Equity Ratio	1.12	0.93
Net Debt to Equity Ratio	0.83	0.61
Asset to Equity Ratio	2.12	1.93
Asset to Debt Ratio	1.89	2.07
Debt Service Ratio	1.73	1.70
Interest Coverage Ratio	4.02	4.13

Debt Obligations and Facilities

As of December 31, 2021, the Company's total outstanding indebtedness was ₱31.9 billion, comprised of various short-term and long-term loans mainly from local banks, notes and bonds payable, with interest rates ranging from 4.05% to 7.0% per annum in 2020. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS In-house financing program, land held for future development, inventories and various properties of the Company.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with HDMF where it will migrate its receivables under the CTS In-house financing program to HDMF's housing loan program for its members. For 2021, the Company has successfully migrated ₱6 billion worth of receivables to HDMF. Also, in 2022, the Company continued the accreditation of its projects with various banks for its housing loan program.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies).

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

Item 7. Consolidated Financial Statements

Please see accompanying 2022 Audited Consolidated Financial Statements ("2022 AFS")

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

Independent Public Accountants

From 0-2022, Ramon F. Garcia & Company, CPAs (RFG) has been engaged by the Board of Directors as
Independent External Auditor.

For 2019, 2018 and 2017, Punongbayan and Araullo (P&A) has been engaged by the Board of Directors as Independent External Auditor.

Until 2015, Sycip Gorres Velayo & Co. (SGV) is the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Reyes Tacandong & Co., SGV & Co. and P&A have no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

All independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auitors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2018 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A and services rendered by RFG in year ending 2020, excluding fees directly related to the Offer.

	2020	2021	2022
		(₱)	
Audit and Audit-related Fees (1)	9,975,000	11,750,000	12,250,000
All Other Fees (2)	997,500	1,175,000	1,225,000
Total	10,972,500	12,925,000	13,475,000

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.

(2) All other fees above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Audit and Risk Committee

The Audit and Risk Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit and Risk Management Committee should be an independent director.

The Audit Committee has the following functions:

(a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;

(b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;

(c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

(d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;

(e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;

(f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of it engagement and removal;

(g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

(h) Review the reports submitted by the internal and external auditors;

(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

    (i) Any changes in accounting policies and practices;

(ii) Major judgmental areas;

(iii) Significant adjustments resulting from the audit;

(iv) Going concern assumptions;

(v) Compliance with accounting standards; and

(vi) Compliance with tax, legal and regulatory requirements.

(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

(k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

(l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of writing, the Audit and Risk Management Committee is chaired by Ms. Arlene C. Keh, while Mr. Mariano D. Martinez, Jr., Mr. Luis N. Yu, Jr., Mr. Muhammad Haiqal Bin Mohd Ali, and Mr. Dominic J. Picone serve as its members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation, the Board consists of thirteen (13) members. To date, two (2) members of the Board are independent directors. Except for Mr. Manuel S. Delfin, Jr. who was elected to the Board on September 2, 2014, all of the directors were re-elected at the Company's annual shareholders meeting on July 28, 2014 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.......	68	Filipino	Chairman of the Board
Luis N. Yu, Jr.........................	67	Filipino	Chairman Emeritus and Director
Atty. Anthony Vincent Sotto	47	Filipino	Director, President and CEO
Manuel C. Crisostomo	68	Filipino	Independent Director
Arlene C. Keh	55	Filipino	Independent Director
Manuel S. Delfin, Jr.	62	Filipino	Director
Lowell L. Yu	45	Filipino	Director
Raul Fortunato R. Rocha......	69	Filipino	Director
Richard L. Haosen	6	Filipino	Director, Treasurer and Head of Treasury
Ian Norman E. Dato	44	Filipino	Director
Roan B. Torregoza	37	Filipino	Director and Chief Financial Officer

The business experience of each of the directors is set forth below.

Mariano D. Martinez, Jr.
Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008), BP Waterworks Incorporated (1997), 8990 Luzon Housing Development Corporation (until 2011) and Fog Horn, Inc. (until 2011). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.
Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Manuel C. Crisostomo
Independent Director

Mr. Crisostomo was Senior Vice President and CEO of the Home Development Mutual Fund (HDMF) from 2001 to 2002, capping a government career spanning various positions for 25 years. He was the President and CEO of Firm Builders Realty Development Corporation from 2005 to 2013 and served as National President and Chairman of SHDA from 2010 to 2011. Mr. Crisostomo has a BS Industrial Engineering degree from the University of the Philippines and passed the Career Executive Service Officer of the Civil Service Commission.

Arlene C. Keh
Independent Director

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.
Director

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice-Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Lowell L. Yu
Director

Mr. Yu, is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Raul Fortunato R. Rocha
Director

Mr. Rocha was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen
Director, and Treasurer

Mr. Richard L. Haosen, assumed the position of Treasurer of the Company in 2010. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Anthony Vincent S. Sotto
President and CEO

Atty. Sotto has been with 8990 Holdings Inc since September 2, 2021. Atty. Sotto has been with 8990 Housing Development for almost 18 years and has the same years of experience in the real estate development industry. Prior to his joining the Company, he was an associate lawyer for Solis and Medina Law Offices. In 2003, he joined the Company as an Assistant General Manager and served as such for eight years. Thereafter, he became the General Manager of 8990 Housing Development Corporation and served as such for seven years. He then assumed the position of Deputy Chief Executive Officer in June 2019. Atty. Sotto has a Bachelor of Laws from the University of the Philippines Diliman Campus in 2001, and was admitted to the Philippine bar in 2002.

Ian Norman E. Dato
Director

Mr. Dato is the Managing Partner of Dato Inciong & Associates. He is also an incumbent director of IKitchen, Inc. and MyMarket, Inc. and an incoming one (pending approval by the Monetary Board) of First Naga Rural Bank, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Roan Buenaventura – Torregoza
Director, CFO

Mrs. Roan Buenaventura-Torregoza assumed the position of Chief Financial Officer of the Company on September 2016. Prior to her current position, she served as Acting Chief Financial Officer, Deputy Chief Financial Officer, Assistant General Manager for Audit, and Management Services Manager for 8990 Holdings, Inc. Before joining the Company in 2014, she served as Account Officer of Wholesale Finance Department of BPI Family Savings Bank, Inc. from 2008 to 2012. Ms. Buenaventura-Torregoza finished her Master in Business Administration Concentration in Finance from Asian Institute of Management as W. Sycip Graduate School of Business Scholar in December 2013. She also has a degree in B.S. Business Administration from the University of the Philippines-Diliman (2007).

The table below sets forth the Company's officers as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	68	Filipino	Chairman of the Board
Atty. Anthony Vincent Sotto	47	Filipino	President & Chief Executive Officer
Alexander Ace Sotto	41	Filipino	Chief Operating Officer
Roan B. Torregoza	37	Filipino	Chief Financial Officer
Richard L. Haosen	60	Filipino	Treasurer and Head of Treasury
Teresa C. Secuya	62	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez	55	Filipino	Corporate Secretary
Maureen O. Lizarondo-Medina	36	Filipino	Asst. Corporate Secretary
Patricia Victoria G. Ilagan	46	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers is set forth below.

Please refer to the table of Directors above.

The business experience of each of the key executive and corporate officers for the last five years is set forth below.

Mariano D. Martinez, Jr.
Chairman of the Board
Please refer to the table of Directors above.

Atty. Anthony Vincent Sotto
President and Chief Executive Officer
Please refer to the table of Directors above.

Alexander Ace Sotto
Chief Operating Officer

Mr. Sotto has been with 8990 Holdings Inc for the past 18 years since he joined the company in 2004. He is currently the Chief Operating Officer of the Company. He was the General Manager for Construction of the Company. He also holds the positions of Governor of the SHDA for Visayas and Advisor for the SHDA in Central Visayas. He holds a Bachelor of Science degree in Civil Engineering from the University of San Carlos Technological Center, Talamban, Cebu City in 2002.

Roan B. Torregoza
Chief Financial Officer
Please refer to the table of Directors above.

Richard L. Haosen
Treasurer and Head of Treasury
Please refer to the table of Directors above.

Teresa C. Secuya
Compliance Officer

Ms. Teresa S. Secuya has served as Compliance Officer of 8990 Holdings, Inc. since 2013. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as Executive Assistant at 8990 Housing Development Corp. (2012-2013), Executive Assistant at Fog Horn, Inc. (2010-2012), the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HLC Construction & Development Corp. (March to May 1996), Assistant Personal Coordinator at Lead Export Corp. (1989-1991), Settlements Aide III Secretary at the Ministry of Human Settlements (1983-1987), and Fixed-Period Clerk at Procter and Gamble Philippines. She obtained the Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 25 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate. She currently serves as a Corporate Secretary of several large Philippine corporations, including three other publicly-listed Philippine corporations, and as Assistant Corporate Secretary to one of the largest publicly-listed infrastructure companies in the Philippines.

Maureen O. Lizarondo-Medina
Assistant Corporate Secretary

Atty. Maureen O. Lizarondo-Medina assumed the position of Assistant Corporate Secretary in July 2015. Atty. Lizarondo-Medina graduated cum laude with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2007, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She also serves as Corporate Secretary of Tullett Prebon (Philippines), Inc. and ICAP Philippines, Inc. She is also the Assistant Corporate Secretary of mutual funds managed by the Philam Asset Management, Inc. including Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

Patricia Victoria G. Ilagan
Investor Relations Officer

Ms. Patricia Victoria G. Ilagan joined 8990 in 2016 and is presently 8990's Investor Relations Officer. Prior to joining 8990, she worked at Philippine Equity Partners (a local research partner of Bank of America Merrill Lynch) from 2015-2017. She has an MBA degree from Esade Business School and a Bachelor of Science (Management) at Ateneo de Manila University. Her previous roles also include working as Senior Research Associate at Macquarie Capital Securities Philippines (2010-2012), Senior Manager for Financial Planning and Analysis at Bloomberry Resorts and Hotels Inc (2014-2015), Manager for Financial Planning and Analysis at Bloomberry Resorts and Casino (2012-2014).

Family Relationships

As of writing, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

Lowell L. Yu, Director, is the son of Mr. Luis N. Yu, Jr., Director.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: [1] had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; [2] have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; [3] have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or [4] have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Compensation

The following are the Company's president and three most highly compensated executive officers for the year ended December 31, 2022:

Name	Position
Anthony Vincent S. Sotto	President and CEO
Alexander Ace Sotto	Chief Operating Officer
Roan Buenaventura-Torregoza	Chief Financial Officer
Richard L. Haosen	General Manager – Treasury Group
Maria Rhena M. Caceres	General Manager – Sales and Documentation

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and the four most highly compensated executive officers of the Company in 2022, 2021 and 2020:

	Year	Total(1) (₱)
President and the four most highly compensated executive officers named above	2022	18.10 million
	2021	11.21 million
	2020	9.34 million

Note:
(1) Includes salary, bonuses and other income.

Compensation of Directors

The by-laws of the Company provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) percent of the net income before tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. However, since 2013, no directors' compensation was approved and given by the Board.

Currently, the directors are entitled to a per diem allowance of ₱10,000.00 for each attendance in the Company's board meetings.

Employee Stock Option Plan

The Corporation has no employee stock option plan at the moment.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2022.

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Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,524,367,002*	2,524,367,002*	46.82*
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu	The record owner is the beneficial owner of the shares indicated	Filipino	1,710,102,823	1,710,102,823	31.72%

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

As of December 31, 2022 the Company's level of foreign ownership is 0.18% of its equity.

Security Ownership of Directors and Officers as of writing

Class	Name of Beneficial Owner	Amount	Citizenship	% of Total Outstanding Shares
Common	Luis N. Yu, Jr.	258,099,322 – direct	Filipino	4.79
Common	Mariano D. Martinez, Jr.	168,916,767 – direct	Filipino	3.17
		1,979,200- indirect		
Common	Anthony Vincent Sotto	1 – direct	Filipino	0.09
		5,000,000 - indirect		
Common	Arlene C. Keh	1 – direct	Filipino	0
Common	Manuel C. Crisostomo	100 – direct	Filipino	0
Common	Manuel S. Delfin, Jr.	1 – direct	Filipino	0
Common	Lowell L. Yu	1 – direct	Filipino	0
Common	Raul Fortunato R. Rocha	101 – direct	Filipino	0.01
		500,000 – indirect*		
Common	Richard L. Haosen	1 – direct	Filipino	0
		20,000- indirect*		
Common	Alexander Ace S. Sotto	100 – direct	Filipino	
Common	Ian Norman E. Dato	5,001 – direct	Filipino	0.09
Common	Roan Buenaventura-Torregoza	5,000,000,000 – direct	Filipino	0
		1,500 – indirect		
Common	Cristina S. Palma Gil- Fernandez	None	Filipino	0
Common	Maureen O. Lizarondo- Medina	None	Filipino	0
Common	Teresa C. Secuya	None	Filipino	0
Common	Patricia Victoria G. Ilagan	None	Filipino	0

Total: 439,521,996 shares

**held through the PCD Nominee Corporation*

Voting Trust Holders of Five Percent or More

There were no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of writing.

Changes in Control

As of year-end 2020, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Settlement of outstanding balances of advances at year-end occurs in cash. As of December 31, 2017 and 2018, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

Refer to Note 29 of the 2020 Audited Consolidated Financial Statements for the summary of the Company's transactions with its related parties.

Transactions Not in the Ordinary Course of Business

The Company has likewise entered into transactions with related parties otherwise than in the ordinary course of business. These transactions consist of advances to and from the 8990 Majority Shareholders and the 8990 Related Companies as disclosed in Note 29 of the 2020 Audited Consolidated Financial Statements.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

See Exhibit 1 for the Annual Corporate Governance Report filed with SEC on May 30, 2022.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Reports)

Report	Date
Statement of Changes in Beneficial Ownership of Securities	11-Jan-22
Statement of Changes in Beneficial Ownership of Securities	12-Jan-22
Public Ownership Report	18-Jan-22
Material Information/Transactions	24-Jan-22
List of Top 100 Stockholders (Common Shares)	24-Jan-22
List of Top 100 Stockholders (Preferred Shares)	24-Jan-22
List of Top 100 Stockholders (Preferred Shares)	24-Jan-22
[Amend-1]Quarterly Report	31-Jan-22
Press Release	02-Feb-22
Press Release	04-Feb-22
[Amend-1]Press Release	07-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
Declaration of Cash Dividends	18-Feb-22
List of Top 100 Stockholders (Common Shares)	18-Apr-22
List of Top 100 Stockholders (Preferred Shares)	18-Apr-22
List of Top 100 Stockholders (Preferred Shares)	18-Apr-22

Public Ownership Report	19-Apr-22
Notice of Annual or Special Stockholders' Meeting	04-May-22
Request for extension to file SEC Form 17-Q	13-May-22
Integrated Annual Corporate Governance Report	31-May-22
Annual Report	31-May-22
Quarterly Report	31-May-22
Press Release	31-May-22
Press Release	31-May-22
Material Information/Transactions	01-Jun-22
[Amend-1]Annual Report	02-Jun-22
Acquisition or Disposition of Shares of Another Corporation	10-Jun-22
Clarification of News Reports	16-Jun-22
[Amend-1]Quarterly Report	16-Jun-22
Material Information/Transactions	17-Jun-22
Information Statement	24-Jun-22
[Amend-1]Notice of Annual or Special Stockholders' Meeting	27-Jun-22
[Emergency]Material Information/Transactions	11-Jul-22
[Emergency]Material Information/Transactions	19-Jul-22
[Emergency]Public Ownership Report	19-Jul-22
[Emergency]List of Top 100 Stockholders (Common Shares)	19-Jul-22
[Emergency]List of Top 100 Stockholders (Preferred Shares)	19-Jul-22
[Emergency]List of Top 100 Stockholders (Preferred Shares)	19-Jul-22
[Emergency]Results of Annual or Special Stockholders' Meeting	26-Jul-22
[Emergency]Results of Organizational Meeting of Board of Directors	26-Jul-22
[Emergency]Clarification of News Reports	26-Jul-22
[Emergency]Quarterly Report	28-Jul-22
[Emergency]Press Release	28-Jul-22
Report by Owner of More Than Five Percent	03-Oct-22
Report by Owner of More Than Five Percent	03-Oct-22
Statement of Changes in Beneficial Ownership of Securities	03-Oct-22
Statement of Changes in Beneficial Ownership of Securities	03-Oct-22
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)	03-Oct-22
Public Ownership Report	17-Oct-22
List of Top 100 Stockholders (Common Shares)	18-Oct-22
List of Top 100 Stockholders (Preferred Shares)	18-Oct-22
List of Top 100 Stockholders (Preferred Shares)	18-Oct-22
Material Information/Transactions	28-Oct-22
Redemption of Security	07-Nov-22
Voluntary Trading Suspension	07-Nov-22
Material Information/Transactions	09-Nov-22
Clarification of News Reports	09-Nov-22
Press Release	10-Nov-22
Quarterly Report	10-Nov-22
Quarterly Report	10-Nov-22
Press Release	10-Nov-22
Material Information/Transactions	14-Dec-22

Report	Date
Share Buy-Back Transactions	Jan 02, 2020
Share Buy-Back Transactions	Jan 03, 2020
Share Buy-Back Transactions	Jan 06, 2020
Share Buy-Back Transactions	Jan 07, 2020
Share Buy-Back Transactions	Jan 08, 2020
Share Buy-Back Transactions	Jan 09, 2020
Share Buy-Back Transactions	Jan 10, 2020
Share Buy-Back Transactions	Jan 14, 2020
List of Top 100 Stockholders	Jan 14, 2020
Share Buy-Back Transactions	Jan 15, 2020
Public Ownership Report	Jan 15, 2020
Share Buy-Back Transactions	Jan 16, 2020
Share Buy-Back Transactions	Jan 17, 2020
Share Buy-Back Transactions	Jan 20, 2020
Share Buy-Back Transactions	Jan 21, 2020
Share Buy-Back Transactions	Jan 22, 2020
Share Buy-Back Transactions	Jan 23, 2020
Share Buy-Back Transactions	Jan 24, 2020
Share Buy-Back Transactions	Jan 27, 2020
Share Buy-Back Transactions	Jan 28, 2020
Share Buy-Back Transactions	Jan 29, 2020
Share Buy-Back Transactions	Jan 30, 2020
Share Buy-Back Transactions	Jan 31, 2020
Share Buy-Back Transactions	Feb 03, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Declaration of Cash Dividends	Feb 04, 2020
Share Buy-Back Transactions	Feb 04, 2020
Clarification of News Reports	Feb 04, 2020
Share Buy-Back Transactions	Feb 05, 2020
Share Buy-Back Transactions	Feb 06, 2020
Share Buy-Back Transactions	Feb 07, 2020
Share Buy-Back Transactions	Feb 10, 2020
Share Buy-Back Transactions	Feb 11, 2020
Share Buy-Back Transactions	Feb 12, 2020
Share Buy-Back Transactions	Feb 13, 2020
Share Buy-Back Transactions	Feb 14, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 17, 2020
Share Buy-Back Transactions	Feb 18, 2020
Share Buy-Back Transactions	Feb 19, 2020
Share Buy-Back Transactions	Feb 20, 2020
Share Buy-Back Transactions	Feb 21, 2020
Share Buy-Back Transactions	Feb 24, 2020
Share Buy-Back Transactions	Feb 26, 2020
Share Buy-Back Transactions	Feb 27, 2020
Share Buy-Back Transactions	Feb 28, 2020
Share Buy-Back Transactions	Mar 02, 2020
Share Buy-Back Transactions	Mar 03, 2020

Share Buy-Back Transactions	Mar 04, 2020
Share Buy-Back Transactions	Mar 05, 2020
Share Buy-Back Transactions	Mar 06, 2020
Share Buy-Back Transactions	Mar 09, 2020
Share Buy-Back Transactions	Mar 10, 2020
Share Buy-Back Transactions	Mar 11, 2020
Share Buy-Back Transactions	Mar 12, 2020
Share Buy-Back Transactions	Mar 13, 2020
Share Buy-Back Transactions	Mar 16, 2020
Material information/Transactions	Mar 16, 2020
Request for extension to file SEC Form 17-A	Apr 08, 2020
List of Top 100 Stockholders	Apr 15, 2020
Public Ownership Report	Apr 15, 2020
Request for extension to file SEC Form 17-Q	May 11, 2020
Request for extension to file SEC Form 17-A	Jul 07, 2020
Request for extension to file SEC From 17-Q	Jul 07, 2020
Postponement of Annual Stockholders' Meeting	Jul 14, 2020
Notice of Annual or Special Stockholders' Meeting	Jul 14, 2020
List of Top 100 Stockholders	Jul 15, 2020
Public Ownership Report	Jul 16, 2020
Notice of Analysts'/Investors' Briefing	Jul 28, 2020
[Amend-1] Notice of Analysts'/Investors' Breifing	Jul 30, 2020
Press Release	Aug 04, 2020
Annual Report	Aug 04, 2020
Quarterly Report	Aug 04, 2020
[Amend-1] Quarterly Report	Aug 04, 2020
Material Information/Transactions	Aug 05, 2020
Information Statement	Aug 07, 2020
Statement of Changes in Beneficial Ownership of Securities	Aug 14, 2020
Information Statement	Aug 07, 2020
[Amend-1] Notice of Annual or Special Stockholders' Meeting	Aug 24, 2020
[Amend-1] Information Statement	Aug 24, 2020
Quarterly Report	Aug 25, 2020
[Amend-1] Quarterly Report	Aug 25, 2020
Material Information/Transactions	Aug 26, 2020
Integrated Annual Corporate Governance Report	Sep 01, 2020
[Amend-1] Amendments to Articles of Incorporation	Sep 07, 2020
Notice of Analysts'/Investor's Briefing	Sep 07, 2020
Results of Annual or Special Stockholders' Meeting	Sep 15, 2020
Results of Organizational Meeting of Board of Directors	Sep 15, 2020
Clarification of News Reports	Sep 15, 2020
[Amend-1] Clarification of News Reports	Sep 15, 2020
Material Information/Transactions	Oct 09, 2020
Material Information/ Transactions	Oct 14, 2020
List of Top 100 Stockholders	Oct 15, 2020
Press Release	Oct 15, 2020
Material Information/transactions	Oct 21, 2020
Quarterly Report	Nov 09, 2020
Press Release	Nov 09, 2020
[Amend-2]Amendments to Articles of Incorporation	Nov 17, 2020

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 14 of the Corporation Code, the ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 (SEC FORM 17-A) is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the city of Pasig, Philippines on ___________________ 2023.

MARIANO D. MARTINEZ Chairman	**ANTHONY VINCENT S. SOTTO** President and CEO
ROAN BUENAVENTURA - TORREGOZA Chief Financial Officer	**CRISTINA S. PALMA GIL-FERNANDEZ** Corporate Secretary

Before me REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN TO before me this APR 25 2023, the following persons exhibiting me their Passports/ TIN IDs:

		Date of Issue	Place of Issue
Mariano D. Martinez	SSS Number 03-4310513-8		Makati City
Roan Buenaventura – Torregoza	UMID Number 1210-1072-0364		Mandaluyong City
Anthony Vincent S. Sotto	Driver's License H03-94-018909		Cebu City
Cristina S. Palma Gil-Fernandez	Passport P5655630A	18 Jan 2018	DFA NCR South

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PageNo.: 10
Book No.: 9
Series of 2023

ATTY. DARIAN KAYE. S. AQUINO
NOTARY PUBLIC FOR AND IN THE CITY OF PASIG
Appointment No. 28 (2022-2023), until 31 December 2023
IBP No. 257748; 2 Jan 23; Isabela
PTR No. 0112884; 4 Jan 23; Pasig City
MCLE Compliance No. VII-0016232, 14 April 2025
Roll No. 72050

Contextual Information

Company Details	
Name of the Organization	8990 Holdings, Inc.
Location of Headquarters	11F Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati
Location of Operations	The company is currently present in the following locations: ▪ Pampanga ▪ NCR ▪ Iloilo ▪ Cebu ▪ Davao ▪ Bulacan ▪ South Luzon ▪ Bacolod ▪ Ormoc ▪ General Santos
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Subsidiaries: ▪ 8990 Housing Development Corp. "8990 HDC" ▪ 8990 Luzon Housing Development Corp. "8990 LHDC" ▪ 8990 Davao Housing Development Corp. "8990 DHDC" ▪ 8990 Mindanao Housing Development Corp. "8990 MHDC" ▪ 8990 Leisure and Resorts Corp. "8990 LRC" ▪ Tondo Holdings, Corp. "Tondo Holdings" ▪ Fog Horn, Inc. "Fog Horn" ▪ Genvi Development Corp. "Genvi" ▪ Primex Land, Inc. "Primex" ▪ RLC Coastal Estates, Inc. "RLC" ▪ Euson Realty and Development Corp. "Euson"
Business Model, including Primary Activities, Brands, Products, and Services	8990 Holdings, Inc. is the largest mass housing developer in the Philippines in terms of units licensed under BP 220. The company is mainly engaged in the development of residential horizontal mass housing subdivision projects and medium rise building condominiums. The company's residential subdivisions are launched under the DECA Homes brand while the medium-rise condominium units are marketed under the Urban DECA Homes brand.
Reporting Period	January 1, 2021 to December 31, 2022
Highest Ranking Person responsible for this report	**Anthony Vincent S. Sotto – President & CEO**

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
8990 and its management team conducted a series of discussions to identify and understand the needs of the company's stakeholders, which would include its investors, employees, business partners, government agencies, and the community the company is operating in. These discussions allowed the company to see a bigger picture of how the company's operations would impact each stakeholder and the company is making improvements to meet these financial and non-financial needs.

The UN Sustainability goals were used as a framework to identify the impact of the company's operations to the environment, the economy, and the society.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	21,636,671,744	Php
Direct economic value distributed:		
a. Operating costs	3,197,250,923	Php
b. Employee wages and benefits	255,002,312	Php
c. Payments to suppliers, other operating costs	2,951,159,558	Php
d. Dividends given to stockholders and interest payments to loan providers	504,815,000	Php
e. Taxes given to government	786,070,961	Php
f. Investments to community (e.g. donations, CSR)	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
8990 Holdings, Inc is the largest mass housing developer in the Philippines. The main impact is mainly attributable through its core business of sale and development of horizontal mass-housing subdivision projects and medium-rise building condominiums. The Company has consistently performed financially strong with three years of recorded growth. For the three years ended December 31, 2022, 2021 and 2020, the company's consolidated revenues amounted to P21.6 billion, ₱20.35 billion and ₱14.23 billion, respectively.	Customers	8990 has an integrated real estate system that covers the different areas of the company such as, acquisitions, business development and innovation, technical planning, project management, engineering, sales and marketing, credit and collection, legal services, customer service, and property management. The company is proud of its customer service and credit collection approach as these are personalized to cater to the company's target market. This system allows the company to engage closely with its customers and respond to customers and business partners.

Economic value generated, from its main operations, are distributed through payments to suppliers and service providers, employee wages and benefits, and taxes to government agencies.	Suppliers and service providers, Employees, Government	8990 Holdings have coordinated systems and close relationship with suppliers and service providers to ensure that obligations to these stakeholders are settled promptly.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. Due to the present competition in the real estate industry, the company may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the even the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth projects could be limited and its business and results of operations could be adversely affected. The company is also exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program. If there are a great number of customers who defaults in the Company's in-house financing facilities, this would require the Company to incur additional expenses such as those relating to sales	Suppliers, Customers, Employees, and Shareholders.	The combined experience of its principal owners gives the company extensive advantage in the mass housing industry. This is also supported with the established relationship with key partners such as local government agencies and other industry related business partners. The mix of these qualities are attributed to the investment opportunities that the company could venture into.

cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets, and reduced finance income.		
What are the Opportunity/ies identified?	**Which stakeholders are affected?**	**Management Approach**
A strong macroeconomic performance of the country would greatly benefit the company and the industry. With the company's current position as the largest mass housing developer, the company could bank on the increasing demand of low to medium cost housing.	Customer/Employees/Suppliers /Government/Shareholders	8990 established itself as the largest mass housing developer in the Philippines. It has been resilient on its current market segment and is looking to expand to the high-end market.

Governance and climate-related risks and opportunities

GOVERNANCE	
Disclose the organization's governance around climate-related risks and opportunities	The company has set up an Audit and Risk Management Committee to oversee the company's Enterprise Risk Management (ERM) Framework. The committee assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the Corporation's process for monitoring compliance with the laws and regulation. Further, the committee also oversees the implementation of risk management program of the company. https://www.8990holdings.com/wp-content/uploads/2018/09/8990-Holdings_risk_management.pdf
Recommended Disclosures	
Describe the board's oversight of climate-related risks and opportunities	Details regarding the board's oversight, managements' role, and resilience of the organization's strategy are all detailed in the company's Risk Management System.
Describe management's role in assessing and managing climate-related risks and opportunities	
Describe the resilience of the organization's strategy, taking into consideration different	

climate-related scenarios including a 2*C or lower scenario	

Risk management – considered a strategic competitive advantage by the Management – is an integral part of the Corporation's operation. Likewise, risk management is an essential part of the Company's business strategy in-order to meet effective corporate governance and achieve the set goals. Thus, instead of responding to crisis and to need for compliance, the Corporation is evaluating possible risk exposures proactively.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used to significant locations of operations that is spend on local suppliers	**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 company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. The quality of products provided by 8990 are dependent on the quality of inputs obtained from suppliers and other related service providers.	Suppliers/ Contractors/ Customers	The company screens suppliers and service providers based on a number of criteria, including, the quality of the materials supplied, historical stability of the supply, delivery time, pricing of the raw materials, as well as financial and industrial strength of the supplier or service provider.
What are the Risk/s Identified?	**Which Stakeholders are affected?**	**Management Approach**
Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.	Suppliers/ Contractors/ Customers.	The company is proactive in supervising the phase of every construction of its projects.
What are the Opportunity/ies Identified?	**Which Stakeholders are affected?**	**Management Approach**
8990 has a collective experience in the Philippine property development industry. With	Suppliers/ Contractors/ Government	The company remains to solidify its relationship with local suppliers and service providers.

this, the company has extensive understanding with the demands, needs, preferences, means, and circumstances of consumers in the Philippine mass housing market. It has also established strong relationship with key Government agencies that are essential to any success in the Mass Housing development industry and with key market participants, such as, construction companies, regulatory agencies, and over two hundred (200) suppliers.		

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	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	None	%
Percentage of employees that have received anti-corruption training	None	%

Incidents of Corruption

Disclosure	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	#

The company is finalizing its separate written policy on anti-graft and corruption. Such will be cascaded once it has been approved by the 8990 management and board of directors. It has been a practice by the company to educate and orient its employees during on boarding the code of business conduct which includes anti-graft and corruption clauses. Furthermore, all employees are given periodic reminders and updates on the code of conduct to ensure that these are being embed in the Company's cultures.

ENVIRONMENTAL

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

**The company started to measure its energy consumption in 2021*
***There is no comparable data available, the baseline year is 2021*

Reduction of energy consumption

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

**The company started to measure its energy consumption in 2021*
***There is no comparable data available, the baseline year is 2021*

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 8990 Holdings, Inc in the construction site, existing projects, branches, and corporate offices.
Water Water is used in the company's day to day operations, including construction sites, office, branches, and existing projects. 8990 Holdings, Inc works to ensure availability of clean and well-maintained water is provided to its customers and related stakeholders. Because of its dependency in water, 8990 recognizes it responsibility to use this resource as efficiently as possible.
What are the Risk/s Identified?
The shortage of water and energy may hinder the overall operations of the company.

What are the Opportunity/ies Identified?
8990 Holdings is working continuously to increase the efficiency in the use of these vital resources. The company also needs to ensure that these action towards efficiency does not disrupt or hinder its current operations.
Management Approach
The company is working closely with its contractors and service providers in designing properties that would consume less electricity and water.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	N/A	Kg/liters
• Non-renewable	N/A	Kg/liters
• Percentage of recycled input materials used to manufacture the organization's primary products and service	N/A	%

**The company started to identify renewable and non-renewable materials in 2021*
***The last item is 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
8990 uses substantial amount of materials to construct and develop its projects. Apart from its construction needs, the company also uses materials for its office and corporate operations.	Operations, Suppliers, Community, Customers	8990 recognizes that the materials such as cement, rebars, and glass are non-renewable, and these materials entails high amounts of costs, energy, and emissions to produce. The company notes that the mining of minerals needed for its main raw materials in construction such as glass, steel, and cement production impacts biodiversity. The company also recognizes that limestone deposits and other such resources are limited. Conserving the use of these materials will help extend the life of the said resource for future generations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The resources needed to produce the raw materials for construction are limited. The finite amount of these resources will impact the pricing of raw materials, which	Customers/ Operations	8990 works closely with contractors to ensure that designs and construction practices are in line with the optimal use of materials, without compromising quality and durability.

would indirectly affect the company's competitiveness.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Significant portion of the total cost of the projects pertain to materials such as steel and cement. The reduction in material usage has corresponding financial implications.	Customers/Shareholders	The company is assessing the efficiency of the usage of materials in its previous and current projects. 8990 is also working with its

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Not available	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	Not available	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not available	Tonnes

**The company started to measure emissions in 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Most of the air emissions identified by the company are from the use of electricity. Though there are no current available data regarding the company's use of these resources, 8990 recognizes that emissions results from the overall operations of the company's construction sites, office facilities, and branches.	Operations	The company's objective is to reduce the emissions that it generates by continuously improving efficiency in the usage of electricity.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The company recognizes that the emission of GHG from the excessive use of electricity can contribute to climate change.	Operations/ Customers/ Employees/ Shareholders	The company is making efforts to assess the current operations and management reporting structure against existing energy management frameworks.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The company would like to take advantage of design and construction	Operations/ Customers/	8990's properties are designed to consume less electricity which would translate to reduced power

advancements to reduce carbon emissions.	Employees/ Shareholders	consumption and reduced emission of GHG. The company continues to adapt these kinds of design in future projects.

Air pollutants

Disclosure	Quantity	Units
NOx	Not available	Kg
Sox	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

**The company started to measure pollutants in 2021*

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	Not available	Kg
Reusable	Not available	Kg
Recyclable	Not available	Kg
Composted	Not available	Kg
Incinerated	Not available	Kg
Residuals/landfilled	Not available	kg

**The company started to measure solid wastes in 2021*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not available	Kg
Total weight of hazardous waste transported	Not available	Kg

**The company started to measure hazardous waste in 2021*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Not available	Cubic meters
Percent of wastewater recycled	Not available	%

**The company started to measure effluents in 2021*

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 generated from 8990's developments, offices, and branches are collected by accredited waste collectors and are disposed property in landfills closest to the developments, offices, and branches locations. **Effluents** The company makes use of water in its developments, offices, and branches. 8990 produces water discharges, as a result, of its main operations.	Government/Environment and communities	The company ensures that its accredited garbage collectors operate and meet the standards of the Department of Energy and Natural Resources. The company also makes efforts in minimizing effluents by designing and incorporating in its development sites, offices, and branches, wastewater treatment systems.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
8990 is aware that it does not have full control of the wastes collected from its' facilities. While we are monitoring that the accredited waste collectors are meet the standards of the DENR, there is still a risk that there are still oversights in complying with these standards.	Government/Environment and communities	The company is keeping close relationship with local government units and make sure that the partnership with these agencies would ensure proper monitoring of waste disposals.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
8990 sees opportunity to be involved in improving the country's waste management system.	Government/Environment and communities	The company is working closely with service providers, such as the local government, to make sure that the company is meeting regulatory standards when it comes to waste management.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	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	#
No. of cases resolved through dispute resolution mechanism	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
8990's major activity is the development of it projects. The construction of projects would involve movement of soil, materials, and other resources, which could lead to disruption in the environment.	Employees/Government/Environment and communities	8990 recognizes its role to be compliant to environmental laws.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The company believes that compliance to the environmental laws is paramount to its operations. However, there is still risk that there is non-compliance given the nature of the company's operations.	Employees/Government/Environment and communities	8990 recognizes that compliance to environmental laws is vital to its operations. The company has a team of engineers focused to manage and monitor that operations are compliant to environmental laws.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
8990 has room to improve its systems and workflows in monitoring its compliance with environmental laws.	Employees/Government/Environment and communities	The company will invest time and resources in internal trainings to make sure that the company's future and existing developments will be within the scope of environmental regulations.

SOCIAL

Employee Management, Employee Hiring, and Benefits Employee data

Disclosure	Quantity	Units
Total number of employees	600	#
• Number of female employees	387	#
• Number of male employees	213	#
Attrition rate	18	%
Ration of lowest paid employee against minimum wage	0	x

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	64.5%	35.5%
PhilHealth	Y	64.5%	35.5%
Pag-ibig	Y	64.5%	35.5%
Parental leaves	Y	1%	0%
Vacation leaves	Y	25%	18%
Sick leaves	Y	26%	18%
Medical benefits (aside from PhilHealth)	Y	41%	39%
Housing assistance (aside from Pag-ibig)	Y	4%	3%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	10%	8%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	N	0%	0%
Rice Subsidy	Y	64.5%	35.5%
Meal Allowance	Y	16%	14%

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	64	%
% of male workers in the workforce	36	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, person with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	The hours of the training were not recorded. However, the company is committed to training employees upon hiring in the company. There are also trainings done to make our employees aware of health and safety procedures – the training is done to make sure that there are people capable of administering emergency health actions as they wait for official medical response. There are also trainings done to ensure that employees are updated in terms of new systems such as SAP user training.	
• Female employees		
• Male employees		
Average training hours provided to employees		
• Female employees		
• Male employees		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 identifies employees as its most critical asset. The achievements and fulfillment of the company's vision is highly dependent on its functioning human capital.	The company remains its contact and relationship with various sources to ensure that prospective employees are in-line with the company's vision, mission, and culture.
What are the Risk/s identified?	**Management Approach**
The company sees the competition regarding hiring. The company would need to be competitive in choosing and retaining the right employees to meet the requirements of its rapidly expanding business.	The company is keeping its close relation with institutions like schools and other agencies. This would ensure that the company would be competitive in acquiring quality employees.
What are the Opportunity/ies Identified?	**Management Approach**
8990 seeks to improve its talent acquisition and retention. The company is offering packages and bonuses that are competitive, and the company has an achievable employment metrics that clearly defines an employee's goal. The company also offers benefits and aid to respond to financial, personal, and professional growth of its employees.	

Labor-Management Relations

Disclosure	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

Disclosure	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	2	#

Labor Laws and Human Rights

Disclosure	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	None	The company is continuously updating is employee manual to contain policies that ensures fair and consistent treatment towards its employees. Currently, the company is being guided by its Human Resources department regarding the matters that would oversee grievances and violation towards the rights of employees.
Child labor	None	The company is fully compliant with the labor codes implemented by related regulatory body.
Human Rights	Yes	The company is compliant regarding human rights as per the prescription of the Labor Code. Management of the company sees to it that it is more than compliant than what is set by the government Human Rights and Labor Codes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company recognizes the importance of being compliant to the labor code and other regulations protecting the rights of all its employees. Compliance to these laws also promotes a healthy and safe environment which highly attributes to a functioning workplace.	8990 has a system of safety regulation in its project sites and office operations – to protect the health and safety of its employees. There are also key personnel like security guards, the Human Resource Department staff, and department representatives who were properly trained regarding health and safety actions.
What are the Risk/s Identified?	**Management Approach**

Violation, threats, and other factors that disregard the rights, health, and safety of the company's employees would be very detrimental to the worker's productivity, retention, and engagement.	The company continues to assess that it is maintaining the quality of the system it has set in place.
What are the Opportunity/ies Identified?	**Management Approach**
8990 sees the opportunity to improve its compliance regarding employee health and rights as we continually expand our business. The company also recognizes such opportunity to be cascaded, not only within its internal network, but also with business partners, contractors, and other related agencies.	

Supply Chain Management

Do you have supplier accreditation policy? If yes, please attach the policy or link to the policy:

The 8990-supplier accreditation process are as stated below:

1. **Compliance to laws and regulatory requirements**
   All the company's suppliers and contractors must submit the following before partnering with the company:
   - Company Profile
   - Business Permit
   - BIR Form 2303
   - PCAB License
   - SEC or DTI Registration
   - Articles of Incorporation
   - DOLE Certificate
2. **Appraisal**
   The company will appraise all its prospective business partners for accreditation. They will be assessed on their capability to meet the company's requirements through financial and liquidity auditing.
3. **Evaluation**
   All accredited and newly accredited business partners will be maintained in the supplier information database of the company. They will also be subject to regular assessment and reassessment to ensure that they are consistent in maintaining the business partnership requirements.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Verbal query
Forced labor	Y	Verbal query
Child labor	Y	Verbal query
Human rights	Y	Verbal query
Bribery and corruption	Y	Verbal query

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
8990 recognizes the role of its business partners and contractors in enabling the company to offer quality products. The company keeps the relationship with these business partners to promote long-term and mutually beneficial relationship.	8990 opens equal opportunities amongst potential business partners. The company promotes fair competition amongst vendors to encourage the highest level of productivity quality and efficiency.
What are the Risk/s Identified?	**Management Approach**
The company recognizes that third-party providers, such as suppliers and contractors, fail to adhere to correct operational practices agreed upon during the initiation of the contract.	The company is hands-on in the accreditation process of its suppliers and business partners. 8990 makes sure that accredited suppliers and business partners share the same vision as the company. Furthermore, the accreditation process assesses the supplier's compliance to all relevant laws and regulations.
What are the Opportunity/ies Identified?	**Management Approach**
8990 is continuously improving on its supplier and business partner accreditation guideline, refurnishing current guidelines to include relevant criteria relevant to ESG.	

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)
Socialized Housing Projects
Socialized housing being one of the company's main operations, the company has already provided more than 1.8 million mass housing units. In line with its development of socialized housing projects, the company also offers affordable monthly amortization payments for its target customers, which is lower when compared to monthly rental payments for comparable housing units. This would allow for a smooth transition from home rental to ownership. With its contribution of providing affordable housing in the low to middle income earners, the company was recognized as the largest mass housing developer in terms of units licensed under BP 220 and is awarded with the National Product Quality Excellence Award, the Q Asia's Seal of Product and Quality Service, and is regarding by Pag-Ibig as the top housing developer in Visayas.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No surveys were done in 2021	N

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>8990 recognizes that customer satisfaction will impact the entire organization. This metric would reflect on the overall experience of the customer from customer query, reservation of units, unit take-out and turn-over process, and property management. Customer satisfaction does not limit its impact in the company’s financial standing, but its effect will also extend to the company’s morale and customer retention.</td><td>The company shows its customers that their satisfaction is of utmost concern through the following methods:
1. More personal approach in billing and collection.
2. Financial literacy seminars before the completion of the buyer’s take-out process.
3. Responding to general customer queries from different communication channels (social media, email, phone).</td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Management Approach</th></tr>
<tr><td>Any dissatisfaction from the customers is detrimental to the company’s business in terms of customer relationship, retention, and acquisition.</td><td>8990 makes sure that customer satisfaction does not end after the take-out of the property. The company continues to show that customers are very much valued by continuing exemplary customer service, post-sale, of the property.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Management Approach</th></tr>
<tr><td colspan="2">8990 continues to improve and develop its customer service systems, especially with the rapid growth of the company. In-line with its current customer service systems, the company sees opportunities in tapping new channels such as social media, digital mail, and websites, to smoothly receive and address customer concerns.</td></tr>
</table>

Disclosure	Quantity	Units
No. of substantiated complains on product or service health and safety*	None	#
No. of complains addressed	None	#

**Substantiated complains include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complains that were lodge to and acted upon by government agencies.*

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Customer’s health and safety is top priority in the use of 8990 projects.</td><td rowspan="5">8990 ensures that its property does not pose any health and safety risk to its stakeholders and customers. The prioritization of safety and health is incorporated from the design process, to its construction, and finally to the very operation of the project. The company is committed to maintaining an above-par real estate standards to make the property resilient to any structural and environmental threat.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>8990 recognizes that there are some risks when it comes to accidents that are outside 8990 project premises and facilities.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>The company sees to continue improvement in the areas of health and safety of customers.</td></tr>
</table>

	Furthermore, the company maintains a hands-on inspection and auditing of its structural projects.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complains addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The company has an extensive marketing network consisting of 477 teams, with 52 headed by unit managers and 208 headed by licensed brokers and with more than 2,282 active sales agents. All the unit managers and the agents under them are exclusively contracted to the Company.	The company ensures that it complies with existing laws and regulations concerning branding and advertisements.
What are the Risk/s Identified?	**Management Approach**
Because of the third-party type or marketing strategy, the company may oversee some situations that would be detrimental to the company's image.	The company has set up a team who oversees the operations of these third-party agencies. The company is also hands-on in regularly meeting with these partners to know their status and to ensure that they are within the bounds of the concerned rules and regulations.
What are the Opportunity/ies Identified?	**Management Approach**
The company is improving its monitoring mechanisms to ensure that these sales agents and marketing network is in-line with the values the company upholds.	The company is keeping its current marketing and advertising model; however, it is making tighter monitoring protocols to oversee that it is marketing network.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complains addressed	None	#
No. of customers, users, and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	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 the documents, personal information, and signature of customers during the company's business operations are scanned and saved in the company's database. The database could only be accessed by authorized personnel.	To protect corporate and customer data, the company is implementing a strong data security policy. The company also has a point person who oversees that the company is compliant in keeping the company's and customers' data and information.
What are the Risk/s Identified?	
8990 recognizes that there is a threat to data security due to cyber hacking. In the situation that the company becomes a victim of cyber hacking, operations may be disrupted, and such an event may be detrimental to the company's reputation	
What are the Opportunity/ies Identified?	**Management Approach**
The company continues to assess every angle it could implement concerning data privacy.	Management continues to assess actions it could implement as there are new technological innovations that could prevent cyber threats.

UN SUSTAINABLE DEVELOPMENT GOALS

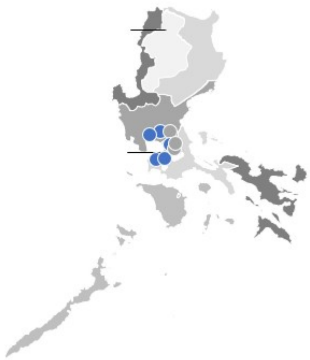
Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Mass housing and Condominiums	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES	ESG impacts	Included in Sustainability report
Lease Spaces	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	New leasing spaces will introduce new competition for existing business within the community.	In approving business space leases, the company ensures that potential lessors will complement existing business to create a "coopetitive" environment.
Hotel and leisure services	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	There is a potential that the business will produce food wastage, rise in electricity, and water consumption, and increase in waste output.	Food and material wastes are transported to accredited treatment facilities. To minimize electricity consumption, the company ensures that appliances used such as light and air-conditioning are energy efficient. Finally, the property is designed to recycle and thoroughly treat wastewater.
Property Management	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ESG impacts	Included in Sustainability report.

ANNEX A. LOCATION OF OPERATIONS

Luzon



Visayas

Mindanao

The company has presence nationwide with the focus on high housing backlog areas. The company positions its operations in areas with high population growth, areas with high rental yield, with proximity to work, education, and community areas. Currently the company has a landbank of 680.91 hectares with 26% of the total area concentrated in the Luzon region, 58% in the Visayas region, and 16% in the Mindanao region.

Completed Projects as of December 31, 2022

I. Completed

Project Name		Company	Type	Completion Year	No. Of Units	Units Delivered
I. Completed Projects						
North Luzon						
1	Savannah Greenplains Subdivision	Fog Horn, Inc.	Horizontal	2015	670	670
2	Savannah Greenplains Subdivision 2	Fog Horn, Inc.	Horizontal	2015	670	670
3	Savannah Greenplains Subdivision 3	Fog Horn, Inc.	Horizontal	2015	1,346	1,346
4	Deca Homes Marilao	8990 Housing	Horizontal	2019	822	822
5	Deca Homes Marilao Extension	8990 Housing	Horizontal	2020	187	187
6	Deca Clark Resort Residences	8990 Luzon	Horizontal	2021	4,894	4,894
7	Deca Clark Resort Residences 12	8990 Luzon	Horizontal	2020	213	213
South Luzon						
8	Bella Vista Subdivision	8990 Luzon	Horizontal	2015	3,844	3,844
9	Deca Homes Tanza	8990 Housing	Horizontal	2016	631	631
10	Deca Homes Marseilles	8990 Housing	Horizontal	2015	466	466
11	Urban Deca Homes Hampton	8990 Housing	MRB	2021	1,988	1,988

12	Urban Deca Homes Mahogany	8990 Housing	MRB	2020	448	448
Metro Manila						
13	Urban Deca Towers EDSA	Fog Horn, Inc.	HRB	2017	1,142	1,062
14	Urban Deca Homes Campville	8990 Housing	MRB	2017	1,024	1,024
Cebu						
15	Urban Deca Homes Tipolo	Fog Horn, Inc.	MRB	2014	1,540	1,540
16	Deca Homes Baywalk Talisay 1	8990 Housing	Horizontal	2013	1,039	1,039
17	Deca Homes Baywalk Talisay 2	8990 Housing	Horizontal	2014	881	881
18	Deca Homes Baywalk Talisay 3	8990 Housing	Horizontal	2018	570	570
19	Urban Deca Homes Tisa	8990 Housing	MRB	2016	936	936
20	Urban Deca Homes H. Cortez	8990 Housing	MRB	2018	1,400	1,400
21	Deca Homes Bacayan	8990 Housing	Horizontal	2007	224	224
22	Deca Homes Danao	8990 Housing	Horizontal	2009	880	880
23	Deca Homes Mactan 1	8990 Housing	Horizontal	2008	679	679
24	Deca Homes Mactan 2	8990 Housing	Horizontal	2009	150	150
25	Deca Homes Mactan 3	8990 Housing	Horizontal	2011	473	473
26	Deca Homes Mactan 4	8990 Housing	Horizontal	2013	1,248	1,248
27	Deca Homes Mactan 5	8990 Housing	Horizontal	2013	1,196	1,196
28	Deca Homes Mandaue Prime	8990 Housing	Horizontal	2013	912	912
29	Deca Homes Minglanilla 1	8990 Housing	Horizontal	2012	187	187
30	Deca Homes Minglanilla 2	8990 Housing	Horizontal	2012	611	611
31	Deca Homes Minglanilla 3	8990 Housing	Horizontal	2012	825	825
32	Deca Homes Minglanilla 4	8990 Housing	Horizontal	2012	329	329
33	Deca Homes Minglanilla 5	8990 Housing	Horizontal	2012	25	25
34	Deca Homes Minglanilla 6	8990 Housing	Horizontal	2012	56	56
35	Deca Homes Tunghaan	8990 Housing	Horizontal	2009	381	381
36	Urban Deca Homes Tisa 2	8990 Housing	MRB	2021	1,392	1,392
Iloilo						
37	Deca Homes Pavia 1	8990 Housing	Horizontal	2012	976	976
38	Deca Homes Pavia 2	8990 Housing	Horizontal	2013	884	884
39	Deca Homes Pavia Resort Residences	8990 Housing	Horizontal	2020	2,118	2,118
40	Deca Homes South of Bacolod (Economic)	8990 Housing	Horizontal	2022	2,912	2,912
Leyte						
41	Deca Homes Ormoc (Economic)	8990 Housing	Horizontal	2021	360	360
Davao						
42	Deca Homes Indangan 1	8990 Housing	Horizontal	2016	544	544
43	Deca Homes Indangan 2	8990 Housing	Horizontal	2017	1,329	1,329
44	Deca Homes Indangan 3	8990 Housing	Horizontal	2017	1,369	1,369
45	Deca Homes Indangan 4	8990 Housing	Horizontal	2017		
46	Deca Homes Catalunan Grande	8990 Housing	Horizontal	2016	649	649

47	Deca Homes Mulig (Socialized)	8990 Housing	Horizontal	2019	304	304
48	Deca Homes Davao	8990 Housing	Horizontal	2011	1,696	1,696
49	Deca Homes Esperanza	8990 Housing	Horizontal	2015	2,072	2,072
50	Deca Homes Resort Residences 1	8990 Housing	Horizontal	2015	2,993	2,993
51	Deca Homes Resort Residences 2	8990 Housing	Horizontal	2015		
52	Deca Homes Resort Residences 3	8990 Housing	Horizontal	2015		
53	Deca Homes Resort Residences 4	8990 Housing	Horizontal	2015		
54	Deca Homes Resort Residences 5	8990 Housing	Horizontal	2015		
55	Deca Homes Resort Residences 6	8990 Housing	Horizontal	2015		
56	Deca Homes Resort Residences 7	8990 Housing	Horizontal	2015		
57	Deca Homes Resort Residences 8A	8990 Housing	Horizontal	2015	276	276
58	Deca Homes Resort Residences 8B	8990 Housing	Horizontal	2015	419	419
59	Deca Homes Resort Residences 8C	8990 Housing	Horizontal	2015	638	638
60	Deca Homes Resort Residences 9	8990 Housing	Horizontal	2015	1,341	1,341
61	Deca Homes Resort Residences 10	8990 Housing	Horizontal	2015	534	534
62	Deca Homes Resort Residences 11	8990 Housing	Horizontal	2015	95	95
63	Deca Homes Resort Residences 12	8990 Housing	Horizontal	2015	208	208
64	Deca Homes Resort Residences Prime	8990 Housing	Horizontal	2015	217	217
65	Deca Homes Resort Residences Executive	8990 Housing	Horizontal	2015	421	421
66	Deca Homes Mulig (Economic)	8990 Housing	Horizontal	2020	1,590	1,590
General Santos						
67	Deca Homes Gensan (economic)	8990 Housing	Horizontal	2017	243	243

II. On-going

	Project Name	Company	Type	Completion Year	No. Of Units	Units Delivered
II. On-going						
North Luzon						
1	Urban Deca Homes Marilao	8990 Housing	MRB	2024	3,780	3,296
2	Deca Homes Meycauyan	Primex Land, Inc.	Horizontal	2023	5,178	2,329
3	Deca Homes Pampanga	8990 Housing	Horizontal	2027	4,127	-
Metro Manila						
4	Urban Deca Homes Manila	Tondo Holdings	HRB	2021	12,708	10,170
5	Urban Deca Homes Ortigas	8990 Housing	HRB	2024	19,046	3,962
6	Urban Deca Tower Cubao	8990 Housing	HRB	2024	5,166	-

7	Urban Deca Homes Commonwealth	8990 Housing	HRB	2024	3,240	-
Cebu						
8	Urban Deca Tower Banilad	8990 Housing	HRB	2023	3,264	390
9	Monterazzas de Cebu	Genvi Development Corp	Horizontal	2021	518	254
Iloilo						
10	Deca Homes Pavia Resort Residences 2	8990 Housing	Horizontal	2020	2,987	2,452
11	Deca Homes Leganes	8990 Housing	Horizontal	2025	3,054	327
12	Deca Homes Sta Barbara (Economic)	8990 Housing	Horizontal	2021	1,246	881
13	Deca Homes Sta Barbara (Socialized)	8990 Housing	Horizontal	2028	8,892	2,238
14	Deca Homes South of Bacolod (Socialized)	8990 Housing	Horizontal	2025	4,155	923
Leyte						
15	Deca Homes Ormoc (Socialized)	8990 Housing	Horizontal	2023	983	171
Davao						
16	Deca Homes Talomo (Economic)	8990 Housing	Horizontal	2026	3,185	2,919
17	Deca Homes Talomo (Socialized)	8990 Housing	Horizontal	2026	2,763	646
General Santos						
18	Deca Homes Gensan (socialized)	8990 Housing	Horizontal	2021	2,530	2,260

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
Habitats protected or restored	Not applicable	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	

The company does not operate within or adjacent to biodiversity-rich areas.

Organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Not applicable	Not applicable	Not applicable

Gmail

Lae Duyogan <8990holdings02@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 24, 2023 at 10:47 AM
To: 8990HOLDINGS02@gmail.com
Cc: 8990HOLDINGS02@gmail.com

Hi 8990 HOLDINGS, INC,

Valid files

- EAFS239508223RPTTY122022.pdf
- EAFS239508223ITRTY122022.pdf
- EAFS239508223AFSTY122022.pdf
- EAFS239508223OTHTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8CAHH6HA0431SVYT1MRVX4XNT0NVQ4WV3Y**
Submission Date/Time: **Apr 24, 2023 10:47 AM**
Company TIN: **239-508-223**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **8990 Holdings, Inc.** is responsible for the preparation and fair presentation of financial statements, including the schedules attached therein, as of and 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 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 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 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.

RAMON F. GARCIA AND CO., CPAs the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Mariano D. Martinez Jr.
Chairman of the Board

Atty. Anthony Vincent S. Sotto
President/Chief Executive Officer

Richard L. Haosen
Treasurer

Roan Buenaventura-Torregoza
Chief Financial Officer

Signed this day of: April 19, 2023

Subscribed and Sworn to before me this APR 2 0 2023 at PASIG City, affiant exhibiting to me his/her ID No. ____________.

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Book No. 8
Series of 2023

ATTY. DARIAN KAYE S. AQUINO
NOTARY PUBLIC FOR AND IN THE CITY OF PASIG
Appointment No. 28 (2022-2023), until 31 December 2023
IBP No. 257748; 2 Jan 23; Isabela
PTR No. 0112684; 4 Jan 23; Pasig City
MCLE Compliance No. VII-0016232, 14 April 2025
Roll No. 72050

Ramon F. Garcia & Company, CPAs
30F Burgundy Corporate Tower,
Sen. Gil Puyat Ave., Makati City, 1200
Main +632 2 821 05 63
www.crowe.com/ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

We have examined the financial statements of **8990 HOLDINGS, INC.** ("the Parent Company") for the year ended December 31, 2022, on which we have rendered the attached report dated April 19, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Parent Company has a total number of one hundred sixty-one (161) shareholders owning one hundred (100) or more shares each.

Very truly yours,

RAMON F. GARCIA & COMPANY, CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2020 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2021 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

8990

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **8990 Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, documentary stamp tax returns, and any other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company**,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Mariano D. Martinez Jr.
Chairman of the Board

Atty. Anthony Vincent S. Sotto
President/Chief Executive Officer

Richard L. Haosen
Treasurer

Roan B. Torregoza

Roan Buenaventura-Torregoza
Chief Financial Officer

Ramon F. Garcia & Company, CPAs
30F Burgundy Corporate Tower,
Sen. Gil Puyat Ave., Makati City, 1200
Main +632 2 821 05 63
www.crowe.com/ph

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURNS

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

Gentlemen:

In connection with our examination of the financial statements of **8990 HOLDINGS, INC.** as of December 31, 2022, we wish to state that no partners of our Firm are related by consanguinity or affinity to any of the principal officers, members of the Board of Directors or principal shareholders of the Parent Company.

Very truly yours,

RAMON F. GARCIA & COMPANY, CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
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Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.com/ph

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the financial statements of **8990 HOLDINGS, INC.** ("the Parent Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 in Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

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 for accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' 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 statement

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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 risk of material misstatement of the 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 auditors' 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 date of our auditors' 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 disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and other information in notes to the 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 has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RAMON F. GARCIA & COMPANY, CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2020 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2021 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

8990 HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY
AS OF DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	7	**19,147,709**	40,557,428
Receivables	8	**4,138,047**	41,069,141
Loans receivables	9, 22	**1,121,770,274**	1,695,744,093
Due from related parties	22	**354,839,923**	1,102,160,712
Prepaid income tax		**30,246,045**	24,982,870
Other current assets - net	13	**20,159,979**	19,449,789
Total Current Assets		**1,550,301,977**	2,923,964,033
NON-CURRENT ASSETS			
Investments in subsidiaries	10	**44,077,107,964**	43,988,832,460
Investments in associates	11	**221,164,876**	93,214,510
Right-of-use asset, net	15	**1,917,827**	3,129,087
Loans receivables	9, 22	**184,106,257**	568,942,314
Property and equipment - net	12	**7,401**	15,001
Other non-current assets	13	**393,891**	393,891
Total Non-current Assets		**44,484,698,216**	44,654,527,263
TOTAL ASSETS		**46,035,000,193**	47,578,491,296
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	**80,297,322**	147,867,229
Bonds payable	17		375,019,694
Notes payable	16	**-**	500,000,000
Lease Liability	15	**1,269,873**	1,123,875
Due to related parties	22	**4,291,235,562**	1,175,932,157
Total Current Liabilities		**4,372,802,757**	2,199,942,955
NON-CURRENT LIABILITIES			
Bonds payable	17	**-**	217,612,305
Lease Liability	15	**803,260**	2,073,133
Pension liability	18	**429,702**	359,321
Deferred tax liabilities, net	20	**20,183,793**	3,213,797
Total Non-current Liabilities		**21,416,755**	223,258,556
Total Liabilities		**4,394,219,512**	2,423,201,511

EQUITY			
Capital stock	19	**5,554,990,720**	5,604,990,720
Additional paid-in capital	19	**32,037,009,351**	36,987,009,351
Treasury shares, at cost	19	**(1,806,540,154)**	(1,806,540,154)
Revaluation reserve	18	**(50,209)**	(46,757)
Retained earnings	19	**5,855,370,973**	4,369,876,625
Total Equity		**41,640,780,681**	45,155,289,785
TOTAL LIABILITIES AND EQUITY		**46,035,000,193**	47,578,491,296

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Peso)

	Notes	2022	2021	2020
REVENUES				
Dividend income	10, 22	**1,953,077,419**	2,545,481,070	1,056,738,261
Share in net income of associate	11	**67,950,366**	13,214,510	-
Interest income	7, 9	**87,860,381**	279,948,574	487,356,021
Reversal of allowance	8, 13	**-**	1,937,581	-
Other income		**-**	21,500	601
Total Revenues		**2,108,888,166**	2,840,603,235	1,544,094,883
EXPENSES				
Professional fees		**25,685,745**	6,982,058	8,910,977
Subcription, dues and fees		**3,729,430**	2,471,371	5,803,575
Taxes and licenses	26	**2,123,126**	4,993,296	5,796,562
Impairment loss	8, 13	**29,801**	-	4,068,046
Loss on Early Redemption - Bonds	17	**6,592,275**	-	-
Salaries and wages	18, 22	**3,112,438**	3,146,089	2,335,573
Representation		**700,818**	1,980,749	1,442,269
Rent	15	**156,000**	884,819	1,364,153
Communication, light and water		**253,001**	281,582	345,259
Depreciation and amortization	12, 15	**1,250,780**	512,902	22,901
Miscellaneous	23	**19,857,553**	18,560,867	7,395,912
Total Expenses		**(63,490,967)**	(39,813,733)	(37,485,227)
OPERATING INCOME		**2,045,397,199**	2,800,789,502	1,506,609,656
FINANCE COSTS	15, 16, 17	**(37,685,410)**	(81,235,098)	(485,218,676)
INCOME BEFORE TAX		**2,007,711,789**	2,719,554,404	1,021,390,980
TAX EXPENSE	20	**(17,402,441)**	(3,601,623)	(1,249,480)
NET INCOME		**1,990,309,348**	2,715,952,781	1,020,141,500
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurement of defined benefit post-employment obligation	18	**(4,603)**	290,202	(183,657)
Tax benefit (expense)	20	**1,151**	(90,178)	55,097
		(3,452)	200,024	(128,560)
TOTAL COMPREHENSIVE INCOME		**1,990,305,896**	2,716,152,805	1,020,012,940

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF CHANGES IN EQUITY OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Peso)

	Note	Capital Stock	Additional Paid-in Capital	Treasury Shares	Revaluation Reserve (Note 18)	Retained Earnings	Total Equity
Balance at January 1, 2022		5,604,990,720	36,987,009,351	(1,806,540,154)	(46,757)	4,369,876,625	45,155,289,785
Redemption of preferred shares	19	(50,000,000)	(4,950,000,000)				(5,000,000,000)
Cash dividends	19	-	-	-	-	(504,815,000)	(504,815,000)
Comprehensive income for the year							
Net income		-	-	-	-	1,990,309,348	1,990,309,348
Other comprehensive income		-	-	-	(3,452)	-	(3,452)
Balance at December 31, 2022		**5,554,990,720**	**32,037,009,351**	**(1,806,540,154)**	**(50,209)**	**5,855,370,973**	**41,640,780,681**
Balance at January 1, 2021		5,567,990,720	33,383,901,887	(1,806,540,154)	(246,781)	3,262,336,988	40,407,442,660
Proceeds from issuance of preferred shares	19	37,000,000	3,603,107,464				3,640,107,464
Cash dividends	19	-	-	-	-	(1,608,413,144)	(1,608,413,144)
Comprehensive income for the year							
Net income		-	-	-	-	2,715,952,781	2,715,952,781
Other comprehensive income		-	-	-	200,024	-	200,024
Balance at December 31, 2021		5,604,990,720	36,987,009,351	(1,806,540,154)	(46,757)	4,369,876,625	45,155,289,785
Balance at January 1, 2020		5,567,990,720	33,383,901,887	(1,266,523,478)	(118,221)	2,543,510,461	40,228,761,369
Acquisition of treasury shares during the year	19	-	-	(540,016,676)	-	-	(540,016,676)
Cash dividends	19	-	-	-	-	(301,314,973)	(301,314,973)
Comprehensive income for the year							
Net income		-	-	-	-	1,020,141,500	1,020,141,500
Other comprehensive income		-	-	-	(128,560)	-	(128,560)
Balance at December 31, 2020		5,567,990,720	33,383,901,887	(1,806,540,154)	(246,781)	3,262,336,988	40,407,442,660

See Notes to Financial Statements.

8990 HOLDINGS, INC.
STATEMENTS OF CASH FLOWS OF THE PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020
(Amounts in Philippine Peso)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		**2,007,711,789**	2,719,554,404	1,021,390,980
Adjustments for:				
Dividend income	10, 22	**(1,953,077,419)**	(2,545,481,070)	(1,056,738,261)
Equity in net earnings of associate	11	**(67,950,366)**	(13,214,510)	-
Interest expense	15, 16, 17	**37,016,711**	80,161,208	464,276,980
Interest income	7, 9	**(87,860,381)**	(279,948,574)	(487,356,021)
Pension cost	18	**65,778**	103,265	64,344
Impairments loss (reversal of expected credit losses)	8, 13	**29,801**	(1,937,581)	4,068,046
Loss on early redemption of bonds	17	**6,592,275**		
Amortization of bond issue costs	17, 24	**658,476**	1,156,954	20,930,304
Depreciation and amortization	12, 15	**1,250,780**	512,902	22,901
Operating loss before working capital changes		**(55,562,556)**	(39,093,002)	(33,340,727)
(Increase) Decrease in receivables		**1,023,674,508**	(8,958,738)	7,242,391,925
Increase in other current assets		**(710,190)**	(1,520,039)	(4,626,430)
Increase in other non-current assets		**(31,920)**	(393,891)	(115,071)
Increase (Decrease) in trade and other payables		**(67,569,907)**	96,776,487	(100,006,394)
Cash provided by (used in) operations		**899,799,935**	46,810,817	7,104,293,710
Interest paid		**(36,859,947)**	(68,147,156)	(444,246,743)
Interest received	7	**22,538**	61,733	35,855
Income taxes paid		**(5,690,070)**	(1,839,302)	-
Final taxes paid		**(4,398)**	(12,347)	(7,170)
Net Cash Generated from (Used in) Operating Activities		**857,268,058**	(23,126,255)	6,660,075,652
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	10, 22	**1,953,077,419**	2,545,481,070	1,056,738,261
Collections from (advances granted to) related parties	22	**(432,021,780)**	(1,102,160,712)	160,368,009
Interest received from loans to a third party	9	**59,874,503**	59,000,495	54,703,416
Subscription to shares of stock of a subsidiary	10	**(88,275,504)**	-	-
Subscription to shares of stock of an associate	11	**(60,000,000)**	(80,000,000)	
Net Cash Provided by Investing Activities		**1,432,654,638**	1,422,320,853	1,271,809,686
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from notes	16	**-**	-	1,300,000,000
Payment of notes	16	**(500,000,000)**	(800,000,000)	-
Acquisitions of treasury shares	19	**-**	-	(540,016,676)
Payment of bonds	24	**(599,882,750)**	-	(8,405,590,000)
Proceeds from issuance (redemption) of preferred shares	19	**(5,000,000,000)**	3,640,107,464	-
Payments of dividends	19	**(504,815,000)**	(1,608,413,144)	(301,314,973)
Advances obtained from related parties	22, 24	**5,338,714,977**	-	23,216,435
Repayment of advances obtained from related parties	22, 24	**(1,044,069,003)**	(2,596,103,115)	(3,791,273)
Repayment of Lease Liability	15	**(1,280,639)**	(520,585)	-
Net Cash Used in Financing Activities		**(2,311,332,415)**	(1,364,929,380)	(7,927,496,487)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		**(21,409,719)**	34,265,218	4,388,851
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR		**40,557,428**	6,292,210	1,903,359
CASH ON HAND AND IN BANKS AT END OF YEAR	7	**19,147,709**	40,557,428	6,292,210

See Notes to Financial Statements.

8990 HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(with comparative figures for the year ended December 31, 2020)
(Amounts in Philippine Peso)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

8990 Holdings, Inc. (the Company or the Parent Company) was incorporated in the Philippines, registered with the Securities and Exchange Commission (SEC) on July 8, 2005 and was listed in the Philippine Stock Exchange (PSE) on October 20, 2010.

The Company is a holding company. It is presently engaged in various activities related to personal and real property of every kind and description, including business activities of an investment holding company, without engaging in dealership in securities, in brokerage business, or in the business of an investment property.

As of December 31, 2022 and 2021, the Company has investments in the following wholly-owned subsidiaries (see Note 10):

a) 8990 Housing Development Corporation (8990 HDC)
b) Fog Horn, Inc. (FHI)
c) 8990 Luzon Housing Development Corporation (8990 LHDC)
d) 8990 Davao Housing Development Corporation (8990 DHDC)
e) 8990 Leisure and Resorts Corporation (8990 LRC)
f) 8990 Mindanao Housing Development Corporation (8990 MHDC)

The above subsidiaries are all incorporated and operating in the Philippines, and except for 8990 LRC and FHI, are all engaged in real estate development. 8990 LRC is engaged in hotel and resorts business while FHI is engage in both real estate development and hotels and resorts.

The Company has recently acquired a subsidiary with 68% of ownership of Piccadilly Premier Land Inc. The Company was incorporated and operating in the Philippines. The Company is also engaged in real estate development.

The Company has 20% of shares of Scheirman Construction Consolidated Incorporated (SCCI) making it as associate of the said company.

The above associate was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 16, 2016. The Associate is primarily engaged in general building construction as contractor and builder of residential homes, commercial and industrial buildings, barracks, piers and other edifications needed and necessary in the ordinary course of business.

The registered office address of the Company, which is also its principal place of business, is at 11th Floor Liberty Center, 104 H.V. Dela Costa, Salcedo Village, Makati City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 (including the comparative financial statements as of and for the year ended December 31, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on April 19, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council or FSRSC (formerly Financial Reporting Standards Council or FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Basis of Measurement

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis except for:

i. financial instruments measured at amortized cost;
ii. financial instruments which are valued at fair value;
iii. inventories at lower of cost and net realizable value (NRV);
iv. defined benefit asset or obligation recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation; and
v. provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(c) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense and other comprehensive income or loss in a single statement of comprehensive income.

In accordance with PAS 1 (effective 2013), the Company is required to present a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed. The Company has no retrospective adjustments during the year, thus, no third Statement of Financial Position was presented.

(d) Functional and Presentation Currency

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

Transactions and balances:

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the year are translated into functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

(e) Current vs. non-current classification

The Corporation presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

i. Expected to be realized or intended to be sold or consumed in the normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Expected to be realized within twelve months after the reporting period; or
iv. 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 noncurrent.

A liability is current when:

i. It is expected to be settled in the normal operating cycle;
ii. It is held primarily for the purpose of trading;
iii. It is due to be settled within twelve months after the reporting period; or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Net deferred tax assets and liabilities are classified as noncurrent asset and liability, respectively.

2.2 Adoption of New and Amended PFRS

Standards issued and effective for the current year

The accounting policies adopted are consistent with those of the previous financial year except for the changes in accounting policies as explained below. The Company has adopted the following new standard, amendments to standard and interpretation starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amended standards and interpretation did not have any significant impact on the Company's financial statements:

- Amendments to PFRS 16, COVID-19-related Rent Concessions beyond June 30, 2021

  On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, Leases. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

  The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

The amendment applies to annual reporting periods beginning on or after April 1, 2021. The amendment did not have any impact on the financial statements of the Company, as the Company has not received COVID-19-related rent concessions.

- 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 Company has not identified contingent assets; hence these amendments have no material impact in the Company's financial statements.

- 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.

  The amendments have no significant impact in the Parent Company's financial statements.

- 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.

  The Company analyzed all contracts existing at January 1, 2022 and determined that none of them would be identified as onerous applying the provisions of the current standards.

- *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.

These amendments have no material impact in the Parent Company's financial statements.

Standards issued but not yet effective

The Company will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

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

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Company is still evaluating the impact of these new amendments.

- 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 Company is still evaluating the impact of these new amendments.

- 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 Company.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

  The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  The amendments will have no significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.
  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  The amendments are not applicable to the Company since it has no activities that are predominantly connected with insurance or issue 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*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company is currently assessing the impact of the above amendments and to be adopted when effective and applicable.

2.3 Separate Financial Statements and Investments in Subsidiaries

These financial statements are prepared as the Company's separate financial statements prepared in accordance with PAS 27, Separate Financial Statements. The Company also prepares and issues consolidated financial statements for the same period in accordance with PFRS.

Subsidiaries are entities over which the 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. Specifically, the Company controls an investee if and only if the Company has:

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

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i. The contractual arrangement with the other vote holders of the investee;
ii. Rights arising from other contractual arrangements; and
iii. The Parent Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

The Company's investments in subsidiaries are accounted for in these separate financial statements at cost, less any impairment (see Notes 2.6 and 2.16).

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the financial assets, except for investments classified at FVTPL, if any. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. All of the Company's financial assets are currently classified as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost include those presented in the statement of financial position as Cash on Hand and in Banks, Receivables (with respect to interest receivables), Loans Receivables, Due from Related Parties and Other Current Assets (with respect to lease deposits) in the statement of financial position. Cash include cash on hand and demand deposits which are subject to insignificant risk of changes in value. These financial assets are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, if any, which are classified as non-current assets.

Interest income on financial assets at amortized cost is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves. The interest earned is recognized in the statement of comprehensive income under the Revenue section.

Dividend income is recognized when the Company's right to receive dividends is established, it is probable that economic benefits associated with the dividends will flow to the Company, and the amount of dividend can be measured reliably.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses and recognizes an allowance for ECL on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Company considers both quantitative and qualitative criteria.

The Company's credit exposures are concentrated on loans receivables, including those from related parties. For these financial assets, the ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset 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 (lifetime ECL). For deposits in banks, the Company applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

ECL measurement is a function of the following elements:

- *Probability of default* – it is an estimate of likelihood of a counterparty defaulting of its financial obligation over a given time horizon, either over the next 12 months or over the remaining lifetime of the obligation.

- *Loss given default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Company expects to receive discounted at an approximation of the original effective interest rate. The expected cash flows, considers recoveries from any credit enhancements that are integral to the financial instrument.

- *Exposure at default* – it represents the gross carrying amount of the financial assets in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

When the Company derecognizes a financial asset through renegotiation or modification of the contractual payment terms of the loans due to significant credit distress of the borrower, the Company assesses whether or not the new terms are substantially different to the original terms of the instrument. If the terms are substantially different, the Company derecognizes the financial asset and recognizes a new asset at fair value, and recalculates a new effective interest rate for the asset. Differences in the carrying amount between the old financial asset derecognized and the fair value of the new financial asset are recognized as gain or loss in profit or loss upon derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

2.5 Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization, and any impairment loss. The initial cost of an asset consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization is removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and office equipment	3-5 years
Transportation equipment	5 years

Leasehold improvements are amortized over the estimated useful life of the improvements of 5 years or the lease term, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

The estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fully depreciated or amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of these assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

2.6 Investment in Subsidiaries

A subsidiary is an entity which the Company has control. An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls the investee when it is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. Thus, 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
- The ability to use its power over the investee to affect the amount of the investor's returns

Investments in subsidiaries are accounted for and presented at cost less any impairment in value. Under the cost method, the Company recognizes dividend income from the investment only to the extent that the Company receives distributions, or right to receive the dividend has been established, from accumulated profits of the subsidiary 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 from the cost of investment.

The carrying amount of investments in subsidiaries is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The indicators of impairment include: (a) dividends declared by the subsidiary exceeds its total comprehensive income, (b) market value of the shares of stock of the subsidiary exceeds the carrying amount of the investment, and (c) the carrying amount of the investment exceeds the Company's share in the net assets of the investee company. If any such indication exists and where the carrying amount exceed the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An investment in a subsidiary is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the net carrying amount of the investment) is included in the statement of comprehensive income in the year the investment is derecognized.

2.7 Investment in Associate

An associate is an entity over which the Company has significant influence but not control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Company's share in the net assets of the associate and any impairment losses. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss. Share in post-acquisition change in the associate's net assets not recognized in profit or loss is directly recognized in the Company's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Company discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Company has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Company will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting date of the associate and the Company are identical and the associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

2.8 Prepayments and Other Assets

Prepaid expenses are paid in advance and recorded as asset before these are utilized. These are initially recorded as assets and measured at the amount of cash paid. These are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as non-current assets.

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.9 Financial Liabilities

Financial liabilities, which include trade and other payables (except tax-related liabilities), bonds payable and due to related parties are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the statement of comprehensive income, except for those capitalized borrowing costs (see Note 2.18).

Bonds payable are raised for support of long-term funding of operations of the Company and its subsidiaries.
Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized as gain or loss in profit or loss.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.11 Determination and Measurement of Fair Value

The Company measures financial instruments at fair value at each reporting date. 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 the 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. A fair value measurement of a 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.

The 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 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 date.

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

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

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

2.13 Revenue and Expense Recognition

The Company's revenues arise mainly from the dividends from subsidiaries, equity in net earnings of associate and interest income from loans receivables and cash in bank (see Notes 2.4, 2.6 and 2.7).

Revenue is recognized in a manner that depicts the pattern of goods and services to customers at an amount to which the Company expects to be entitled in exchange for those goods and services. The focus of revenue recognition is on the transfer of control of goods or services, which could be at a point in time or over time, following this five-step process:

(1) identify the contract with a customer;
(2) identify the performance obligations (distinct goods or services promised) in the contract;
(3) determine the transaction price (including fixed amounts or variable amounts, or both; financing components; non-cash consideration; consideration payable to customer, if any);
(4) allocate the transaction price to the performance obligations; and,
(5) recognize revenue when (or as) performance obligations are satisfied (at a point in time or over time).

The Company determines whether a contract with customer exists by evaluating the presence of all these five gating criteria, as follows:

(i) the parties to the contract have approved the contract and committed to perform their respective obligations;
(ii) each party's rights in relation to the goods or services to be transferred or performed can be identified;
(iii) the payment terms can be identified;
(iv) the contract has commercial substance (i.e., the Company expects the risk, timing or amount of the Company's future cash flows to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable (i.e, more likely than not to occur).

A contract, for purposes of revenue recognition, does not exist if each party has a unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis. Currently, the Company does not have any qualifying asset that would require capitalization of borrowing costs.

2.14 Leases- Company as Lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. Under PFRS 16, a lease exists where the contract grants the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an identified asset for a period of time is conveyed when, the customer has both of the following throughout the period of use:

i. The right to obtain substantially all of the economic benefits from use of the identified asset; and
ii. The right to direct the use of the identified asset.

In identifying the leases, lease and some non-lease components shall be accounted separately under applicable standards.

Company as a lessee

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case, the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

In 2020, the Company did not recognize lease liability and right-of-use assets since its existing leases pertaining to its office are short-term leases and accordingly, will not be accounted under PFRS 16. The rental payments are recognized as expense in the statement of comprehensive income based on actual rent paid or payable during the year.

In 2022 and 2021, the management of the Company has assessed and recognized corresponding right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments with corresponding depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income considering that the lease contract is more than a year.

2.15 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.16 Impairment of Non-financial Assets

The Company's investments in subsidiaries, property and equipment, and other non-financial assets are subject to impairment testing. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use.

In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the assets or cash generating unit's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rate of zero coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in profit or loss in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs in the statement of comprehensive income.
Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity (e.g. Social Security System). The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Short-term Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the statement of financial position.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.18 Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.19 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.
Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.20 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

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 parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.
Based on the requirement of SEC Memorandum Circular 2019-10, Rules of Material Related Transaction for Publicly- Listed Companies, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued, or disposed.

Revaluation reserves pertains to remeasurement of defined benefit obligation which pertains to accumulated actuarial gains or losses on remeasurements of pension plan.

Retained earnings represent all current and prior period results of operations as reported in the statement of comprehensive income, reduced by the amounts of dividends declared.

2.22 Earnings Per Share (EPS)

Basic and diluted EPS is computed by dividing net profit of the Company by the weighted average number of common shares issued and outstanding during the reporting period, adjusted for any subsequent stock dividends declared. Diluted EPS amounts are calculated by dividing the net profit attributable to the Company (after deducting interest on the convertible preferred shares, if any) by the weighted average number of common shares outstanding during the reporting period plus the weighted average number of common shares that be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.23 Value – Added Tax (VAT)

Revenues, expenses, and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other assets" in the statement of financial position.

2.24 Events after the End of the Reporting Period

Events after the end of the reporting period are those events, favorable or unfavorable that occur between the end of reporting period and the date when the financial statements are for issue.

Any post year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Control

The Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Company controls an entity if and only if the Company has all of the following:

i. Power over the entity;
ii. Exposure, or rights, to variable returns from its involvement with the entity; and,
iii. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

The Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

(b) Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) Determination of ECL on Financial Assets Measured at Amortized Cost

When measuring allowance for ECL for financial assets at amortized cost, management applies judgment in defining the criteria in assessing whether a financial asset has experienced significant increase in credit risk since initial recognition, which involve an assessment of the counterparties' default occurring over the life of the financial asset subjected to ECL assessment. This assessment takes into consideration both the quantitative and qualitative information about the credit quality of specific counterparty, which may be affected by forward-looking factors and economic environment. This information is incorporated by the Company in its ECL assessment which may result in different measurements of ECL as those information changes.

The information on the Company's ECL measurement and the credit quality of its financial assets measured at amortized cost are presented in more detail in Note 4.1.

(d) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For lease of office premises, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of land because the terms are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company

(e) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.12 and disclosures on relevant contingencies is presented in Note 21.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented in the succeeding page.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Together with the judgment applied by management in assessing whether a financial asset has experienced significant increase in credit risk since initial recognition, management makes an estimation of the contractual cash flows due from counterparty and those that the Company would expect to receive, taking into account any cash flows from the realization of any credit enhancements or other recovery strategies that the Company may execute depending on the possible arrangement with counterparties. Depending on the contractual terms of the financial assets and the expected timing of the recoveries, the determination of ECL calculates the time value of money that may require the use of a discounting factor.

The information on the Company's ECL measurement and the credit quality of its financial assets measured at amortized cost are presented in more detail in Note 4.1.

Allowance for impairment for receivables amounted to P283,820 and P1,512,419 in 2022 and 2021, respectively. The recovery of expected credit losses in 2022 and 2021 amounted to P1,228,599 and P1,937,581. The carrying amounts of receivables amounted to P4,138,047 and P 41,069,141 as of December 31, 2022 and 2021 (see Note 8).

(b) Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.16). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2022, management has assessed that there were indications of impairment on its non-financial assets as of the end of each reporting period. Accordingly, the Company recognized impairment losses on its non-financial assets. Allowance for impairment losses on other assets amounted to P4,143,917 and P2,885,517 as of December 31, 2022 and 2021, respectively. The impairment losses in 2022 and 2021 amounted to P1,258,400 and nil in 2022 and 2021, respectively. The carrying amount of other assets amounted to P20,553,870 and P19,843,680 as of December 31, 2022 and 2021, respectively. (see Note 13).

The carrying values of the investments in subsidiaries, investment in associates and property and equipment, other non-financial assets and right of use of assets are disclosed in Notes 10, 11 ,12, 13 and 15, respectively.

(c) *Recognition of Deferred Tax Assets*

The Company reviews its deferred taxes at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. As at December 31, 2022 and 2021, management is of the opinion that the Company will not be able to fully utilize its deferred tax assets as it does not expect significant future taxable income to which the deferred tax assets can be applied. Accordingly, the Company did not recognize deferred tax assets except on the remeasurement loss on retirement obligation in both periods presented, (see Notes 18 and 20).

The carrying value of net deferred tax assets as at December 31, 2022 and 2021 amounted to P 107,426 and P 89,830 (see Note 20)

(d) *Retirement and other benefits*

The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 and include among others, discount rate, expected return on plan assets and rate of compensation increase. In accordance with PFRS, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The estimated retirement benefit obligation as at December 31, 2022 and 2021 amounted to P 429,702 and P 359,321, respectively (Note 18).

4 RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial instruments comprise of cash on hand and in banks, loans receivables, interest receivables (presented as part of Receivables), due to/from related parties, lease deposits (presented as Non-current), trade and other payables, due to related parties and bonds payable.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing each of these risks.

4.1 Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when the obligations fall due. The Company manages credit risk by assessing the creditworthiness of its counterparties. The Company continuously monitors the receivable balances with the result that an allowance is made for doubtful accounts.

(a) *Maximum Exposures to Credit Risk*

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position summarized as follows:

	Notes	2022	2021
Cash in banks	7	**P 19,147,709**	P 40,557,428
Receivables	8	**4,138,047**	41,069,141
Loans receivables	9	**1,305,876,531**	2,264,686,407
Due from related parties	22	**354,839,923**	1,102,160,712
*Lease deposits	13	**393,891**	393,891
		P 1,684,396,101	P 3,448,867,579

*Deposits is presented under other non-current assets in the statements of financial position.

(b) *Credit Risk Management and Assessment*

(i) *Cash in banks*

As part of Company's policy, bank deposits are only maintained with reputable financial institutions with low credit risk based on externally available risk ratings or from the Company's internal credit grading that takes into consideration its banking relationship and activities with its depository banks. In addition, cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(ii) *Loans and interest receivables*

Loans and interest receivables arising from cash advances extended by the Company to its subsidiaries are maturing within one to seven years.

Credit risk of loans receivables is managed primarily through continuing credit review analyses, which consider the age of accounts, historical collection and loss experience with a particular counterparty, and their liquidity condition.

For interest-bearing loans, the Company considers the loan in default and credit-impaired when contractual payment of interest are 90 days past due.

In the case of non-interest bearing loans to subsidiaries, the Company manages credit risk between entities within the 8990 Group consistent with how it monitors the liquidity of these entities which are managed together to ensure that their operating requirements, including maturing obligations to third parties are settled in a timely manner. Aligned with this policy, the Company may grant additional advances to its subsidiaries or extend the credit term as necessary. This policy provides the 8990 Group more leverage and strategic approach in managing cash.

As the principal amount of the Company's loans are maturing beyond one year with no historical default observed in the past years, the Company also assesses credit exposures of its loans and receivables by identifying other qualitative factors and circumstances, including adverse economic factors and entity-specific economic and operational challenges that may indicate that the counterparties may unlikely settle their obligations to the Company. This assessment may also consider the sufficiency of the counterparties' liquid assets in order to repay, including other expected manner of recovery.

(iii) Due from related parties

ECL for receivables from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. The Company does not consider any significant risks from the receivables provided to related parties since the Company's credit risks for liquid funds are considered negligible. Moreover, these related parties are operating subsidiaries that continuously generate positive results and cash flows. Hence, recognition of impairment loss is remote.

(iv) Lease deposits

Lease deposits pertains to the deposits from rental and electrical facilities. The Company considers its credit risk for lease and other deposits to be negligible considering its continuing business relationships with the counterparties and the absence of any historical experience indicating that the counterparties will unlikely settle their obligations as the deposits are refunded by the Company.

(c) Credit Quality and Expected Credit Loss

The Company's basis in grading its financial assets follows:

- High grade – Entities that are highly liquid, sustain operating trends, unlikely to be affected by external factors and have competent management that uses current business models.

- Standard grade – Entities that meet performance expectation, unlikely to be affected by external factors and have competent management that uses current business models.

- Substandard grade – Entities with marginal liquidity and have a declining trend in operations or an imbalanced position in the balance sheet, though not to the point that repayment is jeopardized.

The following tables show the credit quality per class of financial assets as at December 31:

	Neither past due nor impaired		Past due but		
	High grade	**Standard grade**	**not impaired**	**Impaired**	**Total**
2022					
Cash in banks	P 19,137,709	P -	P -	P -	P 19,137,709
Receivables	-	4,138,047	-	283,820	4,421,867
Loans receivables	1,048,220,274	257,656,257	-	-	1,305,876,531
Due from related Parties	354,839,923	-	-	-	354,839,923
*Lease deposits	-	393,891	-	-	393,891
	P 1,422,197,906	**P 262,188,195**	**P -**	**P 283,820**	**P 1,684,669,921**
2021					
Cash in banks	P 40,547,428	P -	P -	P -	P 40,547,428
Receivables	-	41,069,141	-	1,512,419	42,581,560
Loans receivables	1,695,744,093	568,942,314	-	-	2,264,686,407
Due from related Parties	1,102,160,712	-	-	-	1,102,160,712
*Lease deposits	-	393,891	-	-	393,891
	P 2,838,452,233	P 610,405,346	P -	P 1,512,419	P 3,450,369,998

**Deposits is presented under other non-current assets in the statement of financial position amounted to P 393,891 for 2022 and 2021.*

Based on the quality of the Company's financial assets as at December 31, 2022 and 2021, which are neither past due nor impaired nor have experienced significant increase in credit risk since initial recognition, and the estimates of cash flows expected to be recovered from counterparties when these financial assets default, management has assessed that ECL as of December 31, 2022 and 2021 is insignificant.

4.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company seeks to manage its liquidity profile to be able to finance its working capital requirements. It may obtain cash advances from a related party to cover its financing requirements when such strategy will provide cost-efficient use of 8990 Group's resources.

The tables below and in the succeeding page show the maturity profile of the Company's financial instruments based on the contractual undiscounted cash flows.

	Within three months	Later than three months but not later than one year	Later than one year	Total
2022				
Financial Liabilities				
Trade and other payables*	P 78,589,402	P -	P -	P 78,589,402
Due to related parties	4,291,235,562	-	-	4,291,235,562
Lease liabilities	302,420	967,453	803,260	2,073,133
	P 4,370,127,384	**P 967,453**	**P 803,260**	**P 4,371,898,097**
2021				
Financial Liabilities				
Trade and other payables*	P 77,652,902	P -	P -	P 77,652,902
Due to related parties	1,175,932,157	-	-	1,175,932,157
Lease liabilities	267,174	856,701	2,073,133	3,197,008
Notes payable	-	500,000,000	-	500,000,000
Bonds payable	-	375,019,694	217,612,305	592,631,999
	P 1,253,852,233	P 875,876,395	P 219,685,438	P 2,349,414,066

**Excludes withholding taxes and other government payables aggregating to P1,707,920 and P70,214,327 as of December 31, 2022 and 2021, respectively.*

4.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters while optimizing the return.

As of December 31, 2022 and 2021, the Company has no financial instruments that are exposed to significant interest rate risk. The Company's cash in banks, loans receivables, and bonds payable are subject to fixed interest rates.

The Company's United States (US) dollar-denominated financial instrument pertains only to cash in banks, translated into Philippine peso at the closing rates, amounting to P0.2 million as of December 31, 2022 and 2021. The exchange rates used are P56.12: US $1 and P50.99: US $1 as of December 31, 2022 and 2021, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the Company's exposure to foreign exchange risk is not material.

5 CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

For the Company's financial assets and financial liabilities as of December 31, 2022 and 2021, management determined that the carrying amounts of these financial instruments are equal to or approximate their fair values, except for bonds payable. A comparison between the carrying amounts and fair values of these financial instruments is presented in Note 6.

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statement of financial position	Related amounts not set-off in the statement of financial position	Net amount
December 31, 2022			
Bonds payable	**P -**	**P -**	**P -**
December 31, 2021			
Bonds payable	P 592,631,999	P (40,547,428)	P 552,084,571

For financial liabilities (i.e., interest-bearing loans and borrowings and their corresponding deposits) subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

6 FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 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 under current market conditions (i.e., an exit price) 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 by the 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.

6.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or financial liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity's specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.3 Fair Value Comparison and Hierarchy of Financial Instruments

The following table summarizes the carrying amounts and fair values of the Company's financial assets and financial liability that are carried at amortized cost but the fair value of which are disclosed by level of the fair value hierarchy as of December 31, 2022 and 2021:

			Fair Value							
	Carrying Amount		Level 1		Level 2		Level 3		Total	
2022										
Financial Assets										
Cash in banks	P	19,147,709	P	19,147,709	P	-	P	-	**P**	**19,147,709**
Receivables		4,138,047		-		-		4,138,047		**4,138,047**
Loans receivables		1,305,876,531		-		-		1,305,876,531		**1,305,876,531**
Due from related parties		354,839,923		-		-		354,839,923		**354,839,923**
Lease deposits		393,891		-		-		393,891		**393,891**
	P	**1,684,396,101**	**P**	**19,147,709**	**P**	**-**	**P**	**1,665,248,392**	**P**	**1,684,396,101**
Financial Liabilities										
Trade and other payables*	P	78,589,402	P	-	P	-	P	78,589,402	**P**	**78,589,402**
Due to related parties		4,291,235,562		-		-		4,291,235,562		**4,291,235,562**
Lease liabilities		2,073,133						2,073,133		**2,073,133**
	P	**4,371,898,097**	**P**	**-**	**P**	**-**	**P**	**4,371,898,097**	**P**	**4,371,898,097**

			Fair Value							
	Carrying Amount		Level 1		Level 2		Level 3		Total	
2021										
Financial Assets										
Cash in banks	P	40,557,428	P	40,557,428	P	-	P	-	P	40,557,428
Receivables		41,069,141		-		-		41,069,141		41,069,141
Loans receivables		2,264,686,407		-		-		2,264,686,407		2,264,686,407
Due from related parties		1,102,160,712		-		-		1,102,160,712		1,102,160,712
Lease deposits		393,891		-		-		393,891		393,891
	P	3,448,867,579	P	40,557,428	P	-	P	3,408,310,151	P	P 3,448,867,579
Financial Liabilities										
Trade and other payables*	P	77,652,902	P	-	P	-	P	77,652,902	P	77,652,902
Due to related parties		1,175,932,157		-		-		1,175,932,157		1,175,932,157
Lease liabilities		3,197,008		-		-		3,197,008		3,197,008
Notes Payable		500,000,000		-		-		500,000,000		500,000,000
Bonds Payable		592,631,999		628,317,103		-		-		628,317,103
	P	2,349,414,066	P	628,317,103	P	-	P	1,756,782,067	P	2,385,099,170

**Excludes withholding taxes and other government payables aggregating to P1,707,920 and P70,214,327 as of December 31, 2022 and 2021, respectively.*

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements in 2022 and 2021.

The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(a) *Cash on Hand and in Banks, and Trade and Other Payables*

The carrying amounts of these financial instruments approximate their fair values as these have short-term maturity.

(b) *Loans Receivables, Interest Receivables and Lease Deposits*

The estimated fair value of loans receivables, interest receivables and lease deposits represent the discounted amount of estimated future cash flows expected to be received from the instruments. Expected cash flows are discounted at current market rates to determine fair value.

(c) *Bonds Payable*

The fair value of the Company's corporate bonds categorized within Level 1 is determined based on the closing prices quoted in an active bond exchange (i.e., Bloomberg Valuation).

(d) *Due from Related Parties, and Due to Related Parties*

The carrying amounts of due from/to related parties, which are to be received or paid on demand, approximate the fair values.

7 CASH ON HAND AND IN BANKS

The breakdown of this account as of December 31 is as follows:

		2022		2021
Cash in banks	**P**	**19,137,709**	P	40,547,428
Cash on hand		**10,000**		10,000
Total	**P**	**19,147,709**	P	40,557,428

Cash in banks generally earn interest at rates based on prevailing bank deposit annual rates ranging from 0.13% to 0.25% in 2022 and 2021. Interest is presented as part of Interest Income in the statements of comprehensive income which amounts to P 22,538 and 61,733 in 2022 and 2021 respectively.

There is no cash restriction on the Company's cash in banks as of December 31, 2022 and 2021.

8 RECEIVABLES

The breakdown of this account as of December 31 is as follows:

	Note		**2022**		2021
Interest receivables	9	**P**	**3,638,047**	P	4,512,055
Receivables from employees			**500,000**		777,678
Other receivables			**283,820**		37,291,827
			4,421,867		42,581,560
Allowance for impairment			**(283,820)**		(1,512,419)
Total		**P**	**4,138,047**	P	41,069,141

Interest receivables pertain to the uncollected interest pertaining to loans extended to third-party as further discussed in Note 9.

Receivables from employees refers to employee's salary advances which will be settled thru salary deductions. These loans are non-interest bearing and have no terms.

Other receivables pertain to the advances to the third party which will be settled thru cash. These advances are non-interest bearing and have no terms.

Movement of allowance for impairment is as follows:

		2022		2021
Beginning of year	**P**	**1,512,419**	P	3,450,000
Recovery for the year		**(1,228,599)**		(1,937,581)
Ending balance	**P**	**283,820**	P	1,512,419

Based on assessment made, the Company recognized a reversal of allowance for ECL amounting to P 1,228,599 and P 1,937,581 in 2022 and 2021, respectively.

9 LOANS RECEIVABLES, Net

Loans receivables are composed of the following:

	Note		**2022**		2021
Loans to subsidiaries:	9.1, 22				
Principal		**P**	**943,726,834**	P	1,926,862,003
Unamortized discount			**(34,803,743)**		(59,129,036)
			908,923,091		1,867,732,967
Syndicated loan	9.2		**396,953,440**		396,953,440
Total		**P**	**1,305,876,531**	P	2,264,686,407

The amounts are presented in the statements of financial position as follows.

		2022		2021
Current	**P**	**1,121,770,274**	P	1,695,744,093
Non-current		**184,106,257**		568,942,314
Total	**P**	**1,305,876,531**	P	2,264,686,407

All of the Company's loans receivables have been reviewed for indications of impairment. Based on the management's assessment there were no impaired loans receivables as of December 31, 2022 and 2021 (see Note 4.1).

9.1 Loans to Subsidiaries

On September 1, 2015, the Company extended cash loans totaling P9.0 billion to its subsidiaries in varying terms of five, seven and 10 years as follows:

Subsidiaries	Original Maturity Date		Amount		Outstanding Amount
8990 HDC					
Tranche 1	10/16/2020	**P**	6,714,748,082	P	-
Tranche 2	7/16/2022		375,500,000		
Tranche 3	7/16/2025		218,910,000		218,910,000
8990 LHDC*	10/16/2020		697,784,788		322,027,924
8990 DHDC	10/16/2020		305,459,915		**-**
FHI*	10/16/2020		687,597,215		402,788,910
Total		**P**	**9,000,000,000**	**P**	**943,726,834**

The principal sum originally bears interest rates ranging from 12.42% to 13.73% per annum from September 1, 2015 to October 16, 2015. The principal amounts are payable at the maturity of the loans.

On October 17, 2015, the loan agreements were amended resulting in the loan becoming noninterest-bearing starting on that date. Accordingly, the said receivables were recognized at their present value using a discount rate of 6.21%, with the resulting discount amounting to P2,461.0 million representing the difference between the present value and face value recognized as an additional investment in the Company's subsidiaries (see Note 10).

*During 2021, loans extended to 8990 LHDC and FHI were extended until December 31, 2022. Subsequently in 2022, loans of 8990 LHDC and FHI were further extended until December 31, 2023.

Interest related to the accretion of discount from these loans receivables to subsidiaries amounted to P24.3 million and P216.4 million in 2022 and 2021, respectively, and is presented as part of Interest Income in the statements of comprehensive income.

9.2 Syndicated Loan

On December 29, 2017, a loan facility agreement between Dearborn Resources and Holdings, Inc. (Dearborn) and certain lenders was executed to provide a loan facility in the aggregate principal amount of P1.4 billion for the purpose of partially financing Dearborn's acquisition of certain contracts to sell of entities under the 8990 Group. Under the loan facility agreement, the Company committed to lend Dearborn the principal amount of up to but not in excess of P300.0 million which bears 16% interest per annum, payable monthly. On November 13, 2019, the Company agreed to extend the loan facility with Dearborn up to P665.0 million with no changes in the interest rate per annum. As of December 31, 2019, the Company further extended by P 82,947,517 resulting to receivables of P 396,953,400 as of December 31, 2022, 2021 and 2020.

The loan granted under the facility agreement is unsecured and has a term of five years counting from the date of initial drawdown. However, the principal amount of the loan and any related accrued interest will be due and demandable in the event of default.

In 2022, Dearborn Resources and Holdings, Inc. and 8990 Holdings, Inc. entered into a loan extension agreement, extending the maturity date to December 27, 2023, with a loan amount of 396,953,440.

Dearborn has not defaulted on the interest payment since the loan was extended. Further, a financing plan with their bank, has been established to assure full payment within 2023.

Interest earned from this loan receivable amounted to P63.5 million, P63.5 and P63.6 million in 2022, 2021, and 2020, respectively, and are presented as part of Interest income in the statements of comprehensive income. Interest receivable from this loan is P3.6 million, P4.5 million and P8.9 million as of December 31, 2022, 2021 and 2020 and is presented as part of the Receivables account in the 2022 and 2021 statement of financial position.

10 INVESTMENTS IN SUBSIDIRARIES

The carrying amounts of the Company's investments in subsidiaries as of December 31, 2022 and 2021 are shown below.

Subsidiaries	% ownership	**2022**	2021
8990 HDC	100%	**P 37,124,230,313**	P 37,124,230,313
FHI	100%	**5,065,823,989**	5,065,823,989
8990 LHDC	100%	**1,440,237,647**	1,440,237,647
8990 DHDC	100%	**317,246,364**	317,246,364
8990 LRC	100%	**39,227,936**	39,227,936
8990 MHDC	100%	**2,066,211**	2,066,211
Piccadilly	68%	**88,275,504**	-
Total		**P 44,077,107,964**	P 43,988,832,460

All of the above subsidiaries are incorporated in the Philippines.

On June 9, 2022, the Company entered into an Investment Agreement with Piccadilly Premier Land, Inc, RDAK Land, Inc ("RDAK"), Acrissor Development Corporation ("Acrissor"), and certain individuals for its acquisition of 994,160 common shares, representing an aggregate of 68% of the issued and outstanding capital stock of Piccadilly, for an aggregate consideration of P88,275,504 for its purpose to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures.

The total carrying amount of the investments in subsidiaries which are wholly-owned includes P2,461.0 million discount on loans extended to certain subsidiaries (see Note 9).

There were no disposed investments made in 2022 and 2021.

In 2022 and 2021, the Company received cash dividends from HDC:

Subsidiaries	No. of Share	Amount
2022		
8990 HDC	15,000,000,000	**P 1,953,077,419**
		P 1,953,077,419
2021		
8990 HDC	15,000,000,000	P 2,545,481,070
		P 2,545,481,070
2020		
8990 HDC	15,000,000,000	P 1,056,738,261
		P 1,056,738,261

11 INVESTMENTS IN ASSOCIATE

On March 15, 2021, 8990 Holdings Inc and Scheirman Construction Consolidated Incorporated (SCCI) entered into a Subscription agreement wherein the Company agreed to subscribed an aggregate of Forty-five thousand (45,000) common shares to be issued out of the unissued portion of the existing authorized capital stock and the increase authorized capital stock of SCCI at the aggregate issue price of Eighty Million Pesos (P80,000,000.00) or approximately One Thousand Seven Hundred Seventy-seven and 78/100 Pesos (P1,777.78) per shares. The Subscribed Shares constitutes 20% of the resulting total outstanding capital stock of SCCI.

On July 8, 2022, the company entered into a new Subscription Agreement with SCCI purchasing 60,000 common shares equivalent to Sixty Million Pesos (P60,000,000.00).

The total subscribed shares after the additional investment constitutes 20% of the resulting total outstanding capital stock of the SCCI after their increase in capital stock.

Investment in Associate from these subscriptions amounted to P140 million and P80 million for 2022 and 2021, respectively. And share in SCCI net income amounted to 67,950,366 and 13,214,510 for 2022 and 2021, respectively.

Movement of Investment in associate and share in net income are as follows:

	Investment in associate		Share in net income of associate	
	2022	2021	**2022**	2021
Beginning of year	**P 80,000,000**	P 80,000,000	**P 13,214,510**	-
Addition	**60,000,000**	-	**67,950,366**	P 13,214,510
Ending Balance	**P 140,000,000**	P 80,000,000	**P 81,164,876**	P 13,214,510

The following summarizes the financial information of the associate:

	2022	2021
Total assets	**P 4,842,053,653**	P 2,585,587,060
Total liabilities	**3,838,423,634**	2,214,967,743
Revenue	**4,209,376,388**	1,592,360,038
Profit for the year	**339,751,828**	83,460,064
Other comprehensive income	**-**	-

12 PROPERTY AND EQUIPMENT, Net

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2022 and 2021 are as follows:

	Leasehold Improvements	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Low Value Asset**	**Total**
December 31, 2022					
Cost	P 1,380,881	P 1,482,692	P 1,083,050	P 31,920	**P 3,978,543**
Accumulated depreciation	(1,380,881)	(1,475,291)	(1,083,050)	(31,920)	**(3,971,142)**
Net carrying amount	**P -**	**P 7,401**	**P -**	**P -**	**P 7,401**
December 31, 2021					
Cost	P 1,380,881	P 1,482,692	P 1,083,050	P -	P 3,946,623
Accumulated depreciation	(1,380,881)	(1,467,691)	(1,083,050)	-	(3,931,622)
Net carrying amount	P -	P 15,001	P -	P -	P 15,001

The reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below.

	Furniture, Fixtures and Office Equipment	**Low Value Asset**	**Total**
Balance at January 1, 2022, net of accumulated depreciation	P 15,001	P -	P 15,001
Additions	-	31,920	31,920
Depreciation charges for the year	(7,600)	(31,920)	(39,520)
Balance at December 31, 2022, net of accumulated depreciation	**P 7,401**	P -	**P 7,401**

	Furniture, Fixtures and Office Equipment	Low Value Asset	Total
Balance at January 1, 2021, net of accumulated depreciation	P 23,212	P -	P 23,212
Depreciation charges for the year	(8,211)	-	(8,211)
Balance at December 31, 2021, net of accumulated depreciation	P 15,001	P -	P 15,001

As of December 31, 2022 and 2021, the total cost of the fully amortized property and equipment, which are still being used by the Company, amounts to P2.4 million in both years. There are no assets pledged as security for the Company's liabilities as of December 31, 2022 and 2021.

No impairment loss was recognized in the current and prior year since the recoverable amount of fixed assets is higher than its carrying value.

13 OTHER ASSETS, Net

Details of this account are presented below.

	Note	**2022**	2021
Current:			
Input value-added tax (VAT)		**P 13,347,144**	P 10,595,821
Waterlines		**7,621,790**	7,621,790
Receivable from regulatory agencies		**2,076,561**	2,076,561
Others		**1,258,401**	2,041,134
Subtotal		**24,303,896**	22,335,306
Allowance for impairment		**(4,143,917)**	(2,885,517)
Total Current		**20,159,979**	19,449,789
Non- current:			
Lease deposits	15	**393,891**	393,891
Total		**P 20,553,870**	P 19,843,680

Movement of allowance for impairment is as follows:

	2022	2021
Beginning of year	**P 2,885,517**	P 2,885,517
Write off		
Provision for the year	**1,258,400**	-
Ending balance	**P 4,143,917**	P 2,885,517

Additional impairment is recognized for 2022 and 2021 amounted to P1,258,400 and nil, respectively.

On December 29, 2016, the Company entered into a deed of assignment with 8990 HDC, 8990 MHDC, 8990 DHDC and FHI involving the sale of the said subsidiaries' waterlines to the Company.

Others refer to advances to suppliers and prepayments.

14 TRADE AND OTHER PAYABLES

This account consists of:

	Note		2022		2021
Dividends payable	19.4	P	50,875,000	P	50,875,000
Interest payable	16, 17		-		11,930,237
Trade payables			10,150,911		8,106,057
Accrued expenses			1,608,133		1,950,000
Withholding taxes			1,707,840		70,209,947
Other payables			15,955,438		4,795,988
Total		P	80,297,322	P	147,867,229

Dividends payable refers to unpaid dividends relating to Preferred shares- Series B as disclosed in Note 19.4.

Interest payable refers to the unpaid interest relating to its notes and bonds as further discussed in Note 16 and 17.

Other payables consist of various supplier of goods and services other than the Company's suppliers.

15 LEASES

15.1 Right-of-Use asset

The carrying amounts of the Company's right-of-use assets as of December 31, 2022 and 2021, and the movements during the years are shown below:

		2022		2021
Cost				
Beginning balance	P	3,633,778	P	-
New lease contract		-		3,633,778
Lease modifications		-		-
Ending balance		3,633,778		3,633,778
Amortization				
Beginning balance		(504,691)		-
Current provision		(1,211,260)		(504,691)
Ending balance		(1,715,951)		(504,691)
Carrying Values	P	1,917,827	P	3,129,087

The Company has leased for office and parking spaces on which the branch offices and extension offices are situated. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Both leases contain an option to extend the lease for a further term subject to mutual agreement. For the lease over the office premise, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Amortization charged to operations amounted to P 1,211,260 and P 504,691 for 2022 and 2021, respectively.

Based on the impairment review of the assets, the Company believes that there is no impairment loss that occurred on its right-of-use asset for 2022 and 2021.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on balance sheet:

Right-of-use asset	**No. of right-of-use assets leased**	**Range of remaining term**	**Average remaining lease term**	**No. of leases with extension options**	**No. of leases with options to purchase**	**No. of leases with variable payments linked to an index**	**No. of leases with termination options**
Office premise	1	2-3 years	3.5 years	1	-	-	1
Parking space	2	2-3 years	3.5 years	1	-	-	1

15.2 Lease Liabilities

		2022		2021
Beginning balance	**P**	**3,197,008**	P	-
Addition		**-**		3,633,778
Accretion of interest		**156,764**		83,815
Payments		**(1,280,639)**		(520,585)
Ending balance	**P**	**2,073,133**	P	3,197,008

Lease liabilities are presented in the statements of financial position as follows:

Particulars		**2022**		2021
Current	**P**	**1,269,873**	P	1,123,875
Non-current		**803,260**		2,073,133
Total	**P**	**2,073,133**	P	3,197,008

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at December 31, 2022 are as follows:

	Within 1 year	**1-2 years**	**Total**
At December 31, 2022			
Lease payments	1,357,478	818,902	2,176,380
Finance charges	(87,605)	(15,642)	(103,247)
Net present values	**1,269,873**	**803,260**	**2,073,133**

Lease payments not recognized as a liability

The Company has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability in 2022 and not recognize as ROUA/lease liabilities in 2021:

Particulars	2022	2021
Short-term leases	**P 156,000**	P 884,819

16 NOTES PAYABLE

On October 8, 2020, a master note certificate is issued by 8990 Holdings with a principal amount of P 1,300,000,000 dated October 14, 2020. The Note was issued at 100% issue price and will be due on October 14, 2022 (two years from the issue date) with 4.0500% interest rate per annum. In 2021, the Company partially paid the liability amounting to P 800,000,000. During the year, the Company settled a total of 500,000,000.

The balance of the notes payable as of 2022 and 2021 amounts to nil and P 500,000,000, respectively.

Finance cost in 2022 and 2021 amounted to P 15.2 million and P 41.9 million, respectively. Such amount is included under the total finance cost in the statements of comprehensive income.

Accrued interest on the notes amounted to nil and P5 million as of December 31, 2022 and 2021 is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14)

17 BONDS PAYABLE

The breakdown of this account follows:

	2022	2021
Current	P -	P 375,019,694
Non-current	-	217,612,305
Total	P -	P 592,631,999

The amount of bonds payable presented above is net of the unamortized discount amounting to P1.78 million in 2021. On July 16, 2015, the Company offered and issued to public an unsecured fixed-rate peso bonds with an aggregate principal amount of P5.0 billion with an oversubscription option up to P4.0 billion.

The offer comprises the following series:

Bond Series	Option Date		Principal Amount
Series A - 6.2080% per annum, five-year and three months, due on October 16, 2020		P	8,405,590,000
Series B - 6.1310% per annum, seven-year fixed rate bonds, due on July 16, 2022 unless otherwise earlier redeemed by the Company	The third month after the fifth anniversary of issue date and the sixth anniversary of the issue date		375,500,000
Series C - 6.8666% per annum, ten-year, due on July 16, 2025 unless otherwise earlier redeemed by the Company	The seventh anniversary of issue date and each anniversary of the issue date thereafter		218,910,000
		P	9,000,000,000

Total transaction costs capitalized upon issuance of the bonds amounted to P122.3 million.

Interests on the bonds are payable quarterly in arrears starting on October 16, 2015 for the first interest payment date and on January 16, April 16, July 16, and October 16 of each year for each subsequent interest payment date.

The bonds shall be repaid at par, plus any outstanding interest on the relevant maturity date of each series, unless the Company exercises its early redemption option for Series B or C Bonds on the early redemption option dates.

During the year, the Company settled its outstanding obligation maturing July 16, 2022 (Series B) and July 16, 2025 (Series C). Early redemption was made for Series C Bonds due on 2025 with an early redemption price of 102.5% of the principal amount. The carrying amount of bond is P 217.8 million (net of unamortized bond issue cost of P 1.1 million), accordingly, loss on early retirement of bonds was also recognized, amounting to P6.6 million.

The fair value of the bonds amounts to nil and P628.3 million as of December 31, 2022 and 2021, respectively. Their carrying value as at December 31, 2022 and 2021 amounts to nil and P592.6 million, respectively, net of unamortized bond issue costs amounting to nil and P1.78 million as of the dates, respectively. Amortization of bond issue costs amounted to P0.66 million and P1.2 million in 2022 and 2021, respectively, and are included as part of Finance Costs in the statements of comprehensive income.

Total finance costs incurred on these bonds, inclusive of the amortization of the debt issue costs, amounted to P22.3 million and P39.2 million in 2022 and 2021, respectively, and is presented as Finance cost in the statements of comprehensive income. Accrued interest on the bonds amounting to nil and P6.9 million as at December 31, 2022 and 2021 is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14).

The Company and its subsidiaries are required under the terms of the bonds to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money and other covenants. These were complied with by the Company in 2022 and 2021.

18 PENSION LIABILITY

The Company has an unfunded, non-contributory defined benefits pension plan covering its permanent employees. Retirement benefits cost and obligations are determined in accordance with an actuarial study made for the plan.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The amount of pension liability recognized under "retirement payable" in the statements of financial position is determined as follows:

	2022	2021	2020
Benefit obligation	**P 429,702**	P 359,321	P 546,258
Plan assets	**-**	-	-
Liability to be recognized in the statement of financial position	**P 429,702**	P 359,321	P 546,258

The amount recognized under "salaries, wages and employee benefits" in the profit or loss is as follows:

	2022	2021	2020
Current service cost	**P 47,524**	P 81,742	P 45,434
Interest cost	**18,254**	21,523	18,910
Expense recognized during the year	**P 65,778**	P 103,265	P 64,344

Retirement expense charged to operations in 2022, 2021 and 2020 amounted to P 65,778, P 103,265, and P 64,344, respectively.

The movements in the accrued retirement benefit cost in the statements of financial position are as follows:

	2022	2021	2020
Beginning of year	**P 359,321**	P 546,258	P 362,947
Total expenses charged in the statements of comprehensive income	**65,778**	103,265	64,344
Remeasurement on Actuarial losses (gain) recognized during the year	**4,603**	(290,202)	183,657
Other	**-**	-	(64,690)
End of year	**P 429,702**	P 359,321	P 546,258

The cumulative amount of actuarial loss (gain) recognized in the statements of comprehensive income follows:

		2022		2021		2020
Balances at beginning of year	**P**	**62,342**	P	352,544	P	168,887
Actuarial loss (gain) during the year		**4,603**		(290,202)		183,657
Balance at end of year		**66,945**		62,342		352,544
Tax effect		**(16,736)**		(15,585)		(105,763)
Cumulative actuarial loss, net of tax	**P**	**50,209**	P	46,757	P	246,781

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as of December 31, 2022:

	Amount
1 to 5 years	17,271
6 to 10 years	34,114
11 to 15 years	60,983
16 years and up	7,525,439

The average duration of the defined benefit obligation at the end of the reporting period is 20 years.

The assumptions used to determine pension benefits for the years ended December 31 are as follows:

	2022	2021	2020
Discount rate	**7.22%**	5.08%	3.94%
Salary increase rate	**4.00%**	2.00%	3.50%

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

	2022 Increase(Decrease)	
Discount rate	1%	(81,237)
	(1%)	101,869
Future salary increases	1%	104,521
	(1%)	(84,519)
Improvement in employee turnover	10%	31,736
Increase in employee turnover	(10%)	(31,736)

Assumptions regarding future mortality experience are set based on advice from published statistics and mortality tables.

19 EQUITY

19.1 Capital Stock

Details of the Company's capital stock as of December 31, 2022 and 2021 are as follows:

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Preferred Shares Series A – P1 par value, cumulative, non-voting, non- participating, non-convertible, redeemable 6.0263% per annum						
Authorized – 50 million shares						
Issued and outstanding	-	50,000,000	50,000,000	P -	P 50,000,000	P 50,000,000
Preferred Shares Series B – P1 par value, cumulative, non-voting, non-participating, non-convertible, redeemable 5..50% per annum						
Authorized – 50 million shares						
Issued and outstanding	**37,000,000**	37,000,000	-	**37,000,000**	37,000,000	-
Preferred Shares- P.01 par value, voting						
Authorized – 5.00 billion shares						
Issued and outstanding	**-**	-	-	**-**	-	-
Balance at end of year	**37,000,000**	87,000,000	50,000,000	**P 37,000,000**	P 87,000,000	P 50,000,000
Common Shares – P1 par value						
Authorized shares – 6.850 billion shares						
Issued and outstanding:						
Balance at beginning of year	**5,517,990,720**	5,517,990,720	5,517,990,720	**P 5,517,990,720**	P 5,517,990,720	P 5,517,990,720
Treasury shares – at cost (see Note 19.3)	**(126,591,700)**	(126,591,700)	(126,591,700)	**(1,806,540,154)**	(1,806,540,154)	(1,806,540,154)
Balance at end of year	**5,391,399,020**	5,391,399,020	5,391,399,020	**3,711,450,566**	3,711,450,566	3,711,450,566
Total	**5,428,399,020**	5,478,399,020	5,441,399,020	**P 3,748,450,566**	P 3,798,450,566	P 3,761,450,566

19.2 Authorized Capital Stock

On October 20, 2010, the PSE approved the Company's application for the initial listing of 181.9 million common shares under the Second Board of the PSE.

On August 25, 2011, the Company entered into a Subscription Agreement (SA) with Intellectual Property Ventures Group (IPVG), wherein IPVG agrees to subscribe to 40.0 million shares of the common stock of the Company at a subscription price of P2.52 per share or a total subscription of P100.8 million. IPVG paid P25.0 million in cash as partial payment and agreed to pay the remaining balance of the subscription price upon call thereon by the Company's BOD.

As a result of an Asset Purchase Agreement dated September 28, 2011, the said SA and the related shares subscribed and partially paid were transferred to Intellectual Property Ventures, Inc. (IPVI).

On February 29, 2012, the stockholders approved the issuance of the 40.0 million shares in favor of IPVI. On the same date, the minority and unrelated stockholders waived the requirement to conduct a rights or public offering of the shares subscribed.

In April 2012, the Company received the remaining subscription receivable and issued the corresponding shares to IPVI. These shares were part of the shares acquired by the stockholders of the 8990 Group (former stockholders of the Company's subsidiaries). On May 6, 2013, the Company recognized deposits for future stock subscription amounting to P27.9 billion in exchange for its investments in subsidiaries through Share Swap with the stockholders of 8990 Group.

On September 23, 2013, the BOD of the Company approved the subscriptions and issuance of 465,580,467 shares at P1.00 per share to new public investors to comply with the minimum public ownership requirement of the PSE. Such issuance is subject to following conditions: (i) the approval of the SEC of the Company's application for the increase in authorized capital stock from P460.0 million to P7.0 billion and, (ii) the issuance of 3,968,357,534 shares to the stockholders of 8990 Group. The shares were issued subsequent to the approval by the SEC of the increase in authorized capital stock of the Company on October 1, 2013.

Subsequent also to the approval of the SEC of the increase in authorized capital stock, the deposits for future stock subscription of the Company was applied as payment for the issuance of shares which were recorded as part of the Company's Capital Stock and Additional Paid-in Capital accounts amounting to P4.0 billion and P23.9 billion, respectively.

On March 17, 2014, the Company's BOD approved the offering and issuance by way of a "follow-on" offering consisting of the following shares at an offer price of P6.50 per share:

Primary shares	862,186,050
Secondary shares	382,360,770
Over-all allotment shares	134,950,860

The registration by way of a follow-on offering of common shares was rendered effective by the SEC on April 15, 2014 and for which a Certificate of Permit to Offer Securities for Sale was issued by the SEC on April 30, 2014.

Total proceeds from the primary offer shares amounted to P5.6 billion and the related direct issue costs incurred in connection with the offering amounted to P341.9 million which were charged to additional paid-in capital.

As of December 31, 2022 and 2021, there are 5,428,399,020 and 5,478,399,020 listed shares, which are held by 30 and 33 holders (common shares), respectively. Such listed shares closed at P9.86 per share and P11.28 per share as of December 31, 2022 and 2021, respectively.

On January 31, 2017, the stockholders approved and ratified the creation of the preferred shares under the shelf registration. The SEC approved the Company's amended Articles of Incorporation creating the preferred shares on April 19, 2017.

On July 25, 2017, the BOD of the Company unanimously authorized the sale and offer of up to Ten Billion Pesos (P10,000,000,000) preferred shares, at an offer price of P100.00 per share, or 100,000,000 preferred shares with an initial tranche of 50,000,000 preferred shares, under a shelf registration to be issued within a period of three years.

The Company also applied with the PSE for the listing of the preferred shares, which the PSE approved for listing on the main board of the PSE on November 8, 2017. The PSE approval covers only the initial tranche of 50,000,000 preferred shares under the shelf registration.

The preferred shares were offered at the price of P100.00 per share resulting in an additional paid-in capital of P4.9 billion, net of direct share issuance cost. Direct issuance costs amounted to P46.5 million and listing fees paid to PSE amounted to P5.1 million.

On February 10, 2021, 37,000,000 Series B Preferred Shares were issued by the Company at P 100 per share. Said shares were listed at the Philippine Stock Exchange with ticket '8990B'. The APIC was further increased by P 3.6 billion (net of direct share issuance cost of P 59.90 million) as a result of shares offering.

On October 28, 2022, the Company's BOD approved the redemption of its 50,000,000 outstanding Series A Preferred Shares (8990P) at a redemption price of P 100 per share.

Total issued preferred shares by the Company is at 37,000,000 shares and 87,000,000 shares with market value of P3,626,000,000 and P 8,737,000,000 as of December 31, 2022 and 2021, respectively, breakdown as follows:

	2022				2021			
	Shares	Closing Rate		Amount	Shares	Closing Rate		Amount
Series A	-	-	P	-	50,000,000	100.00	P	5,000,000,000
Series B	37,000,000	98.00		3,626,000,000	37,000,000	101.00		3,737,000,000
Total	**37,000,000**		**P**	**3,626,000,000**	87,000,000		P	8,737,000,000

19.3 Treasury Shares

On February 6, 2019, the Company's BOD announced its P2.0 billion share buyback program which is to be implemented for a period of 18 months or until August 1, 2020. The said buyback program excludes the participation of the majority shareholders. The Company has repurchased 126.5 million shares for P1.80 billion as of December 31, 2022 and 2021, respectively. These repurchased shares are presented as Treasury Shares in the statements of financial position and do not form part of the outstanding shares. Below is the movement of treasury shares as at December 31, 2022 and 2021:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Balance, January 1	126,591,700	P 1,806,540,154	126,591,700	P 1,806,540,154
Acquisition	-	-		
Balance, December 31	**126,591,700**	**P 1,806,540,154**	126,591,700	P 1,806,540,154

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. The equivalent amount of retained earnings is considered restricted. On March 29, 2020, the Company suspended its Share Buyback Program because the COVID-19 continues to spread. Management believes that the suspension is the prudent course of action given the uncertainty and challenges that may result from this pandemic (see Note 25.1).

At this time, the Company is determined to focus its resources on supporting its employees and funding operational activities. The Company continues to closely monitor the situation and is taking appropriate actions to optimize cash flows and minimize costs.

19.4 Dividends

The Company's BOD approved the following cash dividend declarations in 2022, 2021 and 2020:

Amount Per Share	Date of Declaration	Date of Record	Date of Payment	Amount
2022				
Preferred				
1.506575	Feb. 17, 2022	Feb. 16, 2022	Mar. 1, 2022	P 75,328,750
1.506575	Feb. 17, 2022	May 18, 2022	Jun. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Aug. 18, 2022	Sep. 1, 2022	75,328,750
1.506575	Feb. 17, 2022	Nov. 17, 2022	Dec. 1, 2022	75,328,750
1.375	Feb. 17, 2022	Apr. 16, 2022	May. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Jul. 27, 2022	Aug. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Oct. 24, 2022	Nov. 10, 2022	50,875,000
1.375	Feb. 17, 2022	Jan. 26, 2023	Feb. 10, 2023	50,875,000
				P 504,815,000

Amount Per Share	Date of Declaration	Date of Record	Date of Payment	Amount
2021				
Preferred				
1.506575	Feb. 16, 2021	Feb. 28, 2021	Mar. 1, 2021	P 75,328,750
1.506575	Feb. 16, 2021	May 18, 2021	Jun. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Aug. 18, 2021	Sep. 1, 2021	75,328,750
1.506575	Feb. 16, 2021	Nov. 18, 2021	Dec. 1, 2021	75,328,750
1.375	Feb. 24, 2021	Apr. 30, 2021	May. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Jul. 30, 2021	Aug. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Oct. 29, 2021	Nov. 10, 2021	50,875,000
1.375	Feb. 24, 2021	Jan. 31, 2022	Feb. 10, 2022	50,875,000
				504,815,000
Common				
P0.20	Nov. 3, 2021	Nov. 17, 2021	Dec. 10, 2021	1,103,598,144
				P 1,608,413,144

Amount Per Share	Date of Declaration	Date of Record	Date of Payment	Amount
2020				
Preferred				
1.506575	Feb. 1, 2020	Feb. 17, 2020	Mar. 2, 2020	P 75,328,750
1.506575	Feb. 1, 2020	May 15, 2020	Jun. 1, 2020	75,328,750
1.506575	Feb. 1, 2020	Aug. 17, 2020	Sep. 1, 2020	75,328,750
1.506575	Feb. 1, 2020	Nov. 16, 2020	Dec. 1, 2020	75,328,723
				P 301,314,973

19.5 Capital Management

The primary objective of the Company's capital management is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Company establishes the appropriate capital structure for its business, and thus, allowing the necessary financial flexibility for its operations and providing sufficient cushion to absorb cyclical industry risks.

The Company is not subject to externally-imposed capital requirements, which considers its total liabilities and equity as its capital.

Also, the bonds require the Company to observe certain covenants, including, among others, maintenance of financial ratios, incurrence or guarantee of additional debt, encumbrance for borrowed money, and other covenants. These were complied with by the Company in 2022 and 2021.

20 INCOME TAXES

The components of tax expense (income) reported in the statements of comprehensive income are as follows:

		2022		2021		2020
Reported in profit or loss:						
Current tax expense:						
Minimum corporate income Tax MCIT) at applicable tax rate	**P**	**426,896**	P	612,357	P	1,242,310
CREATE Adjustment		**-**		(310,578)		
Final tax at 20%		**4,398**		12,347		7,170
Subtotal	**P**	**431,294**	P	314,126	P	1,249,480
Deferred tax expense relating to origination and reversal of temporary differences	**P**	**16,971,147**	P	3,277,811		-
CREATE Adjustment		**-**		9,686		-
Subtotal	**P**	**16,971,147**	P	3,287,497	P	-
Total	**P**	**17,402,441**	P	3,601,623	P	1,249,480

		2022		2021		2020
Reported in other comprehensive income :						
Deferred tax expense (income) relating to remeasurement of post-retirement defined benefit plan	**P**	**(1,151)**	P	72,551	P	(55,097)
CREATE Adjustment		**-**		17,627		-
Total	**P**	**(1,151)**	P	90,178	P	(55,097)

The reconciliation of tax expense on pretax income at the applicable statutory rates to tax expense reported in the profit or loss section of statements of comprehensive income is shown below.

		2022		2021		2020
Income before tax at statutory tax rate	**P**	**501,927,947**	P	679,888,601	P	306,417,294
Adjustments for the income tax effects of:						
Dividend income exempt from income tax		**(488,269,355)**		(636,370,267)		(317,021,478)
Adjustment on CREATE		**-**		(300,892)		-
Unrecognized deferred tax assets		**8,476,245**		13,252,945		136,455,315
Nontaxable income		**(6,081,323)**		(54,093,573)		(127,121,362)
Nondeductible expenses		**1,350,163**		1,227,895		2,523,297
Interest income subject to final tax		**(1,236)**		(3,086)		(3,586)
Tax expense	**P**	**17,402,441**	P	3,601,623	P	1,249,480

On March 26, 2021, the President signed into law the Republic Act (RA) 11534, also known as "Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE" Act which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time bound, targeted and performance – based. CREATE Act introduces reforms in the areas of corporate income tax, value – added tax, and tax incentives, aside from providing COVID – 19 reliefs to taxpayers.

The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, domestic corporation with total assets not exceeding P100 million and taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% income tax rate.
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. The imposition of improperly accumulated earnings is repealed.

The estimated significant effects of the changes computed without regard to the specific date when specific revenue, expenses and other transactions occur as provided for under Section 27 (A) of the CREATE Act are as follows:

	As of December 31, 2020	**Under CREATE Act**	**Impact**
Income tax expense (P&L)	1,249,480	948,588	(300,892)
Income tax benefit (OCI)	(55,097)	(37,470)	17,627
Deferred tax asset	163,877	136,565	(27,312)
Prepaid income tax	22,563,628	22,874,205	310,577

Above net impact of CREATE was recognized in 2021.

Details of the Company's NOLCO are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2022	P 32,197,395	P -	P 32,197,395	2025
2021	50,562,351	-	50,562,351	2026
2020	450,088,862	-	450,088,862	2025
2019	527,930,147	(527,930,147)	-	2022
Total	**P 1,060,778,755**	**P (527,930,147)**	**P 532,848,608**	

NOLCO for 2021 and 2020 amounted to P 50,562,351 and P 450,088,862, which will expire in 2026 and 2025, respectively. NOLCO for 2021 and 2020 can be applied for five years instead of three years, in compliance with Revenue Regulation No. 25-2020 (issued last September 28, 2020) "*Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for the taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss; Provided that this subsection shall remain in effect even after the expiration of Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act;*".

On the other hand, the details of the Company's MCIT are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2022	P 426,896	P -	P 426,896	2025
2021	612,357	-	612,357	2024
2020	1,242,310	-	1,242,310	2023
2019	1,072,511	(1,072,511)	-	2022
Total	**P 3,354,074**	**P (1,072,511)**	**P 2,281,563**	

The Company did not recognize deferred tax assets on the temporary differences presented below since the Company believes that it is not probable that the related benefits will be realized in the future.

	2022		2021		2020	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	**P 532,848,608**	**P 133,212,152**	P1,028,581,360	P 257,145,340	P 1,566,044,801	P469,813,440
Impairment loss	**313,621**	**78,405**	1,512,419	378,105	3,450,000	1,035,000
Excess of depreciation and interest expense over lease payments	**155,305**	**38,826**	67,921	16,980		
Unrecognized foreign exchange (gains) loss, net	**-**	**-**	-	-	5,872	1,761
Excess MCIT over RCIT	**2,281,563**	**2,281,563**	2,927,178	2,927,178	2,630,638	2,630,638
	P 535,599,097	**P 135,610,946**	P1,033,088,878	P 260,467,603	P 1,572,131,311	P473,480,839

The components of recognized net deferred income tax liabilities are as follows:

		2022		2021		2020
Deferred tax asset						
Remeasurement of pension liability	**P**	**107,426**	P	89,830	P	163,877
Deferred tax liability						
Share in earnings of associate		**(20,291,219)**		(3,303,627)		-
Net, deferred tax asset (liability)	**P**	**(20,183,793)**	P	(3,213,797)	P	163,877

21 COMMITMENT AND CONTINGENCIES

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements. Management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

22 RELATED PARTY TRANSACTIONS

The Company's transactions with related parties consist of granting of loans and advances and reimbursement of expenses, which can be settled in cash or through offsetting arrangement.

A summary of the Company's transactions and the related outstanding balance with its related parties is shown below.

		2022			
Category		**Amount of Transaction**		**Outstanding Balance**	**Terms and Conditions**
Subsidiaries					
Due from related parties	**P**	**(747,320,789)**	**P**	**354,839,923**	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties		**3,115,303,405**		**4,291,235,562**	Noninterest-bearing, payable on demand, unsecured
Loans receivables (Note 9)					
Principal		-		**943,726,834**	Noninterest-bearing, payable on December 31, 2021, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount		**24,325,293**		**(34,803,743)**	
Dividend income (Note 10)		**1,953,077,419**		-	Dividend declared by 8990 HDC
Key Management Personnel		**3,112,438**		-	

Category		2021 Amount of Transaction		Outstanding Balance	Terms and Conditions
Subsidiaries					
Due from related parties	P	1,102,160,712	P	1,102,160,712	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties		(2,596,103,115)		1,175,932,157	Noninterest-bearing, payable on demand, unsecured
Loans receivables (Note 9)					
Principal				1,926,862,003	Noninterest-bearing, payable on December 31, 2021, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount		216,374,291		(59,129,036)	
Dividend income (Note 10)		2,545,481,070		-	Dividend declared by 8990 HDC
Key Management Personnel		3,146,089		-	

Category		2020 Amount of Transaction		Outstanding Balance	Terms and Conditions
Subsidiaries					
Due from related parties	P	(160,368,009)	P	-	Noninterest-bearing, receivable on demand, unsecured, no impairment
Due to related parties		19,425,162		3,772,035,272	Noninterest-bearing, payable on demand, unsecured
Loans receivables (Note 9)					
Principal		(7,248,874,880)		1,751,125,120	Noninterest-bearing, payable on October 16, 2020, July 16, 2022, and July 16, 2025, unsecured, no impairment
Accretion of discount		423,737,873		(99,766,443)	
Dividend income (Note 10)		1,056,738,261		-	Dividend declared by 8990 HDC
Key Management Personnel		2,335,573		-	

The Company’s accounting and administrative functions are being handled by the subsidiaries at no cost to the Company.

The total remuneration of the key management personnel of the Company, which is composed of short-term benefits, amounted to P3.0 million and P3.1 million in 2022 and 2021, respectively, and is presented as Salaries and wages under Expenses section in the statements of comprehensive income.

23 MISCELLANEOUS EXPENSE

This account pertains to infrequent transactions that are insignificant to have their own account, which are lumped into one general account. 2022 transactions include settlement of LOA for taxable year 2020, fines and penalties, and reimbursement. Expenses incurred in 2021 involve purchase of Covid 19 vaccine, payment to LOA settlement covering the taxable years 2018 and 2019 and reimbursement of out-of-pocket expenses. While for 2020, expenditures incurred are for settlement of obligations to fiscal authorities relating to prior reporting period and reimbursement of out-of-pocket expenses.

The following are the amounts recorded on this account as of December 31:

	2022	2021	2020
Miscellaneous Expense	**P 19,857,553**	P 18,560,867	P 7,395,912

24 INFORMATION ON STATEMENTS OF CASH FLOWS

24.1 Reconciliation of Liabilities from Financing Activities

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Due to Related Parties	**Bonds Payable**	**Total**
Balance at January 1, 2022	P 1,175,932,157	P 592,631,999	**P 1,768,564,156**
Cash flows from a financing activities:			
Advances obtained	5,338,714,977	-	**5,338,714,977**
Repayment of advances obtained	(1,044,069,003)	-	**(1,044,069,003)**
Payment of bonds		(599,882,750)	**(599,882,750)**
Loss on early redemption of bonds		6,592,275	**6,592,275**
Non-cash financing activity -			
Amortization of bond issue costs	-	658,476	**658,476**
Advances offset	(1,179,342,569)		**(1,179,342,569)**
Balance at December 31, 2022	**P 4,291,235,562**	**P -**	**P 4,291,235,562**

	Due to Related Parties	Bonds Payable	Total
Balance at January 1, 2021	P 3,772,035,272	P 591,475,044	P 4,363,510,316
Cash flows from a financing activities:			
Advances obtained	-	-	-
Repayment of advances obtained	(2,596,103,115)	-	(2,596,103,115)
Non-cash financing activity -			
Amortization of bond issue costs	-	1,156,955	1,156,955
Balance at December 31, 2021	P 1,175,932,157	P 592,631,999	P 1,768,564,156

	Due to Related Parties	Bonds Payable	Total
Balance at January 1, 2020	P 3,752,610,110	P 8,976,134,740	P 12,728,744,850
Cash flows from a financing activities:			
Advances obtained	23,216,435	-	23,216,435
Repayment of advances obtained	(3,791,273)	(8,405,590,000)	(8,409,381,273)
Non-cash financing activity -			
Amortization of bond issue costs	-	20,930,304	20,930,304
Balance at December 31, 2020	P 3,772,035,272	P 591,475,044	P 4,363,510,316

24.2 Supplemental Information on Non-cash Financing Activities of the Company

The Company's non-cash financing activity relates to the incurred interest expense amounting to P37.5 million and P81.2 million in 2022 and 2021, respectively. Out of these interest expense, nil and P11.9 million remain unpaid in 2022 and 2021 and are presented as part of Trade and Other Payables account in the statements of financial position (see Note 14).

25 OTHER MATTERS

25.1 Impact of COVID-19

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines. As at December 31, 2022, community quarantine restrictions are no longer in effect, however, health and safety protocols are still observed in the country in order to manage the spread of the virus.

The company has actively managed its liquidity and capital resources and has maintained regular communication and negotiations with its lenders, suppliers, and customers to manage its cash flow and working capital.

The management has made a baseline assessment of the Company's ability to weather the impact of the crisis and determined that the impact on the Company is likely insignificant based on available information as at the issuance date of the financial statements for the year ended December 31, 2022.

It should be noted that the extent and duration of the impact of COVID-19 on the company's financial statements may continue to evolve and could differ from the estimates and assumptions used in preparing these financial statements. The company will continue to closely monitor the situation and update its disclosures as necessary in future financial statement filings.

26. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented as follows:

(a) Value-Added tax

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is set at 12%.

The Company did not declare output VAT as it did not enter into transactions subject to output VAT during the year.

The movement in input VAT in 2022 are summarized below (see Note 13).

Balance at beginning of year	P 11,087,401
From domestic purchase of services	21,564
From domestic purchase of goods other than capital goods	2,047,269
Balance at end of year	P 13,156,234

(b) Taxes on Importations

The Company did not have any importation in 2022.

(c) Excise Tax

The Company did not have any transactions in 2022 that are subject to excise tax.

(d) Documentary Stamp Taxes

The Company's documentary stamp tax paid in 2022 amounts to P 2,122,626.

(e) Taxes and Licenses

The Company's taxes and licenses for the year ended December 31, 2022 consist of license and permit fees amounting to P 6,047,398 and is presented as Taxes and licenses under the Expenses in the 2022 statement of comprehensive income.

Documentary stamp tax	P 2,122,626
Licenses and Permit Fees	500
Total	P 2,123,126

(f) Withholding Taxes

Withholding taxes paid and accrued and/or withheld by the Company for the year ended December 31, 2022 consists of:

Final withholding tax	P 38,027,672
Withholding tax on compensation	768,272
Expanded withholding taxes	328,920
Total	P 39,124,864

(g) Deficiency Tax Assessment and Tax Cases

The Company has no existing tax assessment. However, the BIR has an ongoing examination of the Company's books for the taxable years 2021.

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.com/ph

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and Board of Directors
8990 HOLDINGS, INC.
11TH Floor Liberty Center
104 H.V. Dela Costa, Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of **8990 HOLDINGS, INC.** ("the Parent Company"), as at and for the year ended December 31, 2022 and issued our report thereon dated April 19, 2023. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The schedules listed in the Index to the separate Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's Management. These schedules are presented for purpose of complying with the Securities Regulation Code (SRC) 68, as amended, and are not part of the separate financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the separate financial statements and in our opinion, the information fairly states in all material respects the financial data required to be set forth therein in relation to the separate financial statements taken as a whole.

RAMON F. GARCIA & CO., CPAs
By:

HONORATA L. PAGUIO
Partner
CPA Certificate No. 0078850
PTR No. 9573080, January 6, 2023, Makati City
TIN 105-540-683
BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)
Partner's BIR Accreditation No. 08-001759-003-2020 (March 13, 2023 to March 12, 2026)
Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2021 to 2025 financial statements
Firm's BIR Accreditation No. 08-001759-001-2020 (March 13, 2023 to March 12, 2026)
Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements)

April 19, 2023
Makati City

EXHIBIT 5

8990 HOLDINGS INC.
INDEX TO PARENT COMPANY FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Other Required Schedules/Information

8990 HOLDINGS, INC.
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		December 31, 2022		Balance at December 31, 2022
			Amounts Collected	Amounts Offsetted*	Current	Not Current	
8990 Housing Development Corporation	P 1,102,160,712	P 76,771,857	P -	P 1,178,932,569	P -	P -	P -
Primex Land, Inc.	-	55,249,923	-	410,000	54,839,923	-	54,839,923
Piccadilly Premier Land Inc.	-	300,000,000	-	-	300,000,000	-	300,000,000
TOTAL	**P 1,102,160,712**	**P 432,021,780**	**P -**	**P 1,179,342,569**	**P 354,839,923**	**P -**	**P 354,839,923**

**Offset against due to 8990 Housing Development Corporation and Primex Land, Inc.*

8990 HOLDINGS, INC.
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related parties	Directors, Officers and Employees	Others
Common Shares at ₱1 par value	6,850,000,000	5,391,399,020	–	3,611,241,620	432,021,396	1,348,136,004
Preferred Shares Series A at ₱1 par value	50,000,000	–	–	–	–	–
Preferred Shares Series B at ₱1 par value	50,000,000	37,000,000	–	–	–	37,000,000
Preferred Shares ₱0.01 par value	5,000,000,000	–	–	–	–	–

8990 HOLDINGS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021

Ratio	Formula	Dec-22	Ratio	Formula	Dec-21
Current ratio	Total Current Assets	1,476,751,977	Current ratio	Total Current Assets	2,923,964,033
	Divided by Total Current Liabilities	4,372,802,757		Divided by Total Current Liabilities	2,199,942,955
		0.34			1.33
Acid test ratio	Total Current Assets	1,476,751,977	Acid test ratio	Total Current Assets	2,923,964,033
	Less: Inventories			Less: Inventories	
	Other Current Assets	50,406,024		Other Current Assets	44,432,659
	Quick Assets	1,426,345,953		Quick Assets	2,879,531,374
	Divide by: Total Current Liabilities	4,372,802,757		Divide by: Total Current Liabilities	2,199,942,955
	Acid test ratio	0.33		Acid test ratio	1.31
Solvency ratio	Total Liabilities	4,394,219,512	Solvency ratio	Total Liabilities	2,423,201,511
	Divided by Total Assets	46,035,000,193		Divided by Total Assets	47,578,491,296
		0.10			0.05
Debt-to-equity ratio	Total Liabilities	4,394,219,512	Debt-to-equity ratio	Total Liabilities	2,423,201,511
	Divided by Total Equity	41,640,780,681		Divided by Total Equity	45,155,289,785
		0.11			0.05
Assets-to- equity ratio	Total Assets	46,035,000,193	Assets-to- equity ratio	Total Assets	47,578,491,296
	Divided by Total Equity	41,640,780,681		Divided by Total Equity	45,155,289,785
		1.11			1.05
Interest rate coverage ratio	Earnings before interest and taxes (EBIT)	2,045,386,976	Interest rate coverage ratio	Earnings before interest and taxes (EBIT)	2,800,788,753
	Divide by: Interest Expense	37,675,187		Divide by: Interest Expense	81,234,348
		54.29			34.48
Return on equity	Net Profit	1,990,309,348	Return on equity	Net Profit	2,715,952,781
	Divide by: Total Equity	41,640,780,681		Divide by: Total Equity	45,155,289,785
		0.05			0.06
Return on assets	Net Profit	1,990,309,348	Return on assets	Net Profit	2,715,952,781
	Divide by: Total Assets	46,035,000,193		Divide by: Total Assets	47,578,491,296
		0.04			0.06
Net profit margin	Net Profit	1,990,309,348	Net profit margin	Net Profit	2,715,952,781
	Divide by: Total Revenue	2,108,888,166		Divide by: Total Revenue	2,840,603,235
		0.94			0.96

Schedule I

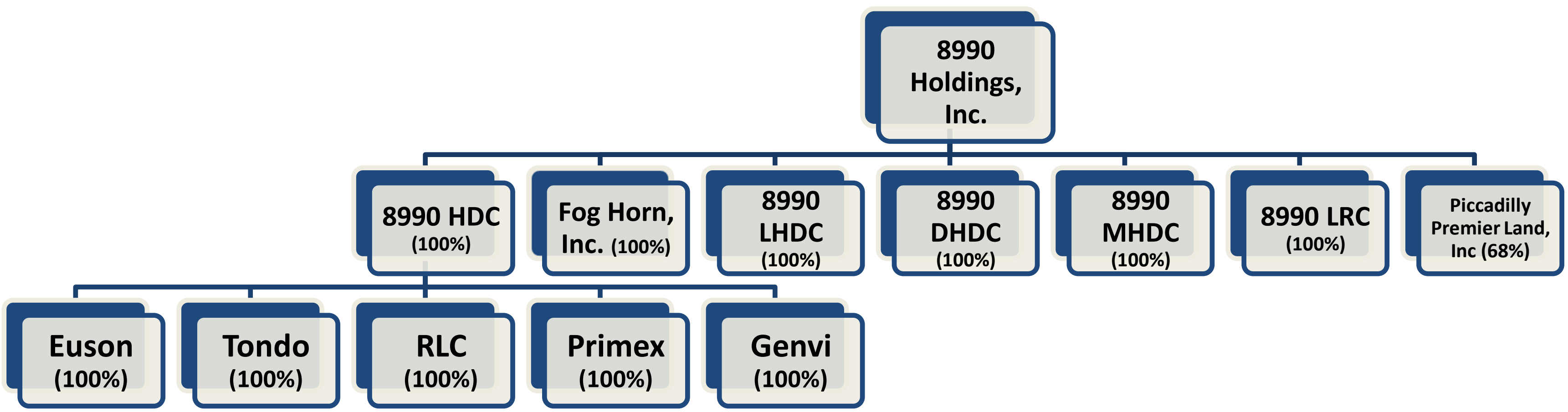
8990 HOLDINGS, INC.
11th Floor Liberty Center, 104 H.V. Dela Costa
Salcedo Village, Makati City

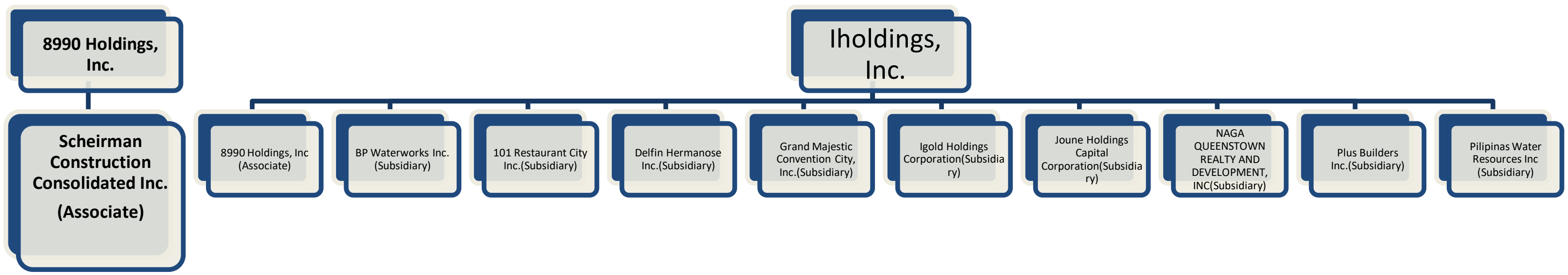
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2022

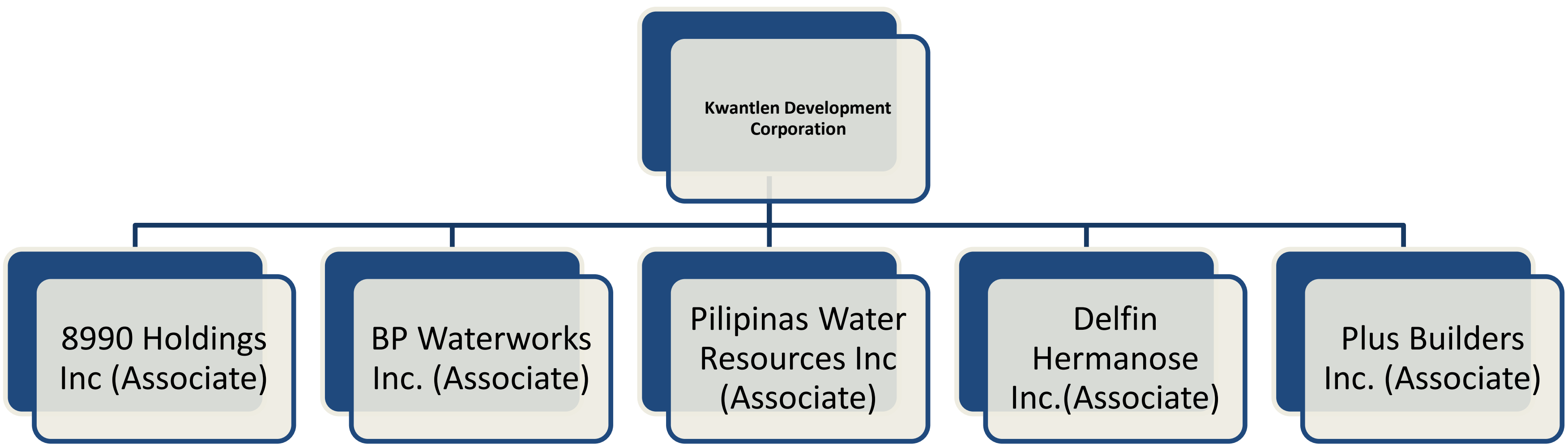
Unappropriated retained earnings at Beginning of Year		P 4,369,876,625
Accumulated share in net profit of associate as at January 1, 2022		(13,214,510)
Treasury shares accounted as at January 1, 2022		(1,806,540,154)
Unappropriated retained earnings as at January 1, 2022, as adjusted		2,550,121,961
Net profit actually earned during the current year		
Net Profit per Audited Financial Statements	P 1,990,309,348	
Equity in net profit of associate during the current year	(67,950,366)	1,922,358,982
Other Transactions During Current Year		
Acquisition of treasury shares	-	
Dividends declared	(504,815,000)	(504,815,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 3,967,665,943**

Schedule III

8990 HOLDINGS, INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE PARENT COMPANY AND ITS SUBSIDIARIES
DECEMBER 31, 2022




8990 Holdings, Inc.
Scheirman Construction Consolidated Inc. (Associate)
Iholdings, Inc.
8990 Holdings, Inc (Associate)
BP Waterworks Inc. (Subsidiary)
101 Restaurant City Inc.(Subsidiary)
Delfin Hermanose Inc.(Subsidiary)
Grand Majestic Convention City, Inc.(Subsidiary)
Igold Holdings Corporation(Subsidiary)
Joune Holdings Capital Corporation(Subsidiary)
NAGA QUEENSTOWN REALTY AND DEVELOPMENT, INC(Subsidiary)
Plus Builders Inc.(Subsidiary)
Pilipinas Water Resources Inc (Subsidiary)


Kwantlen Development Corporation
8990 Holdings Inc (Associate)
BP Waterworks Inc. (Associate)
Pilipinas Water Resources Inc (Associate)
Delfin Hermanose Inc.(Associate)
Plus Builders Inc. (Associate)