



Jeffrey Capelo &lt;jeffreycapelo.8990holdings@gmail.com&gt;

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**8990 Holdings and its subs Sec 17Q 3Q 2022**

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To: jeffreycapelo.8990holdings@gmail.com

Thu, Nov 10, 2022 at 9:43 AM

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For your information and guidance.

Thank you and keep safe.

## COVER SHEET

C S 2 0 0 5 1 1 8 1 6

S.E.C. Registration Number

8 9 9 0 H O L D I N G S , I N C .

(Company's Full Name)

1 1 F L I B E R T Y C E N T E R , 1 0 4 H V D E L A

C O S T A , S A L C E D O V I L L A G E , M A K A T I

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

Roan Buenaventura-Torregoza  
Chief Finance Officer

Contact Person/s

(632)

84789659/85333915/85333917

Company Telephone Number

0 9

Month

3 0

Calendar Year

Day

SEC Form 17-Q  
September 30, 2022

FORM TYPE

0 7

Month

2 5

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

33

Total No. of Stockholders

29

Domestic

4

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2022**

2. Commission identification number **CS 2005 11 816**

3. BIR Tax Identification No **239-508-223-000**

4. Exact name of issuer as specified in its charter

**8990 HOLDINGS, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office Postal Code

**11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**

8. Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**

9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common</b>	<b>5,391,399,020</b>
<b>Preferred Shares</b>	<b>87,000,000</b>

11. 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**

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

# **PART I--FINANCIAL INFORMATION**

## **Item 1. Financial Statements.**

### **8990 HOLDINGS, INC AND SUBSIDIARIES**

### **Unaudited Consolidated Statements of Financial Position (in Philippine Peso)**

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash on hand and in banks (note 5)	1,332,823,261	1,317,182,353	1,655,736,073	1,209,335,327
Current portion of trade and other receivables (note 6)	12,522,357,813	9,070,855,465	4,351,320,159	3,064,791,865
Inventories (note 7)	41,844,840,197	40,776,823,572	41,704,768,481	39,811,966,767
Due from related parties (note 23)	2,070,341,876	1,485,557,572	1,329,051,204	1,194,643,949
Other current assets (note 9)	5,803,521,025	4,811,202,157	5,175,213,415	4,117,299,584
Total Current Assets	63,573,884,173	57,461,621,119	54,216,089,332	49,398,037,492
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables - net of current portion (note 6)	34,558,410,232	26,806,223,594	31,922,025,883	25,838,671,196
Investment securities at fair value through OCI (note 8)	1,276,692,847	1,211,728,980	1,276,692,847	1,211,728,980
Investment in associates	196,273,378		93,214,510	
Property and equipment, net (note 10)	745,475,364	732,529,203	732,260,247	739,270,713
Investment properties (note)	336,815,563	343,139,352	341,522,984	347,961,969
Goodwill (note 9)	526,474,833	526,474,833	526,474,833	526,474,833
Other noncurrent assets (note 9)	479,197,816	497,006,644	449,551,009	419,773,318
Total Noncurrent Assets	38,119,340,033	30,117,102,606	35,341,742,312	29,083,881,009
Total Assets	101,693,224,206	87,578,723,725	89,557,831,644	78,481,918,501
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of trade and other payables (note 12)	12,399,363,545	8,409,567,723	9,181,985,640	5,362,253,908
Current portion of loans payable (note 15)	5,882,167,132	2,197,471,310	17,818,386,428	19,742,369,670
Notes payable (note 13)	500,000,000		500,000,000	
Bonds payable (note 14)		375,500,000	375,019,694	-
Deposits from customers (note 16)	2,446,749,634	875,427,425	875,858,780	858,904,065
Due to related parties (note 23)	239,398,089	197,386,968	81,857,852	233,486,011
Income tax payable	51,499,392	210,878,811	50,421,831	74,499,492
Total Current Liabilities	21,519,177,792	12,266,232,237	28,883,530,224	26,271,513,146
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables - net of current portion (note 1)	931,992,160	1,107,461,529	934,065,292	926,129,506
Loans payable - net of current portion (note 15)	25,683,106,243	26,636,329,860	12,050,788,298	11,470,535,585
Notes payable (note 13)		500,000,000		1,300,000,000
Bonds payable (note 14)		216,884,390	217,612,305	591,475,045
Deferred tax liability	1,180,596,491	1,068,191,563	1,112,713,723	880,455,121
Total Noncurrent Liabilities	27,795,694,892	29,528,867,343	14,315,179,617	15,168,595,257
Total Liabilities	49,314,872,684	41,795,099,580	43,198,709,841	41,440,108,403
<b>EQUITY</b>				
Capital Stock (note 17)	5,604,990,720	5,604,990,720	5,604,990,720	5,567,990,720
Additional paid-in capital (note 17)	12,906,748,668	12,907,118,668	12,906,748,668	9,303,641,204
Treasury Shares (note 17)	(1,806,540,154)	(1,806,540,154)	(1,806,540,154)	(1,806,540,154)
Revaluation reserve	864,371,015	793,588,050	864,446,096	793,760,919
Retained earnings	34,808,781,273	28,284,466,862	28,789,476,472	23,182,957,409
Total Equity	52,378,351,522	45,783,624,146	46,359,121,802	37,041,810,098
	101,693,224,206	87,578,723,726	89,557,831,643	78,481,918,501

(see notes to unaudited consolidated financial statements)

**8990 HOLDINGS, INC. AND SUBSIDIARIES**
**Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)**

	For nine months ended September 30		For the three months ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Reviewed
<b>REVENUES (note 18)</b>				
<b>Real Estate Operations</b>				
Real estate sales	16,883,032,458	15,267,028,197	6,923,396,390	5,335,644,008
Rental income	2,395,340	84,746,279	1,326,955	4,206,883
	16,885,427,798	15,351,774,476	6,924,723,345	5,339,850,891
<b>Hotel operations</b>	100,837,024	-	47,985,088	-
<b>Equity share in net profits of associate</b>	43,058,868		5,595,963	-
	17,029,323,690	15,351,774,476	6,978,304,397	5,339,850,891
<b>COST OF SALES AND SERVICES (note 19)</b>				
<b>Real Estate Operations</b>				
Cost of real estate sales	7,888,177,394	7,590,046,988	2,872,599,295	2,574,692,266
Cost of rental services	-	46,422,655	-	3,943,743
	7,888,177,393	7,636,469,643	2,872,599,294	2,578,636,010
<b>Hotel Operations</b>	41,450,866	-	29,258,938	251,001
	7,929,628,259	7,636,469,643	2,901,858,232	2,578,385,009
<b>Gross Income</b>	9,099,695,430	7,715,304,833	4,076,446,164	2,761,465,882
Operating Expenses (note 20)	2,327,758,458	1,719,434,188	1,021,415,033	475,088,471
Other Operating Income (Expense) (note 22)	1,187,419,188	973,789,804	285,132,628	297,364,852
Finance Costs (note 21)	1,441,757,283	1,313,049,872	693,551,931	478,218,114
Operating Income	6,517,598,876	5,656,610,575	2,646,611,828	2,105,524,149
Provision for Income Tax	223,359,872	227,363,947	1,345,081	133,262,025
Income from Continuing Operations	6,294,239,004	5,429,246,629	2,645,266,747	1,972,262,125
Income from Discontinuing Operations	-			
<b>Net Income</b>	6,294,239,004	5,429,246,629	2,645,266,747	1,972,262,125
Other Comprehensive Income	-		-	-
<b>Total Comprehensive Income</b>	6,294,239,004	5,429,246,629	2,645,266,747	1,972,262,125
<b>Basic/Diluted Earnings Per Share</b>	1.17	1.01	1.34	0.90
(see notes to unaudited consolidated financial statements)				

**8990 HOLDINGS, INC. AND SUBSIDIARIES**
**Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)**

For nine months ended September 30, 2022

	Capital Stock	Treasury Shares	Additional Paid in Capital	Actuarial Gain on Post-employment Benefit Plan	Fair Value Gain on Investment Securities through FVOCI	Subtotal	Retained Earnings	Total
Balance at January 1, 2022	5,604,990,720	(1,806,540,154)	12,906,748,668	(626,807)	865,072,903	864,446,096	28,789,476,472	<b>46,359,121,802</b>
Cash dividends declared by the Parent Company						-	(378,656,625)	<b>(378,656,625)</b>
Retained Earnings from new subsidiary at 68%							103,722,422	<b>103,722,422</b>
Issuance of preferred shares						-		-
Other Comprehensive Income				(75,081)		(75,081)		<b>(75,081)</b>
Comprehensive income for the year						-	6,294,239,004	<b>6,294,239,004</b>
Balance at September 30, 2022	<b>5,604,990,720</b>	<b>(1,806,540,154)</b>	<b>12,906,748,668</b>	<b>(701,888)</b>	<b>865,072,903</b>	<b>864,371,015</b>	<b>34,808,781,273</b>	<b>52,378,351,522</b>

For the year ended December 31, 2021

	Capital Stock	Treasury Shares	Capital	Post-employment	Investment Securities	Subtotal	Retained Earnings	Total Equity
	(see Note 19)	(see Note 19)	(see Note 19)	(see Note 25)	(see Note 10)		19)	
Balances at January 1, 2021	5,567,990,720.00	(1,806,540,154.00)	9,303,641,204.00	(6,798,117.33)	800,559,036.00	793,760,918.67	23,182,957,408.90	37,041,810,098
Cash dividends declared by the Parent Company						-	(1,608,413,144)	(1,608,413,144)
Issuance of Preferred Shares	37,000,000.00		3,603,107,464.00			-		3,640,107,464
Treasury Shares						-		-
Other Comprehensive Income				6,171,310.00	64,513,867.00	70,685,177.00		70,685,177.00
Net profit for the year						-	7,214,932,207	7,214,932,208
Balance at December 31, 2021	<b>5,604,990,720</b>	<b>(1,806,540,154)</b>	<b>12,906,748,668</b>	<b>(626,807)</b>	<b>865,072,903</b>	<b>864,446,096</b>	<b>28,789,476,472</b>	<b>46,359,121,802</b>
Balance at January 1, 2020	5,567,990,720	(1,266,523,478)	9,303,641,204	(5,680,563)	800,559,036	794,878,473	18,652,388,504	33,052,375,422
Cash dividends declared by the Parent Company						-	(301,314,973)	(301,314,973)
Treasury Shares		(540,016,676)				-		(540,016,676)
Other Comprehensive Income				(1,117,554)	-	(1,117,554)		(1,117,554)
Comprehensive income for the year						-	4,831,883,878	4,831,883,878
Balance at December 31, 2020	<b>5,567,990,720</b>	<b>(1,806,540,154)</b>	<b>9,303,641,204</b>	<b>(6,798,117)</b>	<b>800,559,036</b>	<b>793,760,919</b>	<b>23,182,957,409</b>	<b>37,041,810,098</b>

	For nine months ended September 30, 2021							
	Capital Stock	Treasury Shares	Capital	Post-employment	Investment Securities	Subtotal	Retained Earnings	Total
Balance at January 1, 2021	5,567,990,720	(1,806,540,154)	9,303,641,204	(6,798,117)	800,559,036	793,760,919	23,182,957,409	37,041,810,098
Cash dividends declared by the Parent Company						-	(327,737,176)	(327,737,176)
Issuance of preferred shares	37,000,000.00		3,603,477,464.24			-		3,640,477,464
Treasury Shares						-		-
Other Comprehensive Income					(172,869)	(172,869)		(172,869)
Comprehensive income for the year						-	5,429,246,629	5,429,246,629
Balance at September 30, 2021	5,604,990,720	(1,806,540,154)	12,907,118,668	(6,798,117)	800,386,167	793,588,050	28,284,466,862	45,783,624,146



**8990 HOLDINGS, INC. AND SUBSIDIARIES**
**Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)**

	For nine months ended September 30		For years ended December 31	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	6,517,598,876	5,656,610,575	7,663,956,531	4,949,786,878
Adjustments for:				
Interest income	(1,008,323,858)	(944,176,731)	(1,296,434,917)	(850,832,875)
Interest costs	1,441,671,356	1,311,231,180	1,671,222,849	1,669,896,964
Provision for credit and impairment losses	162,880,274	-	379,690,694	89,499,597
Depreciation and amortization	63,214,102	65,617,661	96,794,315	95,699,129
Amortization of bond issue costs	1,778,001	909,346	1,156,954	20,930,305
Loss (gain) on repossession	149,151,367	15,240,720	(121,459,771)	(228,979,046)
Gain on sale of AFS	-	-	-	(3,322,025)
Equity in net earnings of associate	(103,058,868)	-	(13,214,510)	-
Retained Earnings from new subsidiary at 68%	103,722,422	-	-	-
Retirement expense	-	-	3,465,015	4,046,601
Operating income before changes in working capital	7,328,633,671	6,105,432,751	8,385,177,160	5,746,725,529
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(10,970,302,278)	(6,173,615,999)	(7,701,615,560)	(7,118,816,369)
Inventories	(289,223,083)	(980,097,526)	(1,771,341,943)	(2,537,062,584)
Other assets	(661,188,743)	(768,762,419)	(1,101,649,829)	255,015,711
Increase (decrease) in:				
Trade and other payables	3,221,319,422	2,796,050,004	3,780,022,658	(447,713,254)
Deposits from customers	1,570,890,854	16,523,360	16,954,715	185,211,321
Net cash provided by (used in) operations	200,129,843	995,530,171	1,607,547,202	(3,916,639,647)
Interest received	1,008,323,858	944,176,731	1,232,922,366	787,250,581
Income tax paid	(222,282,311)	(90,984,628)	(473,101,985)	(65,658,423)
Net cash from (used in) operating activities	986,171,388	1,848,722,274	2,367,367,582	(3,195,047,489)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash advances to related parties				
Loans granted to a third party				
Collections of advances to related parties			129,262,088	
Interest received from loans to a third party			59,000,495	
Acquisition of a new subsidiary				(410,000,000)
Cash advances granted to/collected from related parties			(307,115,403)	(198,094,854)
Loans granted to a third party				-
Interest received from loans to a third party				54,703,416
Acquisitions of:				
Property and equipment	(68,487,473)	(56,410,653)	(69,820,197)	(31,066,008)
Investment in associates	-	-	(80,000,000)	
Investment properties	-	(16,360)	(16,360)	(734,746)
Net cash used in investing activities	(68,487,472)	(56,427,013)	(268,689,376)	(580,735,593)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of cash dividends	(378,656,625)	(327,737,176)	(1,557,538,144)	(301,314,973)
Availment (retirement) of loans payable	1,696,098,649	(3,179,104,085)	(1,343,730,529)	13,248,512,205
Interest paid on loans and bonds	(1,379,878,318)	(691,071,774)	(1,426,393,988)	(1,510,804,310)
Cash advances from related parties			1,554,822	151,382,487
Availment (Repayment) of advances from related parties	(583,750,434)	(327,012,665)	(153,182,981)	(481,819)
Repayment of leasing liabilities			(13,094,103)	
Issuance of corporate bonds				(8,405,590,000)
Issuance of preferred shares	-	3,640,477,464	3,640,107,464	
Payment of notes/Bonds	(594,410,000)	(800,000,000)	(800,000,000)	1,300,000,000
Buyback of shares(treasury stocks)	-	-	-	(540,016,676)
Net cash provided by (used in) financing activities	(1,240,596,728)	(1,684,448,235)	(1,652,277,459)	3,941,686,914
Effect of changes in foreign exchange rates on hand and in banks	-	-	-	-
Net increase (decrease) in cash on hand and in banks	(322,912,812)	107,847,026	446,400,747	165,903,831
Cash Balance at the beginning of the year	1,655,736,074	1,209,335,327	1,209,335,327	1,043,431,496
Cash Balance at the end of the year	1,332,823,262	1,317,182,353	1,655,736,074	1,209,335,327
(see notes to unaudited consolidated financial statements)				

**8990 HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Unaudited Consolidated Financial Statements**

**1. Summary of Significant Accounting Policies**

Basis of Preparation

The accompanying unaudited financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2021.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying reports. The estimates and assumptions used on the accompanying unaudited financial statements are based upon management's evaluation of relevant facts and circumstances which are used as indicators affecting the results as of the date of the unaudited financial statements. Actual results could differ from such estimates.

The accompanying unaudited financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of 8990 Holdings, Inc. All values are rounded to the nearest peso except when otherwise indicated.

**2. Basis of Consolidation**

The unaudited consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries:

- 8990 Housing Development Corporation
- Fog Horn, Inc.
- 8990 Luzon Housing Development Corporation
- 8990 Davao Housing Development Corporation
- 8990 Mindanao Housing Development Corporation
- 8990 Leisure and Resorts Corporation

Also included in the consolidation are the financial statements of the wholly owned subsidiaries of 8990 Housing Development Corporation as follows:

- Euson Realty and Development Corporation
- Tondo Holdings Corporation
- Primex Land, Inc.
- 8990 Coastal Estates, Inc.
- 8990 Monterrazas Corporation (formerly Genvi Development Corporation)

Control is achieved when the Parent Company is exposed, or has the 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 Parent Company controls an investee if and only if the Parent Company has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- The contractual arrangement with the other voting shareholders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The consolidated financial statements are prepared for the same reporting period as the Parent Company's financial statements, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e. controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such business combinations similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values in the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value consideration received, is also accounted for as an equity transaction.

The Group recorded the above difference as Equity Reserve and is presented as a separate component of equity in the consolidated statement of financial position. Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of combination.

The Group consolidated the assets, liabilities, income and expenses of the Parent Company starting May 2012, which was the date when the controlling shareholders acquired or gained control over the Parent Company.

### **3. Segment Information**

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

#### *Low-cost mas Mass Housing*

This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

#### *Medium-rise Condominium Units*

This segment pertains to the medium-rise condominium segment of the Group. It caters to the development and sale of condominium units.

#### *High-rise Condominium Units*

This segment pertains to the high-rise condominium segment of the Group. It caters to the development and sale of condominium units with more than four (4) storeys.

#### *Hotel Operations*

This segment pertains to the activities from hotel operations, which are considered incidental revenues while the Group has not yet sold all of the timeshares of its vacation hotel, Azalea Baguio Residences.

The hotel operation's peak season is during the holiday and summer seasons. For other supplementary businesses, there is no significant seasonality that would materially affect their operations. This information is provided to allow for a proper appreciation of the results of the Company's operations.

The Group has only one geographical business segment as all the assets and liabilities are located in the Philippines. The Group derives all of its revenues from domestic operations. Thus, geographical business segment information is not presented. No operating segments have been aggregated to form the above operating business segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of comprehensive income. This segment information is presented monthly to the Parent Company' BOD who is the Chief Operating Decision Maker. Finance income consists on interest earned from installment contract receivables and deposits in banks.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the statement of financial position which is in accordance with PFRS. Capital expenditures represent acquisitions of 'Property and equipment', and 'Investment properties'. The Group has no significant customer which contributes 10% or more of their segment revenue.

#### 4. Cash on Hand and in Banks

This account consists of:

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Cash on hand	38,264,488	35,665,195	33,736,447	121,896,088
Cash in banks	1,287,745,581	1,281,517,157	1,591,856,278	1,069,293,162
Short-term placements	6,813,192	-	30,143,349	18,146,077
	1,332,823,261	1,317,182,353	1,655,736,073	1,209,335,327

#### 5. Trade and Other Receivables

This account consists of:

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Current:				
Trade Receivables				
Installment contract receivables	2,192,530,783	3,591,086,507	1,006,619,166	313,057,548
Finance lease receivables	180,184,298	62,452,990	216,761,058	5,116,093
Advances to external marketing managers	60,856,698	60,856,698	60,856,698	60,856,698
Retention Receivables	2,093,577,980	1,447,417,238	1,684,683,308	1,141,341,903
Receivables from employees	7,400,843,607	1,065,090,851	1,037,406,161	867,313,590
Contract Assets	102,421,138	102,421,138	102,421,138	101,803,550
Other Receivables	1,211,599,932	3,007,201,195	966,263,620	974,078,245
	13,242,014,436	9,336,526,616	5,075,011,148	3,463,567,627
Less: Allowance for impairment losses	719,656,623	265,671,151	723,690,989	398,775,762
	12,522,357,813	9,070,855,465	4,351,320,159	3,064,791,865
Non-current:				
Trade Receivables				
Installment contract receivables	33,419,696,513	25,773,035,238	30,783,312,161	24,572,014,637
Finance lease receivables	741,760,281	636,234,917	741,760,281	869,703,119
Loans Receivables	396,953,440	396,953,440	396,953,440	-
	34,558,410,234	26,806,223,595	31,922,025,882	25,838,671,196
	47,080,768,047	35,877,079,060	36,273,346,041	28,903,463,061

Seventy three percent (73%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP2,192.53 million which pertains to portion of receivables from buyers due within one (1) year.

## 6. Inventories

This account consists of:

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Real estate inventories				
Low-cost mass housing	14,600,986,563	22,037,246,026	14,552,111,117	12,215,209,382
Medium-rise condominium units	2,019,368,089	2,009,139,925	2,012,608,442	1,865,567,846
High-rise condominium units	20,585,841,828	15,250,126,538	20,516,932,634	21,092,938,371
Developed subdivision lots	4,638,643,717	1,480,311,083	4,623,116,288	4,638,251,168
	41,844,840,197	40,776,823,572	41,704,768,481	39,811,966,767

## 7. Investment Securities at FVOCI

The amount is composed of unquoted equity securities in the following investee entities:

	2022	2021
ALRC	P 1,247,947,347	P 1,182,983,480
ARVI	28,112,000	28,112,000
Pico de Loro	633,500	633,500
	<u>P 1,276,692,847</u>	<u>P 1,211,728,980</u>

Investment securities at FVOCI of the Group represent investments in preferred shares of ALRC and Azalea Resort and Vacation Club, Inc. (ARVI), and shares of stock of Pico de Loro Beach and Country Club (Pico de Loro).

ALRC's primary purpose is to operate, maintain and/or manage a membership club. ALRC's preferred shares represent membership rights to the club including the right to use a specific unit of the building acquired from the Group and other facilities/amenities for one day per calendar year.

## 8. Other Assets

This account consists of:

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Current				
Advances to contractors	3,545,382,549	3,461,570,593	3,387,450,908	3,493,188,930
Advances to brokers	120,442,236	64,867,135	68,831,826	47,143,399
Input tax	965,060,540	514,726,416	671,153,435	142,956,233
Advances to landowners	157,974,773	157,974,773	157,974,773	157,974,773
Creditable withholding tax	876,033,017	593,167,574	695,819,231	183,008,572
Prepaid expenses	153,274,133	83,442,506	168,033,183	15,286,037
Others	52,058,386	40,637,579	92,654,667	133,116,843
	5,870,225,634	4,916,386,577	5,241,918,024	4,172,674,787
Less: Allowance for impairment losses	66,704,609	105,184,420	66,704,609	55,375,203
	5,803,521,025	4,811,202,157	5,175,213,415	4,117,299,584
Non-current				
Deposits	203,386,108	186,354,731	189,279,842	186,924,166
Goodwill	526,474,833	526,474,833	526,474,833	526,474,833
Software cost	58,250,024	58,250,024	58,250,024	58,250,024
Investment in joint operations	188,540,314	64,079,024	175,525,350	160,512,116
Right-of-use assets net	26,308,345	15,198,601	23,782,767	11,373,986
Others	5,225,000	391,966,569	5,225,000	5,225,000
	1,008,184,623	1,242,323,782	978,537,816	948,760,125
Less: Allowance for impairment losses	2,511,974	218,842,305	2,511,974	2,511,974
	1,005,672,649	1,023,481,477	976,025,842	946,248,151
	6,809,193,675	5,834,683,634	6,151,239,257	5,063,547,735

## 9. Property and Equipment

This account consists of:

30-Sep-22

Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Asset	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	611,562,076	11,230,076	34,696,217	154,291,657	119,395,009	164,596,505	45,644,134	1,272,981	1,250,093,665
Additions	-	1,190,176	-	-	18,624,634	12,525,000	24,591,821	10,847,213	708,630	68,487,473
Transfers/Disposals	-									-
Balances at end of year	<b>107,405,010</b>	<b>612,752,252</b>	<b>11,230,076</b>	<b>34,696,217</b>	<b>172,916,292</b>	<b>131,920,009</b>	<b>189,188,326</b>	<b>56,491,347</b>	<b>1,981,611</b>	<b>1,318,581,139</b>
Accumulated Depreciation and Amortization				-						
Balances at beginning of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	1,061,530	508,863,418
Depreciation and Amortization	-	22,819,565	64,286	2,820,475	14,305,932	6,096,275	8,422,890	-	742,935	55,272,357
Transfers/Disposals	-							-	-	-
Balances at end of year	-	144,339,926	10,522,933	29,926,750	128,417,890	101,926,423	147,197,387	-	1,804,465	564,135,775
		144,339,926	10,522,933	29,926,750	128,417,890	101,926,423	147,197,387		1,804,465	564,135,775
Accumulated Impairment Losses			-							
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>468,412,327</b>	<b>707,142</b>	<b>4,769,467</b>	<b>44,498,401</b>	<b>29,993,586</b>	<b>41,990,939</b>	<b>56,491,347</b>	<b>177,145</b>	<b>745,475,364</b>



	30-Sep-21 Unaudited									
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Low Value Asset	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	-	1,180,273,468
Additions	-	-	-	1,936,224	2,309,754	4,475,060	1,777,389	45,188,664	723,562	56,410,653
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	<b>107,405,010</b>	<b>611,552,255</b>	<b>11,230,076</b>	<b>34,696,217</b>	<b>151,186,464</b>	<b>119,420,010</b>	<b>154,826,395</b>	<b>45,644,134</b>	<b>723,562</b>	<b>1,236,684,121</b>
Accumulated Depreciation and Amortization				-						
Balances at beginning of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	-	432,032,755
Depreciation and Amortization	-	25,433,073	-	3,436,641	9,761,715	12,787,816	11,028,834	-	704,084	63,152,163
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	-	113,918,162	10,458,648	25,876,331	110,992,196	97,470,397	135,765,101	-	704,084	495,184,918
		113,918,162	10,458,648	25,876,331	110,992,196	97,470,397	135,765,101			494,480,834
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>497,634,093</b>	<b>771,428</b>	<b>8,819,886</b>	<b>40,194,268</b>	<b>21,949,613</b>	<b>19,061,294</b>	<b>45,644,134</b>	<b>19,478</b>	<b>732,529,203</b>

	31-Dec-21 Audited									
	Land	Building	Improvements	Improvements	Fixtures	and Equipment	Vehicles	Progress	Assets	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	611,552,255	11,230,076	32,759,993	148,876,710	114,944,950	153,049,006	455,470	-	1,180,273,468
Additions	-	9,821	771,429	1,936,224	5,414,947	4,450,059	11,547,500	45,188,664	1,272,981	70,591,626
Transfers/Disposals/Reclass	-								-	-
Balances at end of year	<b>107,405,010</b>	<b>611,562,076</b>	<b>11,230,076</b>	<b>34,696,217</b>	<b>154,291,657</b>	<b>119,395,009</b>	<b>164,596,505</b>	<b>45,644,134</b>	<b>1,272,981</b>	<b>1,250,865,094</b>
Accumulated Depreciation and Amortization				0						
Balances at beginning of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	-	432,032,755
Depreciation and Amortization	-	33,035,272	(0)	4,666,585	12,881,478	11,147,568	14,038,231	-	1,061,530	76,830,663
Transfers/Disposals/Reclass	-							-	-	-
Balances at end of year	-	121,520,361	10,458,647	27,106,275	114,111,959	95,830,148	138,774,497	-	1,061,530	508,863,418
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>490,041,716</b>	<b>771,428</b>	<b>7,589,942</b>	<b>40,179,698</b>	<b>23,564,860</b>	<b>25,822,008</b>	<b>45,644,134</b>	<b>211,450</b>	<b>732,260,247</b>

	31-Dec-20								
	Audited								
	Land	Building	Improvements	Improvements	Fixtures	and Equipment	Vehicles	Progress	Total
<b>Cost</b>									
Balances at beginning of year	107,405,010	610,023,699	10,458,647	31,152,995	132,116,056	111,283,708	146,311,875	5,250,087	1,094,813,682
Additions	-	1,528,556	771,429	1,606,998	16,760,654	3,661,242	6,737,131		<b>78,241,258</b>
Transfers/Disposals	-							(4,794,617)	-
Balances at end of year	<b>107,405,010</b>	<b>611,552,255</b>	<b>11,230,076</b>	<b>32,759,993</b>	<b>148,876,710</b>	<b>114,944,950</b>	<b>153,049,006</b>	<b>455,470</b>	<b>1,173,054,940</b>
Accumulated Depreciation and Amortization				-					
Balances at beginning of year	-	58,139,997	10,458,648	18,394,818	80,012,721	75,001,686	106,526,011	-	259,369,532
Depreciation and Amortization	-	30,345,092	-	4,044,872	21,217,760	9,680,894	18,210,256	-	<b>96,248,999</b>
Transfers/Disposals	-							-	-
Balances at end of year	-	88,485,089	10,458,648	22,439,690	101,230,481	84,682,581	124,736,267	-	355,618,531
Accumulated Impairment Losses									
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>523,067,166</b>	<b>771,428</b>	<b>10,320,303</b>	<b>47,646,229</b>	<b>30,262,369</b>	<b>28,312,739</b>	<b>455,470</b>	<b>739,270,713</b>

**10. Investment Properties**

This account consists of:

30-Sep-22 Unaudited				
	Land	Building	Land Improvements	Total
<b>Cost</b>				
Balances at beginning of year	268,313,360	8,832,630	120,220,209	<b>397,349,840</b>
Additions	-	-	-	-
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,220,209	<b>397,349,839</b>
<b>Accumulated Depreciation and Amortization</b>				
Balances at beginning of year	-	5,266,496	50,576,720	<b>55,843,216</b>
Depreciation and Amortization	-	331,224	4,376,196	<b>4,707,420</b>
Balances at end of year	-	5,597,719	54,952,915	<b>60,550,635</b>
<b>Net Book Value</b>	<b>268,313,360</b>	<b>3,234,911</b>	<b>65,267,293</b>	<b>336,815,563</b>

30-Sep-21 Unaudited				
	Land	Building	Land Improvements	Total
<b>Cost</b>				
Balances at beginning of year	268,313,360	8,832,630	120,203,849	397,349,840
Additions	-	-	16,360	16,360
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,366,199
	268,313,360	8,832,630	120,220,209	
<b>Accumulated Depreciation and Amortization</b>				
Balances at beginning of year	-	4,824,864	44,563,006	49,387,870
Depreciation and Amortization	-	331,224	4,507,753	4,838,977
Balances at end of year	-	5,156,088	49,070,759	54,226,847
<b>Net Book Value</b>	<b>268,313,360</b>	<b>3,676,542</b>	<b>71,149,450</b>	<b>343,139,352</b>

31-Dec-21 Audited				
	Land	Building	Land Improvements	Total
<b>Cost</b>				
Balances at beginning of year	268,313,360	8,832,630	120,203,849	397,349,840
Additions	-	-	16,360	16,360
Transfers/Reclassification to REI	-	-	-	-
Balances at end of year	268,313,360	8,832,630	120,220,209	397,366,200
	268,313,360	8,832,630	120,220,209	
<b>Accumulated Depreciation and Amortization</b>				
Balances at beginning of year	-	4,824,864	44,563,006	49,387,870
Depreciation and Amortization	-	441,631	6,013,714	6,455,346
Balances at end of year	-	5,266,496	50,576,720	55,843,216
		5,266,496	50,576,720	
<b>Net Book Value</b>	<b>268,313,360</b>	<b>3,566,134</b>	<b>69,643,489</b>	<b>341,522,984</b>

31-Dec-20				
Audited				
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	267,587,747	8,832,630	120,194,716	396,615,093
Additions	725,614	-	9,133	734,747
Transfers/Reclassification to REI		-		-
Balances at end of year	268,313,360	8,832,630	120,203,849	397,349,840
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,383,233	38,552,928	42,936,160
Depreciation and Amortization	-	441,631	6,010,078	6,451,710
Balances at end of year	-	4,824,864	44,563,006	49,387,870
Net Book Value	268,313,360	4,007,766	75,640,843	347,961,969

## 11. Trade and Other Payables

This account consists of:

	30-Sep		31-Dec	
	2022 Unaudited	2021 Unaudited	2021 Audited	2020 Audited
Current				
Trade and accounts payables	2,370,129,328	3,347,869,132	682,023,802	1,342,731,519
Accrued expenses	1,615,320,139	1,299,137,297	2,317,792,081	2,094,584,837
Interest Payable	255,519,724	78,008,948	244,828,861	159,092,654
Retention payables	1,014,284,303	705,056,430	923,418,635	827,903,673
Withholding tax payables	14,966,046	59,959,299	87,652,152	30,166,033
Construction bonds	95,155,921	87,317,554	92,504,764	88,796,718
Net out put tax	394,280,421	78,428,943	140,677,113	154,610,131
Lease liabilities	15,663,690	12,638,379	10,624,614	8,364,332
Contract Liabilities	1,553,279	5,215,079	1,553,279	1,553,279
Deposits	145,586,809	323,732,684	145,586,809	145,753,250
Others	6,476,903,883	2,412,203,978	4,535,323,530	508,697,483
	12,399,363,545	8,409,567,723	9,181,985,641	5,362,253,908
Non-current				
Pension Liability	14,176,306	16,649,917	14,176,306	16,755,805
Contract Liabilities	906,194,448	896,711,786	906,194,448	906,098,242
Retention payables		191,006,930	-	-
Lease liabilities	11,621,407	3,092,896	13,694,540	3,275,459
	931,992,162	1,107,461,529	934,065,295	926,129,506
	13,331,355,707	9,517,029,252	10,116,050,935	6,288,383,414

**12. Loans Payable**

This account consists of:

	30-Sep		31-Dec	
	2022	2021	2021	2020
	Unaudited	Unaudited	Audited	Audited
Short-term loans payable	5,882,167,132	2,197,471,310	17,818,386,428	19,742,369,670
Long-term loans payable	25,683,106,243	26,636,329,860	12,050,788,298	11,470,535,585
	31,565,273,374	28,833,801,170	29,869,174,726	31,212,905,255

**13. Deposits from Customers**

This account represents downpayments made by the real estate buyers for the purchase of residential housing units and timeshares. Once the residential unit is ready for occupancy, delivered and accepted by the buyer, the amount is removed from the liability account and is classified as part of sales.

**14. Revenue**

This account consists of:

	Nine Months ended September 30		Three Months Ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	5,229,278,041	5,452,928,073	1,347,531,611	1,598,922,017
Medium-rise condominium units	1,470,650,645	2,107,461,436	784,075,546	1,031,988,477
High-rise condominium units	9,658,447,821	6,732,219,041	4,538,850,878	1,991,602,952
Developed subdivision lots	524,655,951	974,419,647	252,938,355	713,130,563
	16,883,032,458	15,267,028,197	6,923,396,390	5,335,644,008
Rental income	2,395,340	84,746,279	1,326,955	4,206,883
Equity share in net profits of ass	43,058,868	-	5,595,963	-
	16,928,486,666	15,351,774,476	6,930,319,308	5,339,850,891
Hotel Operations	100,837,024	-	47,985,088	-
	17,029,323,690	15,351,774,476	6,978,304,397	5,339,850,891

**15. Cost of Sales and Services**

This account consists of:

	Nine Months Ended September 30		Three Months Ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	2,183,185,187	2,521,030,024	521,439,662	787,357,778
Medium-rise condominium units	765,957,603	973,123,514	215,918,527	506,340,560
High-rise condominium units	4,812,821,872	3,692,509,069	2,102,748,291	1,008,398,115
Developed subdivision lots	126,212,732	403,384,381	32,492,815	272,595,813
	7,888,177,394	7,590,046,988	2,872,599,295	2,574,692,266
Cost of rental services	-	46,422,655	-	3,943,743
	7,888,177,393	7,636,469,643	2,872,599,294	2,578,636,009
Hotel operations				
Cost of hotel operations	41,450,866	-	29,258,938	(251,001)
	7,929,628,259	7,636,469,643	2,901,858,232	2,578,385,008

**16. Operating Expenses**

This account consists of:

	Nine Months Ended September 30		Three Months Ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Marketing and selling	714,991,510	547,117,801	276,317,091	162,490,469
Documentation	425,019,127	336,955,560	196,382,408	119,699,163
Taxes and licenses	352,920,983	304,932,426	157,754,640	57,337,328
Salaries and employee benefits	152,754,418	121,916,569	58,561,541	37,751,620
Depreciation and amortization	63,214,102	65,617,661	19,857,994	22,822,723
Security, messengerial and janitorial	65,680,807	59,516,118	19,033,087	20,253,467
Management and professional fees	69,974,379	39,306,773	29,062,621	16,166,795
Communication, light and water	38,992,667	41,510,456	8,818,350	10,548,664
Entertainment, amusement and representation	28,793,197	39,250,396	12,931,362	34,548,913
Repairs and maintenance	47,280,324	32,061,234	13,857,718	13,381,120
Supplies	18,738,952	16,021,885	6,854,216	5,223,457
Rent	12,327,942	12,689,366	2,952,022	6,102,726
Transportation and travel	20,949,226	10,441,023	7,705,309	3,686,229
Insurance	19,815,923	8,688,774	10,423,327	2,757,987
Subscription dues and fees	7,766,178	4,281,543	2,470,920	(1,455,417)
Miscellaneous	288,538,725	79,126,604	198,432,427	(36,226,773)
	2,327,758,457	1,719,434,188	1,021,415,033	475,088,471

**17. Finance Costs**

This account consists of:

	Nine Months Ended September 30		Three Months Ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Borrowings	1,379,878,318	1,243,084,719	672,355,380	404,596,826
Accretion	-	909,346	-	-
Bonds & Notes	61,793,038	68,027,684	21,205,038	68,937,030
Bank charges	85,927	118,778	(8,486)	4,684,258
Net interest expense on pension obligation			-	-
	1,441,757,283	1,312,140,527	693,551,931	478,218,114

**18. Other Operating Income**

This account consists of:

	Nine Months Ended September 30		Three Months Ended September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Interest Income from:				
Installment contract receivables	1,007,094,112	907,256,303	253,391,714	241,373,697
Cash in banks and long term investments	1,229,746	36,920,428	447,058	36,458,373
Penalties	9,760,809	20,146,567	3,432,973	18,452,114
Gain on repossession of inventories	149,151,367		19,547,608	-
Miscellaneous Income (Expense)	20,183,154	9,466,506	8,313,275	1,080,667
	1,187,419,188	973,789,804	285,132,628	297,364,852

## 19. Related Party Transactions

30-Sep-22  
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	<b>2,070,341,876</b>	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	<b>239,398,089</b>	Non-interest bearing, payable on demand	Unsecured

30-Sep-21  
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,485,557,572	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	197,386,968	Non-interest bearing, payable on demand	Unsecured

31-Dec-21  
Audited

Related Party	Transaction	Account	Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,329,051,204	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	81,857,852	Non-interest bearing, payable on demand	Unsecured

31-Dec-20  
Audited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	1,352,083,767	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	233,486,011	Non-interest bearing, payable on demand	Unsecured



## Item 2. Management Discussions and Analysis

### Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. for as of September 30, 2022 and 2021, both unaudited.

Consolidated Balance Sheet	As of September 30, 2022 Unaudited	As of September 30, 2021 Unaudited	Increase Amount	%
Total Assets	101,693,224,206	87,578,723,725	14,114,500,481	16.12%
Current Assets	63,573,884,173	57,461,621,119	6,112,263,054	10.64%
Trade Receivables	47,080,768,045	35,877,079,059	11,203,688,987	31.23%
Total Liabilities	49,314,872,684	41,795,099,580	7,519,773,104	17.99%
Current Liabilities	21,519,177,792	12,266,232,237	9,252,945,555	75.43%
Loans Payable	31,565,273,374	28,833,801,170	2,731,472,204	9.47%
Stockholder's Equity	52,378,351,522	45,783,624,146	6,594,727,376	14.40%
Permitted Liens	10,169,322,421	8,757,872,373	1,411,450,048	16.12%
Loans under Permitted Liens	4,801,848,045	4,504,491,821	297,356,224	6.60%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2022 and 2021, both unaudited.

Consolidated Statements of Income	As of September 30, 2022 Unaudited	As of September 30, 2021 Unaudited	Increase Amount	%
Revenue	17,029,323,690	15,351,774,476	1,677,549,214	10.93%
Gross Income	9,099,695,430	7,715,304,833	1,384,390,597	17.94%
Operating Expenses	2,327,758,458	1,719,434,188	608,324,270	35.38%
Net Operating Income	6,771,936,972	5,995,870,645	776,066,328	12.94%
EBITDA	8,022,570,262	7,035,278,110	987,292,152	14.03%
Net Income Before Tax	6,517,598,876	5,656,610,575	860,988,300	15.22%
Net Income After Tax	6,294,239,004	5,429,246,629	864,992,375	15.93%

Tables below show quarter three 2022 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of September 30, 2022 Unaudited	As of September 30, 2021 Unaudited
Current Ratio	2.95	4.68
Book Value Per Share	8.10	6.88
Debt to Equity Ratio	0.94	0.91
Net Debt to Equity Ratio	0.58	0.61
Asset to Equity Ratio	1.94	1.91
Asset to Debt Ratio	2.06	2.10
Interest Coverage Ratio	4.91	4.82

Key Performance Indicators	As of September 30, 2022 Unaudited	As of September 30, 2021 Unaudited
Gross Margin	53.44%	50.26%
EBITDA Margin	47.11%	45.83%
Net Income Margin	36.96%	35.37%
Earnings per share	1.17	1.01

## **Description of Consolidated Statements of Comprehensive Income Line Items**

### **Revenue**

8990 Holdings, Inc.'s (the Company) sales primarily comprise revenues received from its sales of low-cost mass housing units and subdivision lots, medium-rise and high-rise building housing units, as well as revenues derived from its rental and hotel operations. Equity share on investments of 8990 Holdings, Inc is also recorded as top line revenue.

### **Cost of Sales and Services**

Cost of sales and services comprises of 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 medium-rise condominium units, costs of sales from sales of high-rise condominium units, and costs of sales from rental and hotel operations.

### **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 deferred income tax liabilities recognized.

## **Results of Operations**

### ***Nine months ended September 30, 2022 compared to nine months ended September 30, 2021***

#### ***Revenue***

For the nine months ended September 30, 2022, the Company recorded consolidated revenue of PhP17,029.3 million, 11% increase from consolidated revenue of PhP15,351.8 million recorded for the nine months ended September 30, 2021. The increase was mainly attributable to the increased sales in NCR, Bulacan, Cebu and Davao.

#### ***Cost of Sales and Services***

The Company's consolidated cost of sales and services for the nine months ended September 30, 2022 was PhP7,929.6 million, an increase from consolidated cost of sales and services of PhP7,636.5 million recorded for the nine months ended September 30, 2021. The increase was mainly attributable to higher levels of sale recorded for the period compared to previous year.

#### ***Gross Income***

The Company's consolidated gross income for the nine months ended September 30, 2022 was PhP5,023.2 million, an increase from consolidated gross income of PhP9,099.7 million recorded for the nine months ended September 30, 2021. The Company's gross income margin for the nine months ended September 30, 2022 was 53.4%, compared to a gross income margin of 50.3% recorded for the nine months ended September 30, 2021. The Company attributes its strong and maintained gross income margin to its sound internal financial planning policies with respect to land banking activities and project budgeting process.

#### ***Operating Expenses***

For the nine months ended September 30, 2022, the Company recorded consolidated operating expenses of PhP2,327.8 million, an increase from consolidated operating expenses of PhP1,719.4 million recorded for the nine months ended September 30, 2021.

#### ***Finance Costs***

The Company's consolidated finance costs for the nine months ended September 30, 2022 were PhP1,441.8 million, an increase from consolidated finance costs of PhP1,313.0 million recorded for the nine months ended September 30, 2021. The increase was mainly attributable to higher interest rate imposed on the said loans compared to the previous year.

#### ***Other Operating Income***

For the nine months ended September 30, 2022, the Company recorded consolidated other income of PhP1,187.4 million, a significant increase from the consolidated other income of PhP973.8 million recorded for the nine months ended September 30, 2021. Interest income on the Company's installment contract receivables under its CTS In-house financing program contributes to the majority of the other income.

#### *Income before Income Tax*

The Company's consolidated income before income tax for the nine months ended September 30, 2022 was PhP6,517.6 million, an increase from consolidated income before income tax of PhP5,656.6 million recorded for the nine months ended September 30, 2021.

#### *Provision for Income Tax*

The Company's consolidated provision for income tax for the nine months ended September 30, 2022 was PhP223.4 million, a slight decline from consolidated provision for income tax of PhP227.4 million recorded for the nine months ended September 30, 2021. The decrease was mainly attributable to the Company's increased sales from projects accredited with Board of Investments for income tax holiday.

#### *Net Income*

As a result of the foregoing, the Company's consolidated net income for the nine months ended September 30, 2022 was PhP6,294.2 million, a 16% increase from consolidated net income of PhP5,429.2 million recorded for the nine months ended September 30, 2021. The Company's consolidated net income margin for the nine months ended September 30, 2022 was 37.0%, compared to a consolidated net income margin of 35.4% for the nine months ended September 30, 2021.

### **Financial Position**

#### ***As at September 30, 2022 compared to as at September 30, 2021***

#### ***Assets***

##### *Cash on Hand and in Banks*

The Company's consolidated cash on hand and in banks were PhP1,332.8 million as at September 30, 2022, a significant increase from consolidated cash on hand and in banks of PhP1,317.2 million as at September 30, 2021. Increase in cash is due to quarter end credit of proceeds from migration of receivables via housing loan of buyers from HDMF and partner banks.

##### *Current portion of trade and other receivables*

The Company's consolidated current portion of trade and other receivables were PhP12,522.4 million as at September 30, 2022, an increase from consolidated current portion of trade and other receivables of PhP9,070.9 million as at September 30, 2021.

##### *Inventories*

The Company's consolidated inventories were PhP41,844.8 million as at September 30, 2022, an increase of 3% from consolidated inventories of PhP40,776.8 million as at September 30, 2021. The increase is due to increased inventory for high rise condominium projects.

##### *Due from related parties*

The Company's consolidated due from related parties were PhP2,070.3 million as at September 30, 2022, a 39.4% increase from consolidated due from related parties of PhP1,485.6 million as at September 30, 2021.

#### *Other current assets*

The Company's consolidated other current assets were PhP5,803.5 million as at September 30, 2022, an increase of 20.6% from consolidated other current assets of PhP4,811.2 million as at September 30, 2021, primarily due to increased advances to contractors in relation to construction on 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 PhP34,558.4 million as at September 30, 2022, a 28.9% increase from consolidated trade and other receivables - net of current portion of PhP26,806.2 million as at September 30, 2021. The increase was due to additional sales which availed of CTS in-house financing scheme.

#### *Property and equipment*

The Company's consolidated property and equipment was PhP745.5 million as at September 30, 2022, an increase from consolidated property and equipment of PhP732.5 million as at September 30, 2021.

#### *Investment properties*

The Company's consolidated investment properties were PhP336.8 million as at September 30, 2022, a decrease from consolidated investment properties of PhP343.1 million as at September 30, 2021.

#### *Other noncurrent assets*

The Company's other noncurrent assets including goodwill were PhP1,005.7 million as at September 30, 2022, a decrease from other noncurrent assets of PhP1,023.5 million as at September 30, 2021.

### ***Liabilities***

#### *Current portion of trade and other payables*

The Company's consolidated current portion of trade and other payables were PhP12,399.4 million as at September 30, 2022, an increase from consolidated current portion of trade and other payables of PhP8,409.6 million as at September 30, 2021. The increase is mainly due to increased advances to contractors for downpayment of projects as well as increased accrued expenses for the accruals made in relation to recognition of sales.

#### *Current portion of loans payable*

The Company's consolidated current portion of loans payable were PhP5,882.2 million as at September 30, 2022, an increase from consolidated current portion of loans payable of PhP2,197.5 million as at September 30, 2021. The increase was due to additional short-term borrowing of the Company.

#### *Deposits from customers*

The Company's consolidated deposits from customers were PhP2,446.7 million as at September 30, 2022, an increase from consolidated deposits from customers of PhP875.4 million as at September 30, 2021. Increase were due to increased equity collections from Urban Deca Homes Ortigas, Urban Deca Homes Banilad, Deca Homes Talomo, and Urban Deca Tower Cubao projects.

#### *Due to related parties*

The Company's consolidated due to related parties were PhP239.4 million as at September 30, 2022, an increase from consolidated due to related parties of PhP197.4 million as at September 30, 2021.

#### *Income tax payable*

The Company's consolidated income tax payable was PhP51.5 million as at September 30, 2022, a decrease from consolidated income tax payable of PhP210.9 million as at September 30, 2021.

#### *Trade and other payables - net of current portion*

The Company's consolidated trade and other payables - net of current portion were PhP932.0 million as at September 30, 2022, a decrease from consolidated trade and other payables - net of current portion of PhP1,107.5 million as at September 30, 2021. The decrease is due to reclass of long term retention payables to current.

#### *Loans payable - net of current portion*

The Company's consolidated loans payable - net of current portion was PhP25,683.1 million as at September 30, 2022, an increase from consolidated loans payable - net of current portion of PhP26,636.3 million as at September 30, 2021.

#### *Deferred tax liability*

The Company's consolidated deferred tax liability was PhP1,180.6 million as at September 30, 2022, an increase from consolidated deferred tax liability of PhP1,068.2 million as at September 30, 2021. This deferred tax liability was attributable to uncollected revenue as most of the revenue recognition were under CTS in-house financing scheme.

### **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 twelve (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 twelve (12) months primarily from its operating cash flows, borrowings and proceeds of the shares issuance. 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**

#### ***Cash flow used in operating activities***

The Company's consolidated net cash from operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots, medium

rise and high-rise condominium units. The Company's consolidated net cash from operating activities were PhP986.2 million and PhP1,848.7 million for the period ended September 30, 2022 and 2021, respectively.

***Cash flows used in investing activities***

Consolidated net cash flow used in investing activities for the period ended September 30, 2022 were PhP68.5 million, and consolidated net cash used in investing activities for the period ended September 30, 2021 were PhP56.4 million.

For the nine months ended September 30, 2022, consolidated net cash flow used in investing activities reflected acquisitions of property, plant and equipment, investment in shares, as well as loans granted to third party.

***Cash flow provided by financing activities***

Consolidated net cash flow used in financing activities for the period ended September 30, 2022 were PhP1,240.6 million, and consolidated net cash flow used in financing activities for the period ended September 30, 2021 were PhP1,684.4 million. Amounts used for financing activities are mainly for payment of bank borrowings.

**PART II--OTHER INFORMATION**

There is no material information to be reported by the Company aside from those reported in SEC 17C.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: 8990 Holdings, Inc.

By:

A handwritten signature in black ink, appearing to read "Roan B. Torregosa". The signature is written in a cursive, flowing style.

**ROAN BUENAVENTURA-TORREGOZA**  
Chief Finance Officer

Date: