COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
15393

COMPANY NAME
HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*
9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	**CRMD**	**N/A**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.hoi.com.ph	**8815-9636 to 38**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
377	**August 6**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Teresa T. Bautista	**mtbautista@hoi.com.ph**	**8815-9636**	**N/A**

CONTACT PERSON's ADDRESS

9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

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

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

Re: HOUSE OF INVESTMENTS, INC._SEC Form 17-A Report (December 31, 2023)

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Tue 4/30/2024 10:57 PM

To:Sharon Fabi <sofabi@hoi.com.ph>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

--- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic

Filing and Submission Tool (eFAST) at
https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
AMENDED SEC FORM 17-A

AMMENDED ANNUAL REPORT PURSUANT TO SECTION 17
OF THE REVISED SECURITIES ACT AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**

2. SEC Identification Number: **15393** 3. BIR Tax Identification No.: **000-463-069**

4. Exact Name of registrant as specified in its charter: **House of Investments, Inc.**

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

6. (SEC Use Only)
Industry Classification Code:

7. **9th Flr., Grepalife Bldg, 221 Sen. Gil Puyat Avenue, Makati City** **1200**
Address of principal office Postal Code

8. **(632) 8815-9636**
Registrant's telephone number, including area code

9. **Not Applicable**
Former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares Outstanding
Common, P1.5 par value	1,469,302,230

Total Debt Outstanding as of December 31, 2023: No debt registered pursuant to Section 4 and 8 of the RSA

11. Are any or all of these securities listed on the Philippine Stock Exchange: **Yes/Common**

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes [x] No [ ]

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

13. As of March 31, 2024, within 45 days prior to the filing of SEC17-A, the aggregate market value of the voting stock held by non-affiliates of the Company is equivalent to Six Hundred Forty-One Million, Five Hundred Thirty-Three Thousand, Six Hundred Ninety-Eight Pesos (P641,533,698) or One Hundred Eighty-Three Million, Eight Hundred Twenty Thousand and Five Hundred Forty-Four (183,820,544) shares at P 3.49/share.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference:

(a) 2023 Audited Consolidated Financial Statements

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1: Description of Business

1.1 Business Development

House of Investments, Inc. ("House of Investments" or "the Company") was incorporated in 1959 as an investment bank, the first of such bank to be organized in the Philippines. Through the years, the Company evolved into an investment holding and management company with a diversified portfolio and became one of the four major flagship corporations of the Yuchengco Group of Companies ("YGC").

The Company undertook a portfolio realignment with a bias for recurring income and growth in 2023. As a result, the core business focus of the Company is organized into four segments, namely: Financial Services, Property and Property Services, Education and Automotive. The Company's portfolio investments are in Energy, Healthcare, Deathcare and Construction.

1.2 Business of the Issuer

THE HOLDING COMPANY

The executive management takes an active role in the management of the core businesses. In addition, the executive management monitors the business performance of the portfolio companies very closely. Through management meetings and regular review of operating results compared to targets and prior year performance, House of Investments is able to direct corporate strategy and operations.

In particular, management watches operating metrics very closely and how these would impact the financial metrics. By monitoring operating and financial metrics, executive management can always determine whether the capital deployed to various businesses within the portfolio is being used efficiently, and generating returns that meet hurdle rates.

The Company's executive management also engages in a continuous business development program. These business development activities range from identifying growth opportunities in existing businesses; helping develop new products and services that generate organic growth; or buying entire companies or controlling/significant minority stakes in companies which show high growth potential.

CORE BUSINESS UNITS:

FINANCIAL SERVICES EDUCATION

iPEOPLE, INC. AND SUBSIDIARIES

iPeople, inc. ('iPeople") is the holding company under House of Investments that drives investments in the education sector. iPeople is a publicly listed company on the Philippine Stock Exchange (PSE:IPO). iPeople wholly owns Mapúa University, which owns three other operating schools: Malayan Colleges Laguna, Malayan Colleges Mindanao and Malayan High School of Science.

With the merger with AC Education, Inc. ("AEI") that took effect on May 2, 2019 where iPeople was the surviving entity, iPeople has become one of the leading education groups in the country. The merger folded into the iPeople network the three schools of AEI namely: Affordable Private Education Center, Inc. ("APEC Schools"), University of Nueva Caceres ("UNC") and National Teachers College ("NTC"). In 2023, a merger combined NTC and APEC Schools with NTC as the surviving entity.

House of Investments and its affiliates together with Ayala Corporation controls 51.3% and 33.5%, respectively.

The operating schools under the iPeople network are as follows:

(1) **Malayan Education System, Inc. (Operating under the name of Mapúa University).** Founded in 1925 by Don Tomas Mapúa, an architecture graduate of Cornell University in the United States and the first registered architect of the Philippines, Mapúa University is the country's premier engineering and technological university. It unceasingly fosters its long tradition of leading-edge excellence in various

fields of studies, such as Engineering and Sciences, Architecture and Design, Information Technology, Business and Management, Communication and Media Studies, Health Sciences, and Social Sciences and Education, and provides students with a learning environment that will make them globally competitive.

(2) **Mapúa Malayan Colleges Laguna ("Mapúa MCL")** is a tertiary institution located in Cabuyao, Laguna, offering 22 baccalaureate programs and one master's program. Its degree-offering colleges and institute include the Mapúa Institute of Technology at Laguna, the E.T. Yuchengco College of Business, the College of Computer and Information Science, the College of Arts and Science, the Mapúa-PTC College of Maritime Education, and the Institute for Excellence in Continuing Education and Lifelong Learning. The institution started with 860 students in 2007 and now has over 6,000 students in both college and Senior High School (SHS).

(3) **Mapúa Malayan Colleges Mindanao ("Mapúa MCM")** was established to offer a Mapua education in Davao and Mindanao. Located along General Douglas MacArthur Highway in Matina, Davao City, MMCM opened its doors to senior high school and college students on July 2, 2018. The institution is committed to transforming students into globally competitive professionals that are highly preferred by industries locally and abroad. MMCM stands out from other colleges and universities in Mindanao due to its learner-centered outcomes-based education, blended online and face-to-face learning sessions, industry partnerships, Mindanao-centric learning, and advanced learning facilities.

(4) **Malayan High School of Science, Inc. ("MHSS")** is a wholly-owned subsidiary of Mapúa University. MHSS is a science- and math-oriented high school located in Pandacan, Manila. Modeled after similar but publicly funded science high schools, MHSS offers a rigorous academic program geared towards graduating hard-working, mathematical and scientific-trained students that will excel in their university studies and beyond. The school is focused on optimizing student-to-teacher time and in providing a top-notch faculty, state-of-the-art facilities, and a curriculum that will allow students to "fully express not only their scientific inclinations but also their artistic bent."

(5) **The University of Nueva Caceres ("UNC"),** the first university in Southern Luzon, traces its humble beginning with the benevolence of Dr. Jaime Hernandez, former Secretary of the Department of Finance, as his way of giving back to the Bicolano community. In February 1948, Dr. Hernandez together with other prominent Bicolanos, formed the Nueva Caceres College, and in 1953, the school attained University Status. In July 2015, the University of Nueva Caceres partnered with Ayala Corporation through Ayala Education, Inc to further enhance the quality of education through industry and technology driven innovations. Currently, the University offers complete basic education, four programs in the College of Arts and Sciences, thirteen in the College of Business and Administration, five in the College of Computer Studies, thirteen in the College of Education, six in the College of Engineering, Nursing Course, Criminal Justice Education, Juris Doctor, and three Doctorate and fifteen Masters Degree programs in the Graduate Studies department. UNC endeavors to fulfill its tri-focal function of instruction, research, and extension while making education accessible and affordable. The battle cry "from first to number one" summarizes UNC's goals of excellence in quality, access, relevance, and responsiveness. UNC aims to be known not only as the first university in Bicol, but to be the Number 1 university in terms of employability of graduates.

(6) The **National Teachers College (Doing Business Under the Name of the National Teachers College)("NTC")** was founded by Dr. Segundo M. Infantado, Sr., a former Director of Public Instruction of the Philippines and Dr. Flora Amoranto-Ylagan, one of the country's leading educators. NTC was officially incorporated on September 29, 1928 and was authorized by the Department of Public Instruction on April 17, 1929 to operate as an educational institution. Its doors opened to the student public on June 10, 1929 and was granted government recognition on February 17, 1930. NTC was the first Higher Education Institution in the Philippines to offer collegiate programs dedicated to teacher education. Among private educational institutions in the Philippines, it has attained a pre-eminent place in educational leadership, particularly in the field of teacher education. Its performance in the Licensure Examination for Teachers is always above the national passing rate. NTC continues to perform its share in educating and training teachers, administrators, supervisors, and other professionals who will serve in the interest of the Republic of the Philippines and the world at large.

PROPERTY & PROPERTY SERVICES

ATYC, INC.

House of Investments, Inc. incorporated ATYC, Inc. to be the vehicle for the acquisition of the A.T. Yuchengco Centre from Rizal Commercial Banking Corporation in September 2022. A.T. Yuchengco Centre is a 34-storey building located in Bonifacio Global City and has a leasable area of 36,665. RCBC is the anchor tenant.

SAN LORENZO RUIZ INVESTMENT HOLDINGS AND SERVICES, INC.

In December 2020, House of Investments acquired 100% of the issued and outstanding capital stock in San Lorenzo Ruiz Investment Holdings & Services, Inc. San Lorenzo owns a property within the Makati Central Business District which it plans to develop into a mix-use commercial complex that features an iconic design, a network of open spaces, public art facilities, and green technology.

GREPA REALTY HOLDINGS CORPORATION

In December 2023, House of Investments acquired a 49% stake in Grepa Realty Holdings Corporation (GRHC). As Sun Life Grepa Financial, Inc. owns the other 51% of GRHC, HI effectively owns 75% of GRHC.

GRHC is presently engaged in owning and operating building units, which are being leased to related and third parties. The main asset of GRHI is Grepalife Building which stands on a 5,000 sq.m. land along Sen. Gil J. Puyat Avenue in Makati and will add to the property portfolio of HI which includes A.T. Yuchengco Centre, RCBC Plaza, and the upcoming The Yuchengco Centre.

TARLAC TERRA VENTURES, INC.

In December 29, 2023, Tarlac Terra Ventures, Inc., a newly incorporated and wholly-owned subsidiary of House of Investments, purchased a 184-hectare property located at Central Techno Park in Luisita Industrial Park.

RCBC REALTY CORPORATION

House of Investments owns a minority stake in RCBC Realty Corporation, which owns the YGC flagship property, the RCBC Plaza.

The RCBC Plaza is the biggest and most modern office development in the Philippines today. Inaugurated in 2001, the complex consists of the 46-storey Yuchengco Tower, 41-storey Tower 2, and a three-level podium. Also housed in RCBC Plaza are the 450-seat Carlos P. Romulo Auditorium, the Yuchengco Museum, a 200-seat chapel, a VIP lounge, banking chambers, convenience and service shops, food court, seven-level basement parking, gym and health spa, and open-air courtyard. YGC members such as the RCBC and AY Foundation hold their offices here.

RCBC Plaza is the first IT zone in Makati designated by the Philippine Economic Zone Authority.

In May 2018, RCBC Plaza received its Leadership in Energy and Environmental Design (LEED) EBOM Gold certification, making it the first multi-tenanted building in the Philippines to achieve the prestigious certification. LEED is a certification program designed by the US Green Building Council (USGBC) and has become the most widely used green building rating system to assess environmental compliance in terms of sustainability, energy conservation, water reduction, air quality and materials, and resources.

LANDEV CORPORATION

House of Investments, Inc. wholly owns Landev Corporation (Landev). Landev is primarily engaged in property management and project management services. Among its large contracts are:

- Property management for RCBC Plaza, A.T. Yuchengco Corporate Centre, Y Tower 1 & 2, and ETY Building;
- Facilities management for RCBC branches nationwide;
- Project management for the construction of the new Mapúa campus and The Yuchengco Centre, both in Makati,
- Comprehensive security services to leading institutions like RCBC Plaza, A.T. Yuchengco Centre, and all RCBC branches through its subsidiary Greyhounds Security and Investigation Agency.

AUTOMOTIVE

House of Investments operates three car-retailing brands: Honda, Isuzu, and Geely. Honda's and Geely's vehicle line-up include passenger cars and light commercial vehicle categories while Isuzu's is purely commercial vehicles.

The Company's Honda full-service dealerships are located in Quezon Ave. and Manila; it also operates a service center in Tandang Sora. House of Investments also owns and operates Honda Cars Greenhills through its wholly-owned subsidiary HI Cars, Inc. Meanwhile, the Company's Isuzu dealerships are in Manila, Commonwealth, and Leyte and its Geely dealership is in Manila.

House of Investments also holds a minority stake in Sojitz G Auto Philippines Corporation which owns and operates the Geely distributorship, with a flagship dealership in North Edsa and a dealership in Makati.

PORTFOLIO INVESTMENTS:

ENERGY

PETROENERGY RESOURCES CORPORATION **("PetroEnergy")** is a publicly listed Philippine energy company founded in 1994 to undertake upstream oil exploration and development. Since then, it has diversified into renewable energy and power generation. PetroEnergy, through its renewable energy arm, PetroGreen Energy Corporation, has investments in the following companies: PetroSolar Corporation, PetroWind Energy Inc., Maibarara Geothermal, Inc., Rizal Green Energy Corporation and Buhawind Energy.

In 2022, PetroGreen took in a new strategic partner in Kyuden International Corporation as Kyuden infused Php3.4 billion for a 25% stake in PGEC. Also in 2022, Buhawind Energy was created via a joint venture between PGEC and Copenhagen Energy to develop wind farms with aggregate capacity of 4.0GW.

In 2023, PetroEnergy bought out the shares of EEI Power Corporation in PetroGreen, PetroSolar and PetroWind.

HEALTHCARE

HI-EISAI PHARMACEUTICALS, INC. ("**HEPI**") is a joint venture between House of Investments and the Eisai Co. of Japan with the Company owning 50%. HEPI imports pharmaceuticals from Japan, which it sells in the Philippine market through established drug distributors.

DEATHCARE

MANILA MEMORIAL PARK CEMETERY, INC. ("**MMPCI**") is the recognized market leader in death care services. It sells memorial lots and owns, operates, and maintains memorial parks in Sucat, Quezon City, Bulacan, Laguna, Cavite, Cebu, Davao. House of Investments owns a material stake in MMPCI.

LA FUNERARIA PAZ-SUCAT, INC. ("**LFPSI**") provides mortuary services to the bereaved and their loved ones. House of Investments, together with MMPCI, jointly owns LFPSI.

CONSTRUCTION

EEI CORPORATION AND SUBSIDIARIES

EEI Corporation ("EEI") was founded in 1931 as machinery and mills supply house for the mining industry. Over the past 90 years, aside from broadening the range of industrial machinery and systems it distributes, EEI also expanded into construction services, and in the supply of manpower in the Philippines and overseas. Today, EEI is one of the country's leading construction companies, with a reputable track record in general contracting and specialty works.

OUR RISK MANAGEMENT

House of Investments as an operating, holding and management company with significant involvement in a number of industries through its various divisions, subsidiaries, associates, joint ventures, and managed companies is exposed to risks that are particular to its nature of operations and the environment in which it operates. House of Investments' current core business is organized into four segments; financial services, property and property services, education, and automotive. The Company's portfolio investments are in energy, healthcare, deathcare, and construction. The Company believes that risk management is the responsibility of all stakeholders within the Group. As such, risk management is integrated into the businesses' organizational activities and processes, embedded into the regular functions and operational requirements to achieve the corporate goals.

The Board Risk Oversight Committee ("BROC") assists the Board of Directors in fulfilling its corporate governance functions on risk management. The BROC is responsible for the oversight of the company's enterprise risk management system. The Chief Risk Officer reports to the BROC developments and matters relevant to risk management. Management, through the company's Risk Management Council, is accountable for managing the associated risks. The management team of the subsidiaries are responsible for managing their respective risk exposures and reports periodically to HI.

HI reviews and conducts a group-wide risk assessment periodically, monitors the identified risks to ensure that these are current and regularly taken into account. Following are the key risk factors that may impact the objectives of the Company.

For the Holding Company

1. Reputation
   The inability of the Company to maintain and failure protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. The Company's reputation may be closely tied to the performance and reputation of its subsidiaries. Negative publicity or poor performance by the subsidiaries may possibly damage the Company's reputation which may impact stakeholder confidence and future business opportunities. HI communicates its vision, mission, core values, and objectives to all its stakeholders and ensures all stakeholders are mindful with certainty of the company DNA in accomplishing the corporate objectives. The HI senior management participates in the Group's strategic planning, management, and operational meetings to ensure alignment with the holding company. Each subsidiary's reputation can significantly impact the overall brand and image of the Company, as well as all the subsidiaries of the Company.

2. Information and Cyber Security/Safety
   The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses and reputational damage. The Company may handle sensitive stakeholder data which can lead to privacy and cybersecurity risks such as data breaches and cyber-attacks. To mitigate the risks, HI directs groupwide investments in cybersecurity resources and implementation of strong data security measures. HI ensures strict compliance with the data privacy act and the company's information and communications technology security policy. HI conducts periodic review and update of its cybersecurity policies and information campaign through cybersecurity awareness programs.

3. Talent
   The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. The success of the Company depends on the quality and effectiveness of the leadership and employees and may face challenges in attracting and retaining top talent, HI established programs in building key competencies and capability, as well as implementing succession planning to address the exposures. The Company continue to improve on its employee engagement through activities and programs, including but not limited to individual development and career growth plan.

4. Market
   The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders. The uncertainty of the economic condition may affect the performance of the Company's subsidiaries. HI is cognizant that pursuing business opportunities by

expanding its footprint is critical to sustain its growth commitments. HI considers investments anchored on the company's management expertise and available resources and uses acceptable financial modelling and testing considering its investment commitments. Monitoring the market risks is imbedded in the normal course of business and necessary measures are implemented to counter the potential impact.

5. ESG
The potential negative impacts that environmental, social, or governance factors can have on the Company's financial performance, reputation, or operational stability. The failure to address the environmental, social, and governance risks may impact the sustainability and ethical performance of the Company. HI is mindful that understanding and managing ESG risks is crucial to its long-term sustainability and resilience. HI developed its enterprise sustainability management framework which provides guidance on sustainability management. ESG considerations and sustainability are integrated into the Company's businesses' organizational activities and processes and the enterprise risk management. The Company has invested in the digitalization of sustainability and risk management to better manages the ESG risks.

For the Group

1. Business Resiliency
The inability to bring the Company out of operational disruptions, resume critical processes, and restore normal operations may result to service breach and financial losses. The Group can be affected by natural disasters, may be vulnerable to cyber threats due to the increasing reliance on digital technologies, and can be affected by outbreaks of infectious diseases which may cause damage to facilities, may impact employee, other stakeholders, and workplace safety, and disrupt business operations. The Group is committed to address risks that may cause disruptions to its operations. Measures are put in place to mitigate the risks as provided for in the Group's crisis management and business continuity plans and disaster risk management program with the end objective of bringing back the business activities to normal operations as soon as possible. Further, the Group maintains and continues to invest in system and software applications, online platforms to improve the Group's ability to provide services remotely and meet stakeholders' expectations. Where applicable and appropriate, specific insurance is obtained to help reduce the financial impact of the operational disruptions and damages.

2. Reputation
The inability of the Company to maintain and failure protect its reputation may adversely affect its objective of creating and growing its value for its stakeholders. Negative publicity or poor performance could damage the Company's reputation and lead to business losses and may impact stakeholder confidence The Group communicates its vision, mission, core values, and objectives to all its stakeholders and ensures all stakeholders are mindful with certainty of the company DNA in accomplishing the corporate objectives. The Group has stakeholder action centers to address concerns, conducts surveys and social listening to assess reputational concerns, and implements social media policy to ensure appropriate community behavior.

3. Information and Cyber Security/Safety
The failure to protect the Company from data breaches and/or the inability of the information systems to adequately protect the critical data and infrastructure may adversely affect stakeholders' confidence, disrupt operations, and may result to business losses. The Company handle sensitive stakeholder data which can lead to privacy and cybersecurity risks such as data breaches and cyber-attacks. To mitigate the risks, the Group ensures strict compliance with the data privacy act and the Group's information and communications technology security policy. The Group conducts periodic review and information

campaign through cybersecurity awareness programs. The Group also maintains and invests in cybersecurity resources and implements strong data security measures.

4. Talent
   The probability that a critical role will become vacant and cannot be satisfactorily filled may negatively affect the Company's continuity of its strategic imperatives and/or products and services standards. The success of the Company depends on the quality and effectiveness of the leadership and employees and may face challenges in attracting, developing, and retaining top talent. The Group established programs in building key competencies and capability, as well as implementing succession planning to address the exposures. In addition, the Group maintains and continues to improve its employee engagement through activities and programs, including but not limited to individual development plan.

5. Market
   The Philippine and Global economic condition may impact the Company's investment and growth commitments to its stakeholders, the uncertainty of which may affect the performance of the Group. The Group is cognizant that pursuing business opportunities is critical to sustain its growth commitments. The Group considers opportunities anchored on the company's management expertise and available resources. Monitoring the market risks is imbedded in the normal course of business and necessary measures are implemented to counter the potential impact, including but not limited to diversification. The Group partners with business organizations to cushion the potential financial impact to relevant stakeholders, implements process improvements and other cost-saving measures, strengthens its online platforms to provide internet-based services, and affordable distance learning programs.

6. Insurance
   The potential losses due to events or occurrences that trigger insurance claims, high claims frequency, adverse changes in economic conditions, and inadequate pricing or underwriting which can affect the Company's financial results. To mitigate the risk, the Company employ various strategies based on the risk assessments, implement strict underwriting guidelines, and reinsurance agreements to spread the risk.

Other risks for the Companies and the Group

Other risks that are inherent to the operations of the Companies and the Group which may expose the Group include the following.

7. Regulation
   The Company's business may be impacted by changes in laws and policies or the introduction of new laws or regulations which may affect its business operations and financial results. Non-compliance with existing regulations, could result in fines, legal action, or reputational damage. The Group, operating largely in regulated industries, manages these risks by monitoring emerging laws and regulations and industry developments affecting or may affect its business. The Group takes the position of proactively participating in consultations and dialogues with pertinent regulatory agencies and organizations relevant to its operations strengthening its capability to anticipate and adapt to potential changes, aiming to attain thought leadership status in the industry where it operates.

8. Technology Risk
   The Company's business may be impacted by technological innovations and/or changes which may affect its operations, competitiveness, and financial results. The industries where the Group operates are undergoing rapid technological changes which may significantly alter the way the Group's businesses operate. Failure to adopt new technologies and adapt to changing market conditions risk falling behind competition. The Group continue to invest in relevant technologies, systems improvements, and in digitalizing its key business processes.

9. Competition
The inability to understand and face intense competition and/or anticipate emerging competitors may place the Group in a disadvantageous position resulting to business losses. To respond to these risks, the Group monitors both competition and market trends, rethinking strategies with disruptive innovation, diversification, differentiation, and leadership in mind maximizing the use of existing resources and making the necessary investments where appropriate. The Group's strong industry partnership and collaboration provides insights into the future and potential requirements.

10. Workplace Safety and Security
The inability to provide a safe environment and/or operationalize adequate workplace security and preventive measures may adversely affect the Group's reputation and operations which could lead to negative stakeholders' actions and financial losses. The Group manages the risks by implementing a workplace security program, ensuring strict compliance with regulatory agencies' requirements on safety and security in the workplace. The Group maintains and continually improves appropriate processes and equipment aimed at securing its facilities and stakeholders.

11. Operational
The inefficiencies and/or failure of internal processes and/or systems, non-compliance with policies and regulatory requirements, human errors in the conduct of the Group's daily activities may result to financial losses. To manage these risks, the Group ensures that all operating units have efficient and effective processes and support systems to meet and deliver its objectives. Further, the Group periodically assesses existing controls and compliance to ensure its continued relevance and effectiveness by conducting periodic operational audit.

Item 2: Properties

The office space used by House of Investments belongs to a subsidiary. As a holding company, the Company does not use large amounts of office space. The Automotive businesses use leased properties to sell and service vehicles. Each dealership site has lease contracts with their respective landlords. The only exception to this is the property used by Honda Cars Quezon Avenue, which is owned by House of Investments.

The following summarizes information on House of Investments and subsidiaries real property ownership as of December 31, 2023.

PROPERTY DESCRIPTION	DATE ACQUIRED	TYPE
HOUSE OF INVESTMENTS, INC.		
Quezon Avenue	2002	Industrial
SAN LORENZO INVESTMENT HOLDINGS AND SERVICES, INC.		
Sen. Gil Puyat Ave., Makati	2019	For development
ATYC, INC.		
Bonifacio Global City, Taguig	2022	Office/Commercial
GREPA REALTY HOLDINGS CORPORATION		
Sen. Gil Puyat Ave., Makati	2011	Office/Commercial
Calamba Laguna	2011	Land – Industrial
Binondo, Manila	2011	Office Units
Osmena Boulevard, Cebu City	2011	Office Condominium Units
North Reclamation Area, Cebu City	2011	Land – Commercial
Barangay Dela Paz, Antipolo City	2011	Land – Residential
Sagcahan, Tacloban City	2011	Land – Commercial/Residential
TARLAC TERRA VENTURES, INC.		
Bo. San Miguel, Tarlac City	2023	Land – Industrial
MALAYAN INSURANCE COMPANY, INC.		
Alcala, Pangasinan	1961	Land - Commercial
Mangatarem, Pangasinan	1964	Land - Commercial
Lacson St, Bacolod City	1972	Land - Commercial
Lacson St, Bacolod City	1973	Office/Commercial

PROPERTY DESCRIPTION	DATE ACQUIRED	TYPE
Lanang, Davao City	1974	Land - Commercial
Bo. Bangad, Cabanatuan City	1975	Land – Commercial
Eliza Valley Subd, Cebu City	1975	Office/Commercial
JP Laurel St, Davao City	1976	Office/Commercial
Lahug, Cebu City	1977	Land – Commercial
Binondo, Manila	1978	Condominium Office Units
Salcedo Village, Makati City	1986	Condominium Office Units
Salcedo Village, Makati City	1989	Condominium Office Units
Bo. Tungtong, Las Pinas City	1993	Land – Commercial
Binondo, Manila	1995	Condominium Office Units
Mactan Island, Cebu	1996	Condominum Units and Parking
Salcedo Village, Makati City	1998	Condominium Office Units
Calumpit, Bulacan	2004	Land - Commercial
Calumpit, Bulacan	2004	Land - Commercial
Calumpit, Bulacan	2004	Land - Commercial
Calumpit, Bulacan	2004	Land - Commercial
Commonwealth, Quezon City	2006	Land - Commercial
Mayapa, Laguna	2007	Land - Commercial
Binondo, Manila	2008	Condominium Office Units
Binondo, Manila	2010	Condominium Office Unit
Binondo, Manila	2010	Condominium Office Unit
Binan, Laguna	2018	Office/Commercial
MALAYAN EDUCATION SYSTEM, INC.		
Intramuros, Manila	1999	School campus
Intramuros, Manila	2013	Vacant lot for expansion
Sta. Cruz, Makati City	2018	School Campus
MALAYAN HIGH SCHOOL OF SCIENCE, INC.		
Paco, Manila	2002	School campus
MALAYAN COLLEGES LAGUNA, INC.		
Cabuyao, Laguna	2010	School campus
Cabuyao, Laguna	2012	Vacant lot for expansion
MALAYAN COLLEGES MINDANAO, INC.		
Ma-a, Davao	2015	School campus
Ma-a, Davao	2018	School campus
NATIONAL TEACHERS COLLEGE		
Quiapo, Manila	2019	School Campus
Quiapo, Manila	2019	School Campus
Quiapo, Manila	2019	School Campus
UNIVERSITY OF NUEVA CACERES		
J. Hernandez Ave., Naga City	2019	School Campus
AC COLLEGE OF ENTERPRISE AND TECHNOLOGY, INC.		
San Jose del Monte City, Bulacan	2019	Vacant Lot

The following details the properties that House of Investments and subsidiaries have leased:

PROPERTY DESCRIPTION	LOCATION	LEASE EXPIRATION
HOUSE OF INVESTMENTS, INC.		
Dealership	Paco, Manila	2026
Dealership	Paco, Manila	2026
Dealership	Commonwealth, QC	2024
Service Center	Tandang Sora, QC	2028
Dealership	Leyte	2030
Warehouse	Leyte	2024
HI CARS, INC.		
Dealership	Mandaluyong	2028

PROPERTY DESCRIPTION	LOCATION	LEASE EXPIRATION
MALAYAN INSURANCE COMPANY, INC.		
Branch	Laoag	2025
Branch	Legazpi	2025
Branch	Tuguegarao	2026
Branch	Subic	2024
Branch	Naga	2024
Branch	Ortigas	2026
Branch	Quezon Ave	2025
Branch	Lipa	2024
Branch	Tagum	2027
Branch	Imus	2024
Branch	Baliuag	2024
Office	Binondo	2025
Office	Binondo	2025
Office	Binondo	2025
Office	Binondo	2025
Office	Binondo	2025
Branch	Alabang	2025
Branch	Cabanatuan	2025
Branch	Baguio	2025
Branch	Calamba	2025
Branch	Cebu	2025
Branch	General Santos	2025
Branch	Iloilo	2025
Branch	Palawan	2025
Branch	Tagbilaran	2025
Branch	CDO	2025
Branch	Dumaguete	2025
Branch	Dagupan	2025
Branch	General Santos	2025
Branch	Butuan	2025
Branch	Laguna	2025
RCBC TRUST CORPORATION		
Office	Makati, Metro Manila	2025
Office	Makati, Metro Manila	2024
SUN LIFE GREPA FINANCIAL, INC.		
Branch Office	San Fernando City, La Union	2024
Branch Office	Dagupan City	2025
Branch Office	San Fernando, Pampanga	2024
Branch Office	Baguio City	2024
Branch Office	Calapan City, Oriental Mindoro	2025
Branch Office	San Pablo City	2024

PROPERTY DESCRIPTION	LOCATION	LEASE EXPIRATION
Branch Office	San Pablo City	2028
Branch Office	Cebu City	2026
Branch Office	Tacloban City	2025
Branch Office	Bacolod City	2024
Branch Office	Zamboanga City	2024
Branch Office	Davao City	2026
Branch Office	General Santos City	2024
Branch Office	Koronadal, South Cotabato	2025
Branch Office	Ozamis City	2024
Branch Office	Butuan City	2024
Branch Office	Surigao City	2025
Branch Office	Quezon City	2024
Branch Office	Malolos City	2024
Branch Office	Binondo, Manila	2026
Grepa Medical & Diagnostic Center	RCBC Plaza, Makati City	2027
Head Office	Grepalife Bldg., Makati City	2024
NATIONAL TEACHERS' COLLEGE (APEC SCHOOL BRANCHES)		
School campus	V. Luna	2030
School campus	North Fairview	2032
School campus	C. Raymundo	2032
School campus	Marikina Heights	2038
School campus	Tondo	2030
School campus	Sta. Rita Sucat	2032
School campus	Dasmariñas	2032
School campus	Bacoor	2034
School campus	Pateros	2033
School campus	Ortigas Ext., Cainta	2030
School campus	Kalumpang	2028
School campus	JRU Lipa	2024
School campus	Las Pinas	2031
Former School campus	Concepcion Dos	2026
School campus	New Manila	2031

The principal assets reflected in the consolidated balance sheets are registered mainly under the Company and its main subsidiaries that are engaged in financial services, property and property management, education, and car dealership. As a holding company, House of Investment's indirect ownership on the said properties covers/applies only to the extent of, and is limited by the number of holdings it has in these subsidiaries.

Item 3 – Legal Proceedings

House of Investments, Inc. is involved in disputes that arise in the ordinary course of its business such as labor disputes pending before the NLRC and criminal cases which it filed against erring employees pending before the courts of general jurisdiction. The Company's management believes that these suits will ultimately be settled and/or decided in its favor and will not adversely affect its financial position and operating results.

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

The following were submitted to the vote of the security holders of House of Investments during the Annual Stockholders Meeting held on July 21, 2023.

(i) Approval of the majority of the Minority Shareholders of the Issuance of Common Shares to Pan Malayan Management & Investment Corporation (PMMIC) and GPL Holdings, Inc. (GPLHI) and Waiver of the requirement of The Philippine Stock Exchange, Inc. to conduct a rights or public offering of the Common Shares subscribed by and to be issued to PMMIC and GPLHI.

99.998% of the minority shareholders represented in the meeting have voted in favor of this resolution.

(ii) Increase in the company's authorized capital stock and the corresponding amendment to article seventh of the company's amended articles of incorporation.

FROM	TO
That the authorized capital stock of the corporation is TWO BILLION EIGHT HUNDRED SEVENTY FIVE MILLION PESOS (P2,875,000,000.00) Philippine Currency, and said capital stock is divided into ONE BILLION TWO HUNDRED FIFTY MILLION (1,250,000,000) COMMON STOCK with a par value of ONE PESO AND FIFTY CENTAVOS (P1.50) each and Two Billion Five Hundred Million (2,500,000,000) shares of PREFERRED STOCK with a par value of FORTY CENTAVOS (P0.40) each.	That the authorized capital stock of the corporation is **THREE BILLION TWO HUNDERD FIVE MILLION PESOS (₱3,205,000,000.00)** Philippine Currency, and said capital stock is divided into **ONE BILLION FOUR HUNDRED HUNDRED SEVENTY MILLION** (**1,470,000,000**) COMMON STOCK with a par value of ONE PESO AND FIFTY CENTAVOS (P1.50) each and x x x.

85.051% of the total shares represented in this meeting have voted in favor of this resolution.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5 – Market for Issuer's common equity and related stockholder matters

The common stock (PSE: HI) is traded on the Philippine Stock Exchange.

PERIOD	STOCK PRICE HIGH	LOW
2024 First Quarter	3.97	3.22
2023 Fourth Quarter	4.04	3.21
2023 Third Quarter	4.27	3.55
2023 Second Quarter	5.39	3.37
2023 First Quarter	3.99	3.15
2022 Fourth Quarter	3.75	3.28
2022 Third Quarter	3.60	3.35
2022 Second Quarter	3.70	3.31
2022 First Quarter	3.90	3.42
2021 Fourth Quarter	3.98	3.50
2021 Third Quarter	4.30	3.52
2021 Second Quarter	4.60	3.20
2021 First Quarter	4.10	3.40

The market price of House of Investments' common stock as of April 29, 2024 (latest practicable trading date) is at P3.51 for high and low.

Stockholders

The top 20 owners of common stock as of March 31, 2024 are as follows:

STOCKHOLDER	COMMON SHARES	% OF TOTAL
Pan Malayan Management & Investment Corp.*	692,463,366	47.13%
PCD Nominee Corp – Filipino	423,796,695	28.84%
GPL Holdings, Inc.*	295,133,148	20.09%
PCD Nominee Corp – Non-Filipino	14,490,036	0.99%
A.T. Yuchengco, Inc.*	7,036,070	0.48%
GDSK Development Corporation	5,064,840	0.34%
Go Soc & Sons and Sy Gui Huat, Inc.	4,019,890	0.27%
Y Realty Corporation	3,545,890	0.24%
Malayan Securities Corporation	2,790,000	0.19%
Seafront Resources Corp.	2,484,000	0.17%
Meer, Alberto M.	2,217,030	0.15%
Enrique T. Yuchengco, Inc.*	1,211,360	0.08%
Berck Y. Cheng or Alvin Y. Cheng or Diana Y. Cheng or Cheryl Y. Cheng	850,000	0.06%
Villonco, Vicente S.	803,800	0.05%
RP Land Development Corp.*	726,720	0.05%
Dee Helen Y. ITF: Michelle	643,010	0.04%
Lim, Tek Hui	627,000	0.04%
EBC Securities Corporation	488,450	0.03%
Dee, Helen Y. Dee ITF Johanna Y.	482,290	0.03%
Bardey, John C.	476,230	0.03%
SUB TOTAL	1,459,349,825	99.32%
Others	9,952,405	0.68%
TOTAL	**1,469,302,230**	**100.00%**

House of Investments has a total of 369 common shareholders owning a total of 1,469,302,230 shares as of March 31, 2024.

* Represents certificated shares only.

Dividends

In accordance with the Corporation Code of the Philippines, House of Investments intends to declare dividends (either in cash or stock or both) in the future. Common and preferred stockholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from House of Investments' operations after satisfying the cumulative interest of preferred shares.

The same right exists with respect to a stock dividend of which the declaration is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

The company has declared cash dividends as follows:

YEAR	DIVIDEND PER COMMON SHARE	TOTAL AMOUNT
2023	P0.05	P38.82 M

House of Investments has not identified any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On December 29, 2023, House of Investments issued the following common shares in exchange for shares of the target companies, as follows

1. 397,703,801 common shares to Pan Malayan Management and Investment Corporation in exchange for 77.32% stake in MICO Equities, Inc.
2. 221,716,590 shares to GPL Holdings, Inc.in exchange for 51% stake in Sun Life Grepa Financial, Inc.
3. 73,416,558 shares to GPL Holdings, Inc. in exchange for a 49% stake in Grepa Realty Holdings

Description of Registrant's Securities: Common Stock and Preferred Stock

The equity capital structure of the firm as of December 31, 2023 is shown below:

	Common Stock
Authorized Capital	1,470,000,000
Issued	1,469,602,230
Outstanding	1,469,302,230
Paid Up Capital	2,203,953,359
Par Value	P1.50

Item 6 – Management Discussion and Analysis of Operations

Plan of Operations within the next twelve months

(a) The management believes that House of Investments can satisfy its cash requirements within the next twelve months without the need to raise additional funds;

(b) There are no product research and development that the Company will perform within the next twelve months; and

(c) There are no expected purchase or sale of plant and significant equipment within the next twelve months.

Management Discussion and Analysis

CONSOLIDATED RESULTS

Year 2023 vs. 2022

INCOME STATEMENT

Results of Operations

Consolidated revenues were higher at P11,094.21 million compared to previous year's P9,478.68 million. Revenue from services, which is mainly attributable to the leasing business of the group, grew by 55%. Likewise, vehicle sales have improved by 8%, which resulted to higher revenues from goods. Due to higher enrollment and discontinuation of discounts offered during the pandemic period, the education sector showed a 14% growth compared to last year.

Consolidated cost of sales and services, and general and administrative expenses ("GAE") increased by 16% and 13%, respectively. The increase is attributable to higher a) personnel costs, due to increase in headcount; (b) professional fees, which are primarily from growth initiatives of the group; (c) security, janitorial and other services, due to increase in average daily wage rate and return to normal operations; (d) advertising and promotions, as the subsidiaries continuously intensify its marketing activities; and (e) depreciation expense, relative to full year impact of CAPEX incurred mid 2022.

Other income pertains mainly to interests from short-term time deposits.

Equity in net earnings of associates is lower, at P116.72 million this year compared to P530.89 million last year, primarily due to losses incurred by the automotive sector and from the construction sector.

Interest and finance charges increased from P271.58 million to P525.78 million, due to higher level of debts coupled with higher average interest rates compared to last year.

Provision for income tax is significantly higher because, as mandated by the Bayanihan Act, the income tax rate applicable to the education sector has reverted to 10% from 1% effective July 2023.

This year, the Parent Company decided to sell its investment in the construction sector, which resulted to a reduced stake of 21% from 55.34%. The loss of control over the construction subsidiary has resulted to an accounting loss of P426.31 million. Details of which are presented to the notes to financial statement.

As a result, the Group's net income from continuing operations was significantly reduced from P1,041.91 million to P615.60 million.

Financial Position

On 29 December 2023, the Parent Company was able to get approval from SEC to acquire 51% ownership over SLGFI, and 77.33% ownership over MEI, through a share swap agreement. The consolidation of net assets of these entities has tempered the impact of the deconsolidation of the construction subsidiary.

Total consolidated assets of the Group grew to P159.96 billion from P65.23 billion in 2022, primarily due to the assets of SLGFI and MEI, which can be distinctively identified to these entities.

Increase in receivables are mainly attributable to MEI. Inventories are primarily from automotive segment. Asset Held for Sale pertains mainly to the 4.5% shares owned by the Parent Company which were sold in January 2024. Prepaid expenses and other current assets increased due to additional tax credit certificates received by the Group.

Total noncurrent assets grew to P68.57 billion from P45.35 billion.

Increase in Financial assets at FVOCI pertains primarily to SLGFI and MEI. Investments in associates and joint ventures includes the remaining investment in the construction sector. The reduction pertains to the deconsolidation of the construction subsidiary. Increase in property, plant and equipment pertains primarily to:

(a) additional costs related to the ongoing property development under the Property sector; (b) fair value of real estate; and (c) properties from the new subsidiaries. Investment properties, which are recorded at cost, includes properties from new subsidiaries. Whereas, reduction in other assets such as ROU, Goodwill, retirement and others pertain to deconsolidation of the construction subsidiary.

Total liabilities increased to P109.75 billion from P29.36 billion.

Total current liabilities are at P88.02 billion. The huge increase from last year pertains to the segregated fund and contract liabilities of the insurance sector. Loans were significantly reduced to manage the Group's interest cost. Increase in due to related parties pertains to construction-related obligations of Property sector which are due within the next period. Net movement in lease liabilities pertains to amortization.

Total noncurrent liabilities increased to P21.73 billion from P7.83 billion. The big jump pertains to noncurrent portion of contract liabilities of the insurance sector. Deferred tax liability also increased primarily due to revaluation increment in real properties. Increase in accrued retirement liability pertains to additional provision recognized by the Group.

Consolidated equity rose from P35.86 billion to P50.21 billion following an increase in both capital stock and additional paid-in capital, as a result of the executed share swap agreement.

Year 2022 vs. 2021

INCOME STATEMENT

Results of Operations

For the period ending 31 December 2022, the Group registered a net income of P1,724.34 million, which is 6% higher than last year's net income of P1,627.77 million.

Consolidated revenues were slightly higher at P23,905.29 million compared to previous year's P23,599.07 million. Sales of services, which pertain mainly to revenues generated by the Construction sector, dropped from P16,667.31 million to P15,462.41 million. This is primarily due to completion of its major projects. On the other hand, sales from Automotive sector registered 26% growth, while revenues from Education sector grew by 18%, due to higher enrollment.

Cost of sales and services dropped by 2% due to significant reduction in the costs of the Construction sector. Whereas, GAE increased by 14%. The increase is attributable to higher (a) utilities, resulting from resumption of face-to-face classes and more employees reporting back to the offices; (b) security, janitorial and other services, which are attributable to increase in manpower and increase in daily wage rates; (c) advertising and promotions expense, as the group intensified its marketing activities; and (d) commissions and direct selling expenses related to the increase of sales in the automotive sector.

Increase in other income pertains mainly to gain on sale of property and reversal of prior period provisions.

Equity in net earnings of associates dropped from P1,430.34 million to P425.03 million this year, primarily due to losses incurred by the foreign affiliate of the Construction sector.

Interest and finance charges were down from P708.37 million to P669.70 million, due to lower level of debts compared to last year.

Financial Position

Total consolidated assets of the Group stood at P65.23 billion from P57.19 billion in December 2021.

Total current assets went down to P19.87 billion from P24.90 billion. Cash and cash equivalents decreased mainly due to payment of loans and dividends to preferred shareholders of the Construction sector. Contract assets decreased due to conversion of production into billed receivables. Receivable from related parties increased due to charges to a foreign affiliate relative to recruitment costs. Prepaid expenses and other current assets increased due to additional advances to suppliers and subcontractors of the Construction sector.

Total noncurrent assets increased from P32.29 billion to P45.35 billion, mainly due to the acquisition of property investment located in Taguig City. Equity investments in fair value through other comprehensive income increased due to higher market value of quoted securities. Increase in investments in associates and joint ventures pertains mainly to equity earnings intake as of the period. Increase in the right-of-use assets pertains to new leased property. Retirement asset increased as a result of the cost-cutting measures implemented by the Construction sector. Increase in other non-current assets pertains to the non-current portion of the unapplied certificates of creditable withholding taxes, and contract assets from retentions on projects of Construction group.

Total consolidated liabilities increased from P27.08 billion to P29.36 billion.

Total current liabilities went up from P17.56 billion to P21.53 billion. The increase pertains primarily to the loans taken out by the Property sector to finance the purchase of property in Taguig.

Contract liabilities pertain to unearned tuition fees and current construction contract obligations, which are reduced as the corresponding revenue is recognized during the period. The net increase for the period pertains to advances received by the Construction sector for its new projects. Net movement in lease liabilities was due to the additional lease agreement entered into by the Construction sector.

Total noncurrent liabilities were reduced from P9.52 billion to P7.83 billion, as the Group continuously settles its debts.

Contract liabilities net of current portion refers to contract obligations of the Company for the projects classified as non-current with completion date beyond one year after balance sheet date. Accrued retirement liability dropped from P0.22 billion to P0.20 billion. Reduction in other non-current liabilities pertains primarily to reclassification of retention payables of Construction sector to current.

Total consolidated equity increased to P35.86 billion from P30.12 billion, while total consolidated retained earnings increased to P12.25 billion from P11.08 billion in December 2021.

Year 2021 vs. 2020

INCOME STATEMENT

Results of Operations

For the period ended December 2021, the Group was able to rebound from its net loss in previous year, generating a net income of P1,627.77 million.

As the government starts to ease the lockdown restrictions, the Group's construction and automotive segments have slowly regained its momentum. Both segments showed a positive bottom line compared to losses last year. On the other hand, the education segment has shown continuous improvement, surpassing its pre-pandemic results by almost three times of its 2019 net income.

Costs of sales and services, as well as the administrative expenses of the Group dropped by 9%, mainly due to cost reduction programs adapted by the Group.

Equity in net earnings of associates and joint ventures grew from P1,368.43 million to P1,430.35 million, primarily attributable to improved financial results of various entities where the Group has significant holdings.

Other income increased from P128.77 million to P191.90 million, mainly due to unrealized foreign exchange gain recognized by the construction segment compared to losses last year.

Interest and finance charges were lower, from P712.57 million to P708.37 million primarily due to lower borrowing rates.

Financial Position

Total assets stood at P57,193.76 million from P51,885.48 million in 2020.

Increase in cash and cash equivalents was largely due to collection of receivables from clients and, net proceeds from bank loans, and from the construction segment's issuance of preferred shares. Reduction in receivables was due to collection from clients and customers. Contract assets increased by 15%, largely attributable to completion of major construction projects. Receivable from related parties increased from P53.42 million to P145.28 million due to advances to a foreign affiliate. Inventories dropped by 18% due to accelerated production of the construction segment coupled by lower purchases of the automotive segment. Reduction in prepaid expenses and other current assets was mainly due to reclassification of unutilized creditable withholding taxes (CWTs) to P933.00 million, to non-current assets.

Reduction in equity investments at FVOCI pertains to drop in market value of quoted securities. Increase in investments in associates and joint ventures pertains to equity earnings for the period. Decrease in right of use assets (as well as in lease liabilities) was mainly due to amortization as of the period. Increase in retirement asset pertains mainly to changes in financial assumption. Reduction in deferred tax asset pertains to derecognition of the asset related to reduced income tax rate as a result of the implementation of CREATE Law. Increase in other noncurrent assets pertains to non-current portion of the CWTs of construction group.

Total liabilities were reduced from P30,031.29 million to P27,078.21 million.

Effectively, the total bank loans of the Group increased by P442 million, net of repayments. These were used to finance operations and investment activities of the Group. Reduction in contract liabilities pertain to application of deposits against progress billings for the period. The significant reduction in due to related parties was because of the settlement of management fees by education segment to a related party. Decrease in retirement liability was mainly due to EEI's change in the financial assumption on the discount rate from 7.33%-7.37% in 2018 vs. 5.02% in 2019. Decrease in other noncurrent liabilities pertains to reclassification of retention payable of the construction segment to current.

Total equity increased from P21,854.19 million to P30,115.55 million. Increase is primarily due to improved performance of the Group as well as the increase in the value of the land.

Financial Ratios

Below are the financial ratios that are relevant to the Group's for the years ended December 31, 2023 and 2022:

Financial ratios		**2023**	2022
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.04:1**	0.92:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income+Depreciation / Total liabilities	**0.01:1**	**0.08:1**
Debt-to-equity ratio *Measures the Group's overall leverage*	Total Debt / Total Equity	**2.19:1**	**0.82:1**
Asset to Equity Ratio *Measures the group's leverage and*	Total Assets / Total Equity	**3.19:1**	**1.82:1**

Financial ratios		**2023**	2022
long-term solvency			
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT* / Interest Expense	**2.31:1**	**3.83:1**
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Average Total Assets	**0.55%**	**2.82%**
Return on Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Total Equity	**1.43%**	**5.23%**

**Earnings before interest and taxes*

Current ratio is higher at 1.04 in 2023 compared to 0.92 in 2022. This is mainly attributable to the combined assets of the new subsidiaries resulting from the share swap.

Solvency ratio is lower at 0.01 in 2023 and 0.08 in 2022. This is due to increase in total debts coming from the new subsidiaries, SLGFI and MEI.

Debt-to-Equity ratio measures the Group's leverage. It increased from 0.82 to 2.19 this year as a result of additional debts from new subsidiaries

Asset-to-Equity ratio increased from 1.82 to 3.19, which is mainly attributable to additional assets from new subsidiaries.

Interest Rate Coverage ratio shows how easily a company can pay interest on outstanding debt. It is lower at 2.31 times this year due to lower earnings posted by the Group.

Return on Assets measures the ability to utilize the Group's assets to create profits. The Group's return on assets for the year 2023 decreased to 0.55 from 2.82 in 2022. This is attributable to lower net income coupled with increase in total assets from new subsidiaries.

Return on Equity (ROE) measures the profitability of the Company in relation to the average stockholders' equity. The ROE for 2023 went down to 1.43 from 5.23 in 2022 due to lower income for the year, coupled with increase in equity arising from additional shares issued.

The above-mentioned ratios are applicable to the Group as a whole.

Other qualitative and quantitative factors

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;

   a. House of Investments does not anticipate any cash flow or liquidity problems within the next twelve months;
   b. House of Investments is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement which will require the Company to make payments;

c. There is no significant amount of trade payable that have not been paid within the stated terms; and
d. House of Investments depends on dividends from its subsidiaries as its source of liquidity.

(ii) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

(iii) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;

(iv) Below are the material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

San Lorenzo Ruiz Investment Holdings and Services, Inc. is redeveloping a property along Sen. Gil J. Puyat Avenue in Makati into a mix-use commercial complex through a joint venture with Sojitz Corporation of Japan. The estimated development cost is P9.3 billion.

(v) There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income of the Group from continuing operations;

(vi) There are no significant elements of income or loss that did not arise from the House of Investments' continuing operations;

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item are discussed above;

(viii) There are no seasonal aspects that had a material effect on the financial condition or results of operations.

Item 7 – Financial Statements

The 2023 audited consolidated financial statements of House of Investments are incorporated herein by reference. The schedules listed in the accompanying index to Supplementary Schedules are filed as part of this Form 17-A.

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

The accounting firm of Sycip Gorres Velayo and Co. (SGV & Co.), with office address at 6760 Ayala Avenue, SGV Building, Makati City, Philippines, has been the Company's Independent Auditors since the Company's incorporation, and has been recommended to serve as such for the current year.

Pursuant to Memorandum Circular No. 8, series of 2003 (rotation of external auditors), the Company has engaged Mr. Lloyd Kenneth S. Chua, as the engagement partner of SGV & Co. effective the YE 2023 audit. SEC rules mandate the compulsory rotation of audit partners after 5 years.

The engagement of the external auditors was favorably endorsed by the Audit Committee to the Board of Directors. The engagement is ultimately submitted for approval of the stockholders.

Disagreement with Accountants on Accounting and Financial Disclosure
There was no event for the last 5 years where SGV & Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Attendance of Accountants at the Meeting
Representatives of SGV & Co. are expected to be present at the annual stockholders meeting with the opportunity to make any statement, if they so desire, and will be available to respond to appropriate questions on the Company's financial statements.

External Audit Fees and Services

The Company has engaged SGV & Co. as the external auditor, and is tasked to conduct the financial audit of the Company. For this service, SGV & Co. has billed the company the following amounts:

YEAR	AUDIT FEE BILLING
2023	P10,365,000*
2022	P4,402,500
2021	P3,854,000

* Includes P5.2 million covering special audit on transactions related to the sale of investment in EEI, particularly the effect of the loss of control related to the disposal and the share swap.

The Company has not engaged SGV & Co. for any other services aside from its annual audit for the last five (5) years.

Tax Fees

The Company has not engaged the services of the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

All Other Fees

There are no other fees billed in each of the last two years for the products and services provided by the external auditor, other than the services reported under the items mentioned above.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers of the Issuer

House of Investments' Board of Directors has eleven (11) members elected by and from among the stockholders. The Board is accountable for providing overall management and direction of the firm. Board meetings are held on a regular basis or as often as required to discuss the Company's operations, business strategy, policies, and other corporate matters. The information below includes positions currently held by the directors and executive officers, as well as positions held during the past five years.

DIRECTORS		
Name	**Position**	**Length of Service**
Ms. Helen Y. Dee	Chairperson	21 Years
Mr. Lorenzo V. Tan	Director President & CEO	7 Years as Director 5 Years President & CEO
Mr. Medel T. Nera	Director	12 Years
Atty. Wilfrido E. Sanchez	Director	23 Years
Mr. Gil A. Buenaventura	Director	4 Years
Ms. Yvonne S Yuchengco	Director	22 Years

INDEPENDENT DIRECTORS		
Name	**Position**	**Length of Service**
Dr. Roberto F. de Ocampo	Director	23 Years
Carlos G. Dominguez	Director	9 months
Mr. John Mark Frondoso	Director	7 Years
Mr. Francisco H. Licuanan III	Director	18 Years
Mr. Juan B. Santos	Director	9 Years

EXECUTIVE OFFICERS			
Name	**Position**	**Age**	**Citizenship**
Ms. Helen Y. Dee	Chairperson	79	Filipino
Mr. Lorenzo V. Tan	President & CEO	62	Filipino
Ms. Gema O. Cheng	EVP – COO, CFO & Treasurer	59	Filipino
Mr. Alexander Anthony G. Galang	FSVP - Chief Audit Executive	63	Filipino
Mr. Joselito D. Estrella	SVP – Chief Information Officer	59	Filipino
Mr. Philippe John S. Fetalvero	SVP – Operations Head, Cars Division	55	Filipino
Ms. Ruth C. Francisco	SVP – Chief Risk Officer	60	Filipino
Ms. Ma. Esperanza F. Joven	FVP – Finance	53	Filipino
Ms. Ma. Elisa E. De Lara	FVP – Internal Audit	54	Filipino
Ms. Maria Teresa T. Bautista	VP – Corporate Controller	51	Filipino
Ms. Chona B. Cacho	VP – IT Audit Cluster	40	Filipino
Ms. Sonia P. Villegas	VP – Human Resources and Admin	55	Filipino
Atty. Lalaine P. Monserate	VP – Legal & Compliance Officer	60	Filipino
Mr. Gerard G. Magadia	VP – GM, Procurement Shared Services	51	Filipino
Mr. Glenson K. Lim	VP – Property	45	Filipino
Atty. Samuel V. Torres	Corporate Secretary	59	Filipino
Atty. Ma. Elvira Bernadette G. Gonzalez	Asst. Corporate Secretary	47	Filipino

POSITION AND BACKGROUND WITHIN THE LAST 5 YEARS

HELEN Y. DEE, 79 years old, Filipino, has been **Chairperson of the Board** since 2001 to present. She was also President and CEO of the company from 2001-2011. She is currently serving as **Chairperson** of PetroEnergy Resources Corporation and Rizal Commercial Banking Corporation, all of which are PSE-listed companies. She is the **Chairperson**, **Vice Chairperson** or a **Director** of several companies engaged in telecommunications (PLDT), banking, insurance, and real property businesses. ***Educational Background:*** Ms. Dee received her Master's Degree in Business Administration from De La Salle University.

LORENZO V. TAN, 62, Filipino, is a **Director** from 2017 to present and the **President & CEO** from 2019 to present. Mr. Tan is currently serving as **Chairman** of EEI Corporation**; Director** of Smart Communications, Inc., Digitel Telecommunications, Sunlife Grepa Financial, Inc., iPeople Inc., Malayan Insurance Company, Inc., Manila Memorial Park Cemetery, Inc., PetroEnergy Corporation, Hi-Eisai Pharmaceutical, Inc., and Honda Cars Philippines and Isuzu Manila, Inc.; **Director, President and CEO** of ATYC, Inc., RCBC Realty Corporation, Tarlac Terra Ventures, Inc. and San Lorenzo Ruiz Investment Holdings and Services, Inc. He is also on the **Board of Adviser** of Alphaland Development Corporation. He holds the **Vice Chairmanship** of the Pan Malayan Management and Investment Corporation (PMMIC), and TOYM Foundation; **Member of the Board of Trustees** at De La Salle Zobel. ***His past experiences include:*** **President and CEO** of Rizal Commercial Banking Corporation. Prior to that, he also served as the **President and CEO** of Sun Life of Canada (Philippines), Inc., the Philippine National Bank, and the United Coconut Planters Bank; **Managing Director** of Primeiro Partners, Inc.; **Chairman** of Asian Bankers Association; **President** of Bankers Association of the Philippines (BAP). As BAP president, he led the Association in representing the BAP in the ASEAN Bankers Association (ABA), composed of the national banking associations from the 10-member countries in the Association of Southeast Asian Nations (ASEAN). ***Educational Background:*** Certified Public Accountant in Pennsylvania, USA and in the Philippines. Mr. Tan graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

YVONNE S. YUCHENGCO, 70, Filipino, is a **Director** from 1999-2006, 2008 to present. She is also the **Chairman and President** of Philippine Integrated Advertising Agency, Inc., Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp., Royal Commons, Inc. and XYZ Assets Corporation; **Chairman** of RCBC Capital Corporation and Y Realty Corporation; **Vice Chairperson** of National Reinsurance Corp. of the Philippines and Malayan Insurance Co., Inc.; **Director, Treasurer and CFO** of Pan Malayan Management & Investment Corp.; **Director and President** of Alto Pacific Corporation, MICO Equities, Inc. and RCBC Land, Inc.; **Director and Treasurer** of Water Dragon, Inc., HI Cars, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corp., Petro Energy Resources Corp., Mayahin Holdings Corporation and Pan Malayan Realty Corp.; **Director and Vice-President** of AY Holdings, Inc.; **Trustee and Chairperson** of The Malayan Plaza Condominium Owners and Yuchengco Museum, Inc.**; Director** of Annabelle Y. Holdings & Management Corporation, A.T. Yuchengco, Inc., Enrique T. Yuchengco, Inc., DS Realty, Inc., GPL Holdings, Inc., HYDee Management & Resource Corp., iPeople Inc., La Funeraria Paz-Sucat, Inc., Luisita Industrial Park Corp., Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., MPC Investment Corporation, Pan Malayan Express, Inc., Seafront Resources Corp., Shayamala Corporation, YGC Corporate Services, Inc. and Asia-Pac Reinsurance Co., Ltd.**; Trustee** of Avignon Tower Condominium Corporation, Phil-Asia Assistance Foundation, Inc., Malayan Education System, Inc. (Operating Under the Name of Mapua University), AY Foundation, Inc. and Yuchengco Center, Inc.; **Advisory Member** of Rizal Commercial Banking Corporation**. *Educational Background:*** Bachelor of Arts in Interdisciplinary Studies from Ateneo De Manila University, Philippines.

ATTY. WILFRIDO E. SANCHEZ, 87, Filipino, is a **Director** from 2000 to present. He is also a **Tax Counsel** of Quiason Makalintal Barot Torres Ibarra Sison and Damaso Law Firm**; Director** in EEI Corporation, EMCOR, Inc., J-DEL Investments and Management Corporation, K-Servico, Inc., Kawasaki Motor Corporation, Trimotors Technology Corp., Wodel, Inc. and KS Prime Financial Corp.**; Independent Director** in Philippine National Bank, Tanduay Distillers, Inc., Asia Brewery, Inc., LT Group, Inc., and Eton Properties Philippines, Inc.**: Trustee** in Gokongwei Brothers Foundation, and JVR Foundation, Inc.**; *His past experiences include:*** Mr. Sanchez once worked in an accounting firm in the Philippines for almost thirty (30) years as tax consultant and headed its tax practice before his retirement. SGV was at one time the largest accounting firm in Asia until its affiliation with Arthur Andersen and Ernst & Young. He headed the tax practice in the firm for several years until his retirement after almost thirty (30) years of tax practice. While in the firm, he also acted as a business advisor to various entities. With this experience in SGV and QMBTISD, he has collected more than fifty (50) years of Tax and Corporate practice. ***Educational Background:*** Masters of Law from Yale Law School, USA; Bachelor of Laws and Bachelor of Arts from Ateneo de Manila University, Philippines.

MEDEL T. NERA, **68**, **Filipino**, is a **Director** from 2011 to present. He is also a **Director** of iPeople Inc., EEI Corp., Seafront Resources Corp., National Reinsurance Corporation of the Philippines, Inc., Ionics, Inc., Ionics-EMS Corp., Metro Retail Stores Group Inc. and Holcim Philippines, Inc. His past experiences include: **President & CEO** of House of Investments, Inc.; President of Honda Cars Kalookan, Inc., **Director and President** of RCBC Realty Corp.; **Chairman of the Board** of Greyhounds Security & Investigation Agency Corp., Zamboanga Industrial Finance Corporation; **Director and Chairman of Risk Oversight Committee** of Rizal Commercial Banking Corp., and **Senior Partner** at Sycip Gorres Velayo & Co. ***Educational***

Background: Master of Business Administration (MBA) from Stern School of Business, New York University, USA and Bachelor of Science in Commerce from Far Eastern University, Philippines, International Management Program at Manchester Business School, UK, Pacific Rim Bankers Program at the University of Washington, USA. Mr. Nera is a Certified Public Accountant.

FRANCISCO H. LICUANAN III, 80, Filipino, is an **Independent Director** since 2006 to present. He is also **Chairman & CEO** of Battery Park Investment, Inc., and New Pacific Resources Management Inc.; **Chairman and President/CEO** of GeoEstate Development Corporation; **President & CEO** of Innovative Property Solutions, Inc. ***Educational Background:*** Master of Business Administration from Harvard Business School, USA; Bachelor of Arts in Economics (cum laude) from Ateneo De Manila University, Philippines.

JUAN B. SANTOS, 85, Filipino, was elected as an **Independent Director** in 2014. He is also a **Director** of Allamanda Management Corporation, Philippine Investment Management Corp., Rizal Commercial Banking Corporation, Sunlife Grepa Financial, Inc.; **Trustee** of Dualtech Training Center Foundation, Inc. and St. Luke's Medical Center; **Member of the Board of Advisors** of East-West Seeds Co., Mitsubishi Motor Phil. Corporation; **Consultant** of Marsman-Drysdale Group of Companies. ***His past experiences include:*** **Chairman** of Social Security System; **Secretary** of Trade and Industry, Philippines; **Chairman and CEO** of Nestle Philippines, Singapore and Thailand; **Director** of Philex Mining Corporation, Philippine Long Distance Telephone Company (PLDT), San Miguel Corporation; ***Educational Background:*** Advanced Management from International Institute of Management Development (IMD), Lausanne, Switzerland; Post-graduate studies on Foreign Trade from Thunderbird School of Global Management, Arizona, USA; and Bachelor of Science in Business Administration from Ateneo De Manila University, Philippines.

ROBERTO F. DE OCAMPO, 78, Filipino, former Secretary of Finance, is an **Independent Director** from 2000 to present. He also serves as the Chairman of the Audit Committee. Dr. de Ocampo also serves as **Chairman** of the Philippine Veterans Bank and Foundation for Economic Freedom (FEF); **Chairman of the Board of Advisors** of the RFO Center for Public Finance and Regional Economic Cooperation (an ADB Regional Knowledge Hub); **Member /Advisory Board Member** of a number of important global institutions including The Conference Board, the Trilateral Commission, the Emerging Markets Forum, and the Centennial Group. ***His past experiences***: **President** of the Asian Institute of Management (AIM); **President** of Management Association of the Philippines (MAP); **Chairman and Chief Executive Officer** of the Development Bank of the Philippines during the presidency of Cory Aquino; **Chairman** of the Land Bank during the Ramos Administration; **Member** of the Board Governors of the World Bank, IMF, and ADB. He was awarded by Queen Elizabeth the Most Excellent Order of the British Empire (OBE), by France as a Chevalier (Knight) of the Legion d'Honneur, and by the Vatican as Knight of the Holy Sepulchre of Jerusalem. He is the recipient of many other awards including Philippine Legion of Honor, ADFIAP Man of the Year, Ten Outstanding Young Men Award, CEO Excel Award, several Who's Who Awards and the 2006 Asian HRD Award for Outstanding Contribution to Society. ***Educational Background***: Dr. de Ocampo graduated from De La Salle College and Ateneo de Manila University, received an MBA from the University of Michigan, holds a post-graduate diploma in Development Administration from the London School of Economics, and has four doctorate degrees (Honoris Causa) conferred by the De La Salle University in Business Administration, by the University of Angeles City in Public Administration, by the Philippine Women's University in Laws, and by the San Beda College in Humane Letters.

CARLOS G. DOMINGUEZ III, 78, Filipino, returned as an **Independent Director** in July 2023**.** He is also a **Director** of GT Capital Holdings, Inc. and PetroEnergy Resources Corporation; ***His past experiences include:*** **Secretary** of the Department of Finance; **Membe**r of the Monetary Board of the Bangko Sentral ng Pilipinas; **Governor** for the Philippines at the Asian Development Bank (ADB) and World Bank; **Alternate Governor** for the Philippines ate the International Monetary Fund (IMF). His post also made him **ex-officio Chairman** of various government-owned institutions – the Landbank, the Philippine Deposit Insurance Corporation (PDIC) and the Social Security System (SSS). He has over 40 years of experience in both the government and private sector. He was the head of the Ministry of Natural Resources and then with the Department of Agriculture in 1987. After leaving government service in 1989, he entered the tobacco, energy, real estate, retail, hospitality, mining and copper smelting industries and served as **CEO** of companies such as the Retail Specialist Inc., Philippine Tobacco Flue-Curing and Redrying Corp., Philippine Associated Smelting and Refining Corp. as well as Halifax Capital Resources Inc. He joined Philippine Airlines in 1993 and served as its **Chairman and CEO** in the 1990s. Mr. Dominguez previously served in the boards of RCBC Capital Corp., Shangri-la Plaza Corp., Northern Mindanao Power Corp., Roxas Holdings, and MERALCO. He was conferred by the President of the Philippines with the order of Lakandula with the Rank of Grand Cross (Bayani) for his exemplary service to the nation and was also conferred by the Emperor of Japan with the Grand Cordon of the Order of the Rising

Sun for exercising outstanding leadership in promoting cooperation between Japan and the Philippines. ***Educational Background:*** Executive Management Program from Stanford University; Master of Business Administration and Bachelor of Science in Economics from Ateneo De Manila University

GIL A. BUENAVENTURA, 71, Filipino is a **Director** from 2019 to present**.** He is also a **Director** in Malayan Insurance Co., Manila Memorial Park Cemetery, Inc. and Rizal Commercial Banking Corporation. ***His past experiences include:*** **President, Chief Executive Officer and Executive Director** of Rizal Commercial Banking Corporation. As RCBC President, CEO and Executive Director, he led the re-launch and re-branding of the bank to stay relevant amidst the changing banking landscape; **President and Chief Executive Officer** of Development Bank of the Philippines; **Member** De La Salle Philippine School System; **Board Member** of Banker Association of the Philippines, BANCNET and Philippine Payments Management Inc. ***Educational Background:*** Mr. Buenaventura holds a Master of Business Administration in Finance from University of Wisconsin, Madison, Wisconsin.

JOHN MARK S. FRONDOSO, 49, Filipino, was elected as an **Independent Director** in December 2016. He is the **President** of FSG Technology Ventures, Inc. (Digipay); **President** of Star Two Holdings, Inc.; **Chairman and President** of FSG Capital, Inc. **Chairman & President** of FSG Capital, Inc. ***His Past experiences include:*** **Director** of HC Consumer Finance Philippines, Inc. (Home Credit); **Philippine Chief Representative & Executive Director** of Morgan Stanley (Singapore) Holdings Pte Ltd.; **Trustee and Chairman of the Investment Committee** of the Philippine Public School Teachers Association; **Associate Director** of Barclays Capital (Investment Banking Division of Barclays Bank PLC). ***Educational Background:*** Bachelor of Science in Industrial Management (University Honors) from Carnegie Mellon University, USA.

EXECUTIVE OFFICERS:

GEMA O. CHENG, 59, Filipino, is the **Executive Vice President – Chief Operating Officer, Chief Finance Officer and Treasurer**. She also holds the following positions within the group: **Executive Vice President – Chief Financial Officer** of iPeople, inc.; **Chairman and President** of Investment Managers, Inc.; **Director, Executive Vice President and Treasurer** of Landev Corporation; **Director and Chief Operating Officer** of San Lorenzo Ruiz Investment Holdings and Services, Inc, **Director, Chief Operating Officer and Chief Financial Officer** of ATYC, Inc., **Director, Chief Financial Officer and Treasurer** of Tarlac Terra Ventures, Inc.: and serves as **Director of** the following: Mapua Malayan Colleges Laguna, Inc., Mapua Malayan Colleges Mindanao, La Funeraria Paz-Sucat, Inc. and Manila Memorial Park Cemetery, Inc. She was previously a **Senior Vice President** of SM Investments Corp. seconded as **Treasury Head** of SM Prime and its various business segments (Malls, Hotels & Conventions, Residences, Leisure and Commercial Properties Group) and prior to that, CFO of the various property companies pre-consolidation; ***Educational Background:*** Bachelor of Arts in Economics (Magna Cum Laude) from the University of the Philippines-Diliman, Philippines; Certificate of Special Studies in Administration and Management from Harvard University, USA.

ALEXANDER ANTHONY G. GALANG, 63, Filipino, is the **First Senior Vice President for Internal Audit** since 2022. He was **Senior Vice President** from 2009 to 2022 and **Vice President** of the company from 2004 to 2009. He is a Certified Public Accountant (CPA) having placed 12th in the 1981 licensure exams. He has a Global Certification as a Certified Fraud Examiner (CFE) and a Certification in Risk Management Assurance (CRMA). ***Educational Background:*** Bachelor of Science in Commerce Major in Accounting (Cum Laude) from University of Sto. Tomas, Philippines.

JOSELITO D. ESTRELLA, 59, Filipino, is the **Senior Vice President - Chief Information Officer**. ***His past experiences include:*** **Senior Vice President – Chief Information Officer** of iPeople inc., **President** of Pan Pacific Computer Center Inc., **Vice President for Sales & Marketing** of AGD Infotech Inc. ***Educational Background:*** Bachelor of Science in Commerce Major in Management from San Beda College; Master of Science in Information Technology from De La Salle University.

PHILIPPE JOHN S. FETALVERO, 55, Filipino, is the **SVP – Business Operations Head for the Cars Division**. ***His past experiences include***: **General Manager** of Honda Cars Kalookan, Inc. where he started as Sales Manager in 1994. He also served as a faculty member at the De la Salle University Impact Center. ***Educational Background*****:** Bachelor of Science in Computer Science from the De La Salle University.

RUTH C. FRANCISCO, 60, Filipino, is the **Senior Vice President – Chief Risk Officer**. She joined the company in July 2010 and was seconded to Malayan Education System, Inc. (Operating under the name of Mapúa University) ("Mapúa") as the **Chief Finance Officer**. During her assignment in Mapúa, she also held the following positions: **Treasurer** for Malayan Colleges Foundation, Inc., Malayan Colleges Mindanao (A Mapua School), Inc., and MIT Retirement Fund, Inc. **Educational Background:** Doctor of Business Administration, Colegio de San Juan de Letran; Master in Business Administration, Philippine Christian University; Bachelor of Science in Commerce, Major in Accounting, Manuel L. Quezon University.

MA. ESPERANZA F. JOVEN, 53, Filipino, is the **First Vice President for Finance**. She was Vice President for Finance of the Company from 2014 to June 2021. She is also the **Vice President & Treasurer** in HI-Eisai Pharmaceutical, Inc.; **Chief Finance Officer** of San Lorenzo Investment Holdings and Services, Inc.; **Treasurer** of ATYC, Inc.; **Vice President and Treasurer** of Blackhounds Security & Investigation Agency, Inc.; and a **Director** in Manila Memorial Park Cemetery, Inc., La Funeraria Paz-Sucat, Inc., Investment Managers, Inc. and Blackhounds Security and Investigation Agency, Inc. ***Her past experiences include:*** **Vice President for Finance** of iPeople, inc. and **Director** of San Lorenzo Ruiz Investment Holdings & Services, Inc. and Zamboanga Industrial Finance Corporation. She also held the Series 7, 63, and 24 licenses with the Financial Industry Regulatory Authority (FINRA), The Nasdaq Stock Market, and in the 52 states and territories of the USA and was a Certified Securities Representative with the Philippine Stock Exchange. ***Educational Background:*** Master of Science in Computational Finance and Bachelor of Science in Applied Mathematics from De La Salle University-Manila.

MARIA ELISA E. DE LARA, 54, Filipino, is the **First Vice President for Group Internal Audit since 2021**. She was **Vice President** of the company from 2014 to June 2021. She joined the company in October 2010 and was appointed as **Assistant Vice President** for Group Internal Audit effective January 2011. She is a Certified Public Accountant and holds a Global Certification in Risk Management Assurance (CRMA). ***Educational Background:*** Bachelor of Science in Business Administration Major in Accounting (Magna Cum Laude) from the Philippine Women's University.

MARIA TERESA T. BAUTISTA, 51, Filipino, is the **Vice President - Controller** since July, 2017. She is also the **Controller** of Landev Corporation, ATYC Inc., Tarlac Terra Ventures, Inc. and San Lorenzo Ruiz Investment Holdings and Services, Inc.; **CFO and Treasurer** of Investment Managers Inc., Xamdu Motors, Inc., and Hexagon Lounge, Inc.; **Treasurer** of Greyhounds Security and Investigation Agency Corp. and Secon Professional Security. She is a Certified Public Accountant, holds a Global Certification for Internal Auditors (CIA) and has completed the Six Sigma Green Belt Program. ***Educational Background:*** Bachelor of Science in Commerce, Major in Accounting, from St. Paul College, Philippines.

CHONA B. CACHO, 40, Filipino, is the **IT Audit Cluster Head/ Vice President for IT Audit** since July 2021. She was **Assistant Vice President for IT Audit** of the company from July 2019 to June 2021. She is a Certified Public Accountant (CPA) and holds Global Certification as a Certified Internal Auditor (CIA) and a Certified Information Systems Auditor (CISA). ***Educational Background:*** Bachelor of Science in Accountancy (Cum Laude) from Polytechnic University of the Philippines, Sta. Mesa, Manila.

SONIA P. VILLEGAS, 55, Filipino, is the **Vice President for HR and Admin.** She was **Assistant Vice President for HR and Admin** of the Company from 2013 to June 2021. She is also a **Director** of Greyhounds Security and Investigation Agency. She was also a **Director** of Landev Corporation, Zambo Realty and Development Corp., and Zambo Carriers, Inc.. ***Educational Background:*** Strategic Human Resources Management Certificate Program from Ateneo Center for Organization and Research Development and Bachelor of Arts in Economics from the University of the East, Manila.

LALAINE P. MONSERATE, 60, Filipino, is the **Vice President for Legal and Compliance**. She joined the Company in November 2016 as **Assistant Vice President – Legal and Compliance Officer**. She was appointed **Data Privacy Officer** for the Company and RCBC Realty in May 2017 up to the present. She is also the **Corporate Secretary** of Greyhounds Security and Investigation Agency Corporation from August 2018 to present. She was also appointed the **Compliance Officer** for Money Laundering/Combating Financing of Terrorism (ML/ CFT) for San Lorenzo Ruiz Investment Holdings and Services, Inc., RCBC Realty Corporation, and ATYC, Inc. and Tarlac Terra Ventures, Inc. These companies are considered DNFBPs (Designated Non-Financial Businesses and Profession). ***Her past experiences include:*** **Assistant Director** of the Investigation and Prosecution Division, Enforcement and Investor Protection Department of the Securities and Exchange Commission (SEC). She spent 12 years at the SEC, rising from the ranks, i.e. from Securities Investigator, Securities Counsel, Chief Counsel, Division Head and Assistant Director. ***Educational Background***: Bachelor of Laws and Bachelor of Arts in Political Science from the University of Nueva Caceres in Naga City.

GLENSON K. LIM, 45, Filipino, joined the company in August 2023 as the **Vice President for Property**. He is also the **General Manager** for ATYC, Inc. and **Property Manager** of Tarlac Terra Ventures, Inc. ***His past experiences include:*** **Vice President for Operations and Business Development** for Moldex Realty Inc, and **Chief Development Officer** for Udenna Land Inc. He is a PRC licensed Architect, Environmental Planner, and Master Plumber, and an SEC licensed Certified Securities Representative. ***Educational Background***: BS Architecture from the University of Santo Tomas; Master in Business Administration from the Ateneo Graduate School of Business/Regis University.

GERARD G. MAGADIA, 52, Filipino, is the **Vice President & General Manager for Procurement Shared Services**. ***His past experiences include:*** **Head of Supply Chain Management** of Concepcion Carrier Airconditioning Company (CCAC), **Head Strategic Sourcing and Vendor Management** of Meralco and **Assistant Vice President & Head of Strategic Procurement** of Equipment Engineers Inc.-a wholly owned subsidiary of EEI Corporation. He is the Vice President for Professional Development Center of the Philippine Institute for Supply Management (PISM) and is an honorary Certified Professional in Purchasing. ***Educational Background:*** Management Development Program Executive Education & Lifelong Learning from Asian Institute of Management (AIM), with MBA Units at Ateneo Graduate School of Business and Bachelor of Science in Chemistry from Pablo Borbon Memorial Institute of Technology (now Batangas State University).

SAMUEL V. TORRES, 59, Filipino, is the **Corporate Secretary.** His other present positions include: **General Counsel & Corporate Secretary** of Pan Malayan Management & Investment Corporation and **Corporate Secretary** of A. T. Yuchengco, Inc., A Y Foundation, Inc., A.Y. Holdings, Inc., Bankers Assurance Corp., Bluehounds Security and Investigation Agency, Inc., Luisita Industrial Park Corp., RCBC Bankard Services, Inc., Enrique T. Yuchengco, Inc. Investment Managers, Inc., Sun Life Grepa Financial, Inc., Grepaland, Inc., Grepa Realty Holdings Corporation, PetroEnergy Resources Corp., Seafront Resources Corp., GPL Cebu Tower Office Condominium Corp., Hexagon Integrated Financial & Insurance Agency, Inc., Hexagon Lounge, Inc., iPeople, inc., RCBC Land, Inc., RCBC Forex Brokers Corp., RCBC Realty Corp., RCBC Securities, Inc., RCBC Capital Corporation, Malayan High School of Science, Inc., Malayan Education System, Inc., Malayan Colleges Mindanao (A Mapua School), Inc. (Operating as Mapua Malayan Colleges Mindanao), Malayan Colleges Foundation, Inc., Malayan Information Technology Center, Inc., Malayan Colleges Laguna, Inc A Mapua School operating under the name of Mapua Malayan Colleges Laguna(Formerly: Malayan Colleges Laguna, Inc, A Mapua School), Affordable Private Education, Inc. doing business under the name of APEC SCHOOLS, AC College of Enterprise and Technology, Inc., Linc Institute, Inc., University of Nueva Caceres, Inc., National Teachers College, GPL Holdings, Pan Pacific Computer Center, Inc., HI Cars, Inc., Hi-Eisai Pharmaceutical, Inc., People eServe Corp., La Funeraria Paz Sucat, Inc., Landev Corp., Pan Malayan Express, Inc., Pan Malayan Realty Corp., Philippine Advertising Agency, Inc., First Nationwide Assurance Corp., Malayan Insurance Co., Inc., MICO Equities, Inc., and Tokio Marine Malayan Insurance Corp. ***Educational Background:*** Bachelor of Laws, Ateneo De Manila University School of Law; Bachelor of Science in Business Economics, University of the Philippines.

MA. ELVIRA BERNADETTE G. GONZALEZ, 47, Filipino, is the **Assistant Corporate Secretary**. She is also the **Assistant General Counsel** of Pan Malayan Management & Investment Corporation and **Corporate Secretary** of Blackhounds Security and Investigation Agency, Inc. and the **Assistant Corporate Secretary** of iPeople, inc., Malayan Colleges Mindanao (A Mapua School), Inc., Affordable Private Education, Inc. doing business under the name of APEC SCHOOLS, National Teachers College, University of Nueva Caceres, Yuchengco Tower Office Condominium Corp., Y Tower II Office Condominium Corp., and GPL Holdings, Inc. ***Educational Background:*** Juris Doctor, Ateneo De Manila University School of Law; Bachelor of Arts in Political Science, Ateneo De Manila University.

RESIGNATION OF DIRECTORS
To date, no director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

ELECTION OF DIRECTORS
The Directors of House of Investments are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified.

APPOINTMENT AND RESIGNATION OF OFFICERS
Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

SIGNIFICANT EMPLOYEE
There is no person who is not an executive officer that is expected by the issuer to make a significant contribution to the business.

FAMILY RELATIONS
Mrs. Helen Y. Dee and Ms. Yvonne S. Yuchengco are siblings. Mr. John Mark S. Frondoso is the nephew of Ms. Helen Y. Dee and Ms. Yvonne S. Yuchengco by virtue of his mother being their second cousin on the maternal side.

Other than what is disclosed above, there are no other family relationships known to the registrant.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS
The Company is not aware of the following events during the past 5 years up to March 31, 2024:

(a) any bankruptcy petition filed by or against any business of which any of its director or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time.

(b) any conviction by final judgment of any director or senior executive in a criminal proceeding domestic or foreign or being subject to a pending criminal proceeding domestic or foreign, of any director, executive officer or person nominated to be a director

(c) any director or senior executive being subject to any order, judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining barring, suspending or otherwise limiting such directors' or executive officer's involvement in any type of business securities, commodities or banking activities

(d) any executive officer or director found by a domestic or foreign court of competent jurisdiction, the Commission or other foreign body or a domestic or foreign Exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 10 – EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and other officers follows:

NAME AND POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION
The top 5 executives of the Company are as follows: 1. Lorenzo V. Tan, President & CEO 2. Gema O. Cheng, EVP – Chief Operating Officer, Chief Financial Officer & Treasurer 3. Alexander Anthony G. Galang, FSVP – Internal Audit 4. Ruth C. Francisco, SVP – Chief Risk Officer 5. Joselito D. Estrella, SVP – Chief Information Officer	2024	P53.6(est)	P0	P0
	2023	P51.0M	P0	P0
	2022	P43.9M	P0	P0
All other officers and directors as group unnamed.	2024	P72.3M (est)	P0	P1.9M (est)
	2023	P66.6M	P0	P1.9M
	2022	P59.3M	P0	P1.5M
TOTALS	2024	P125.8M (est)	P0	P1.9M (est)
	2023	P117.7M	P0	P1.9M
	2022	P103.2M	P0	P1.5M

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, other than those stated on the above table during the Company's last completed fiscal year, and the ensuing year, for any service provided as an executive officer or member of the Board of Directors.

Directors are paid a per diem of P35,000 for attendance in a Board meeting. Board meetings are scheduled every quarter in a year. A director is also paid a per diem of P20,000 for participation in the different committee meetings.

There is no director, executive officers, nominee for director, beneficial holder and family members involved in any business transaction of the Company.

Item 11 – Security Ownership of Certain Beneficial Owners and Management

Owners of more than 5% of voting securities as of March 31, 2024.
The following table shows the beneficial owners directly or indirectly owning more than 5% of the Company's capital stock as of March 31, 2024:

COMMON STOCK

SHARE CLASS	NAME AND ADDRESS OF RECORD OWNER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NUMBER OF SHARES BENEFICIALLY OWNED	% OF TOTAL
Common	**PAN MALAYAN MANAGEMENT & INVESTMENT CORPORATION** 48/F, Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Makati City *Principal Stockholder*	**Ms. Helen Y. Dee** *Chairperson* is authorized to direct voting of the shares held by Pan Malayan Management & Investment Corporation	Filipino	842,270,070*	57.32%
Common	**GPL Holdings, Inc.** 4/F Grepalife Building, 221 Senator Gil J. Puyat Avenue., Makati City *Principal Stockholder*	**Ms. Helen Y. Dee** *President* is authorized to direct voting of the shares held by GPL Holdings, Inc.	Filipino	340,803,508*	23.19%
Common	**RCBC Securities, Inc.** *7/F Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Makati City*	**Mr. Raoul V. Santos** *President*	Filipino	264,103,763**	17.97%

** Represents direct and indirect ownership.*
*** Includes indirect ownership of Pan Malayan Management & Investment Corporation and GPL Holdings, Inc.*

There are no arrangements that may result in change in control.

SECURITY OWNERSHIP OF MANAGEMENT
Securities beneficially owned by the directors, nominees, officers, other than qualifying shares, as of March 31, 2024 according to the records of its stock and transfer agent, Rizal Commercial Banking Corporation (RCBC):

COMMON STOCK

NAME OF BENEFICIAL OWNER	CITIZENSHIP	NATURE OF OWNERSHIP	SHARES OWNED	% OF CLASS
Ms. Helen Y. Dee	Filipino	Direct Indirect	1,125,345 871,780	0.0766% 0.0593%
Mr. John Mark S. Frondoso	Filipino	Direct	5	0.0000%
Mr. Francisco H. Licuanan III	Filipino	Direct	500	0.0000%
Mr. Carlos G. Dominguez	Filipino	Direct	5	0.0000%
Mr. Medel T. Nera	Filipino	Direct	5	0.0000%
Dr. Roberto F. de Ocampo	Filipino	Direct	5	0.0000%
Atty. Wilfrido E. Sanchez	Filipino	Direct	5	0.0000%
Mr. Juan B. Santos	Filipino	Direct	5	0.0000%

NAME OF BENEFICIAL OWNER	CITIZENSHIP	NATURE OF OWNERSHIP	SHARES OWNED	% OF CLASS
Mr. Lorenzo V. Tan	Filipino	Direct	5	0.0000%
Mr. Gil A. Buenaventura	Filipino	Direct	5	0.0000%
Ms. Yvonne S Yuchengco	Filipino	Direct Indirect	45 147,210	0.0000% 0.0100%
Sub-Total			**2,144,920**	**0.1460%**
Total Common Shares			**1,469,302,230**	**100%**

Item 12 – Certain Relationships and Related Transactions

There is no director, executive officer, nominee for director, beneficial holder, or any family member involved in any business transaction with HI and subsidiaries.

There are no material transactions which were negotiated by the Company with parties whose relationship with the Company fall outside the definition of "related parties" under Philippine Accounting Standards 24, Related Party Disclosures, but with whom the Company has relationship that enables such parties to negotiate terms that may not be available from other, more clearly independent parties on an arm's length basis.

Please refer to Note 22 to the consolidated financial statements for the details of related party transactions. As discussed in the notes, in the normal conduct of business, other transactions with certain affiliates include sharing in general and administrative expenses and cash advances.

PART IV – CORPORATE GOVERNANCE

Item 13 – Corporate Governance

(a) Evaluation System to Measure Compliance with the Manual on Corporate Governance

The Company has consistently monitored its compliance with the Securities and Exchange Commission's (SEC's) Memorandum Circulars and issuances as well as all relevant Philippine Stock Exchange's (PSE's) Circulars and issuances on Corporate Governance. The Company continues to comply with the leading practices and principles on good corporate governance and appropriate self-rating assessment and performance evaluation to determine and measure its compliance with the Company's Manual on Corporate Governance.

The Company has submitted its Integrated Annual Corporate Governance Report (IACGR) for the period covering the years 2018, 2019, 2020, 2021 and 2022. For the period covering the year 2023, the Company will submit its IACGR on or before May 30, 2024.

(b) Measures Undertaken to Fully Comply with Leading Practices on Corporate Governance

In its 2018, 2019, 2020, 2021 and 2022 Integrated Annual Corporate Governance Reports (IACGRs), the Company has complied with the majority of the recommendations specified in the said Report. In 2023, the Company was compliant with all the recommendations.

(c) Deviation from the Manual on Corporate Governance

In its 2018, 2019, 2020, 2021 and 2022 Integrated Annual Corporate Governance Reports (IACGRs), the Company has complied with the majority of the recommendations specified in the said Report. In 2022, the Company was compliant with all the recommendations. It did not deviate from any recommendation on the Manual on Corporate Governance.

(d) Plans to Improve Corporate Governance

In order to improve the performance of the Chairperson, the Board of Directors and its officers, the Company has required them to submit an Annual Self-Assessment Questionnaire which is composed of varying statements on their roles, functions and responsibilities under the Manual on Corporate Governance. The Company in 2021 also engaged an external or third-party evaluator – GGAPP, to assess the performance of the Chairperson and the Board as well as the Chief Risk Officer, the Chief Audit Executive and the Compliance Officer. The Company, as required under its Policy on Related Party Transactions, implemented the annual submission of Related Party Questionnaire in order to elicit information about any potential or actual related party transactions entered into by the Chairperson, the Board of Directors, the Company and its officers during the said year. In addition, the Company also required them to submit a Biographical Data containing their personal information, work experience, family relations, and others, to determine their relatives within the third-degree of consanguinity and their related party transactions with the Company, if there is any. The Committee on Corporate Governance, Nominations and Related Party Transactions has been monitoring their submissions.

The Company continuously monitors all relevant PSE and SEC Circulars on Corporate Governance that may be used to improve compliance with the Manual on Corporate Governance.

The Company continues to adhere to the leading practices on good corporate governance as well as its Manual on Corporate Governance by requiring its Chairperson, Directors and Officers to attend the annual seminar/webinars on Corporate Governance conducted by regulatory agencies such as the Securities and Exchange Commission (SEC), its accredited service providers, Philippine Stock Exchange (PSE), Anti-Money Laundering Council (AMLC), Data Privacy Commission and others.

PART V – EXHIBITS AND SCHEDULES

Item 14 - Exhibits and Reports on SEC Form 17-C

SUMMARY OF SEC FORM 17-C

February 06, 2023

- Signing of the Joint Venture and Development Agreement for Sangley Point International Airport

March 03, 2023

- Filing of notification to the Philippine Competition Commission in connection with the proposed joint venture for the Sangley Point International Airport Project

April 12, 2023

- Approval of the 2022 Audited Consolidated Financial Statements of House of Investments and Subsidiaries

April 25, 2023

- Authority to enter into a share swap agreement with Pan Malayan Management and Investment Corporation (PMMIC) whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc.
- Authority to enter into a share swap agreement with GPL Holdings, Inc. (GPLH) whereby HI will issue 295,133,148 common shares in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in SunLife Grepa Financial, Inc. and Grepa Realty Holdings Corporation
- Approval of the Increase in the Company's Authorized Capital Stock (ACS), from PhP2,875,000,000 which consists of 1,250,000,000 Common Shares with a par value of PhP1.50 per share and 2,500,000,000 Preferred Shares with a par value of PhP0.40 per share to PhP3,205,000,000 divided into 1,470,000,000 Common Shares with a par value of PhP1.50 per share and 2,500,000,000 Preferred Shares with a par value of PhP0.40 per share
- Approval to sell 207,256,297 common shares, representing 20% of the outstanding common shares of EEI Corporation to RYM Business Management Corporation for a total consideration of PhP1.25 Billion
- Approval of the Company's 2022 Sustainability Report
- Approval of the date of the Annual Stockholders' Meeting (July 21, 2023)

April 26, 2023

- Signing of the deed of sale for 20% of the outstanding common shares of EEI Corporation

May 19, 2023

- Approval of the Integrated Annual Corporate Governance Report (I-ACGR)
- Confirmation of the Approval of the Audit Committee of the 1st Quarter 2023 Financial Statements to be filed with the SEC
- Approval to sell 148,664,942 common shares, representing 14.346% of the outstanding common shares of EEI Corporation to Industry Holdings and Development Corp. for a total consideration of PhP1,075,555,630.
- Approval to subscribe to PhP1 Billion of ATYC, Inc. preferred shares

July 21, 2023

- Declaration of regular cash dividend of PhP0.05 per share with record date on August 4, 2023 and payment date on September 1, 2023
- Approval of the Company's enrollment in RCBC's Cash Dividend Direct Credit Program (CDDCP) facility for certificated shareholders

November 24, 2023

- Confirmation of the approval of the Audit Committee of the 3rd Quarter Financial Statements filed with the SEC
- Confirmation of the Appointment of Mr. Glenson Lim as Vice President for Property
- Incorporation of a new company which will be a wholly-owned subsidiary of House of Investments that will engage in real estate activities
- Approval of RCBC Trust Corporation as successor stock transfer agent, registrar agent and dividend paying agent of the company effective January 1, 2024

December 27, 2023

- Participation in the bid for the Ninoy Aquino International Airport (NAIA) PPP Project

December 29, 2023

- Purchase of a 184-hectare property located at Central Techno Park in Luisita Industrial Park through Tarlac Terra Ventures, Inc., a wholly owned subsidiary of House of Investments, Inc.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Makati on _______________, 2024.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this 30 APR 2024 2024 at Makati City.

By:

Lorenzo V. Tan
President & CEO

Gema O. Cheng
EVP- COO, CFO & Treasurer

Maria Teresa T. Bautista
VP –Controller

Atty. Samuel V. Torres
Corporate Secretary

30 APR 2024

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2024, at MAKATI CITY. Affiant exhibited to me their Residence Certificate Numbers indicated below each name.

Names	Document No.	Date & Place of Issue/Expiration
Lorenzo V. Tan	P9150965B	03-10-2022 Manila / 03-09-2032
Gema O. Cheng	DL#N06-84-036923	12-08-2022 Mandaluyong / 12-08-2032
Maria Teresa T. Bautista	DL#06-92-094899	11-23-2012 Makati / 11-23-2032
Atty. Samuel V. Torres	P2022842C	10-14-2022 Manila / 10-13-2032

Doc. No. 174;
Page No. 35;
Book No. 47;
Series of 2024.

ATTY. JOSELINO N. SUCION CPA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2025
U-203 CARREON BLDG.
2746 ZENAIDA ST., POBLACION, MAKATI CITY
IBP NO.384449/01/01/2024
PTR NO. 10072076/01/02/2024
MCLE COMPLAINCE NO. VII-0013028/04-14-2025
ROLL NO. 60799
APPOINTMENT NO. M-018

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

HOUSE OF INVESTMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of House of Investments, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023, 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 or members.

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

HELEN Y. DEE
Chairman of the Board

LORENZO V. TAN
President and Chief Executive Officer

GEMA O. CHENG
EVP - COO/Chief Financial Officer & Treasurer

Signed this 30 *day of* APR *2024*

Doc. No. 171
Page No. 38
Book No. 43
Series of 2024

ATTY. JOSELINO N. SUCIAN CPA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2025
U-203 CARREON BLDG.
2746 ZENAIDA ST., POBLACION, MAKATI CITY
IBP NO.364449/01/01/2024
PTR NO. 10072076/01/02/2024
MCLE COMPLAINCE NO. VII-0013028/04-14-2025
ROLL NO. 60799
APPOINTMENT NO. M-018

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
House of Investments, Inc.
9th Floor, Grepalife Building
221 Sen. Gil J. Puyat Avenue
Makati City, Metro Manila

Opinion

We have audited the consolidated financial statements of House of Investments, Inc. (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Recoverability of nonfinancial assets

Under PFRSs, the Group is required to annually test for impairment the nonfinancial assets such as the goodwill, intellectual property rights with infinite life and for those nonfinancial assets with finite useful life, whenever there are indicators of impairment. These nonfinancial assets are considered significant to the consolidated financial statements and management's assessment process involves judgments and is based on assumptions which are subject to higher level of estimation uncertainty. The assumptions used in estimating the discounted cash flow projections include forecasted revenue, long-term growth rates, royalty rates, and discount rates.

Relevant disclosures related to this matter are provided in Notes 23 and 24 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. We obtained an understanding of the Group's impairment model and the assumptions on the key business drivers of the cash flow forecasts such as the revenue. We checked the Group's key assumptions and also compared them against historical performance. We compared the long-term growth rates and royalty rates against relevant published market information. We tested the parameters used in the determination of discount rates against market data. In addition, we reviewed the Group's disclosures about those assumptions to which the outcome of the impairment tests is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of these assets.

Assessment of the Loss of Control over EEI Corporation and Subsequent Classification and Accounting for the Retained Interest

On April 25, 2023, the board of directors of the Parent Company approved the sale of 20% interest over EEI Corporation (EEI). As a result of this transaction, the Group and the Parent Company lost control over EEI resulting in deconsolidation of the assets and liabilities of EEI and derecognition of the carrying value of investment in EEI at the Group and Parent Company level, respectively, and recognized the retained interest in EEI as an investment in associate. The Group classified the results of EEI as deconsolidated operations in the consolidated statements of income and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, respectively.

As required by PAS 36, *Impairment of Assets*, management performed impairment tests on the investment in EEI to determine whether its carrying amount has exceeded its recoverable amount as at December 31, 2023.

The assessment over the loss of control over EEI and subsequent classification and accounting treatment of the retained interest in EEI is significant to our audit given the size and complexity of the transaction and the significant judgments involved, specifically on the assessment of loss of control, existence of significant influence on retained interest and valuation of the shares of EEI. In addition, management's impairment assessment process on the investment in EEI requires significant judgment and is based on assumptions, specifically discount rate and cashflow forecast, that are subject to higher level of estimation uncertainty.

Audit Response

We obtained an understanding of the transactions and inspected management's analysis on the accounting treatment of the transaction, including the assessment on the classification of retained interest over EEI. We reviewed the management's assessment that the control elements as defined under PFRS 10, *Consolidated Financial Statements* (PFRS 10) are no longer met and the Group exercised significant influence with its retained interest over EEI through inspection of agreements related to the transaction.

We obtained an understanding of and evaluated the valuation techniques and assumptions used in the valuation of EEI. We compared the key assumptions used in the valuation against external appraisal reports, market and industry data. We considered the competence, capabilities, and objectivity of the specialists engaged by the Parent Company in relation to the valuation of EEI's properties.

We agreed the carrying value of EEI prior to loss of control to accounting records and evaluated if the deconsolidation is in accordance with PFRS 10. We reperformed the calculation of loss on deconsolidation and gain on remeasurement of retained interest. We assessed whether the classification of EEI as a deconsolidated operation is appropriate and that the presentation in the financial statements as a deconsolidated operation is in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*.

We reviewed the completeness of the disclosures with respect to this transaction and the disclosures about those assumptions to which the outcome of the valuation is most sensitive, specifically, those that have the most significant effect on the determination of the fair value of the EEI.

We reviewed the impairment testing on the investment in EEI with the involvement of our internal specialist. We evaluated the key assumptions, such as forecasted revenues, gross margin and discount rate, that were used to estimate the discounted cash flows to which management attributes the investment. We evaluated these key assumptions based on our understanding of the business plans and by reference to historical information and relevant market data. In our sensitivity analyses, we considered past, current and anticipated changes in the business and economic environment. We tested the parameters used in the determination of the discount rate against market data.

We also obtained the financial information of EEI for the year ended December 31, 2023 and recomputed the Group's share in net income of EEI for the year ended December 31, 2023.

Estimation of Insurance Contract Liabilities

The Group's insurance contract liabilities represent a significant portion of its total liabilities. As required by PFRS 4 and in accordance with the provisions of the local standards, insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for insurance contracts is calculated on the basis of prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract.

While there is considerate judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are those related to past and future internal and external variables with respect to underlying assumptions that may have a significant impact on the measurements of these liabilities. These assumptions required significant auditor attention particularly for (i) circumstances where there is limited company and industry experience data and (ii) circumstances where the historical experience may not be a good indicator of the future. Auditing certain valuation models and significant assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial and fair value specialists.

Audit Response

We obtained understanding of the Group's process to estimate the insurance contract liabilities and tested relevant controls.

On sampling basis, we tested the accuracy of policy data by vouching the details in the computation of reserves to the policy. We reviewed the tie-up of samples selected to the respective plan code group it belongs. With the assistance of our internal specialist, we evaluated the methodologies used by the Group in determining the insurance contract liabilities and assessed whether the methodologies are generally accepted actuarial projection techniques and we tested the reasonableness of the assumptions used by independently calculating an estimate of the insurance contract liability and comparing the results to the Group's estimate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lloyd Kenneth S. Chua.

SYCIP GORRES VELAYO & CO.

Lloyd S Chua

Lloyd Kenneth S. Chua
Partner
CPA Certificate No. 109688
Tax Identification No. 223-270-891
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-115-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079919, January 5, 2024, Makati City

April 29, 2024

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱6,633,047,805**	₱6,630,467,357
Receivables (Note 9)	**11,685,674,611**	4,250,815,749
Contract assets (Note 10)	**–**	5,182,274,282
Segregated fund assets (Note 11)	**37,569,985,225**	–
Reinsurance assets (Note 12)	**24,230,398,085**	–
Inventories (Note 13)	**496,661,387**	1,502,027,586
Loans receivable (Note 14)	**1,865,811,107**	–
Financial assets at fair value through profit or loss (FVTPL) (Note 16)	**6,422,981,790**	14,892,802
Receivables from related parties (Note 29)	**17,279,419**	178,008,353
Assets held for sale (Note 17)	**408,819,217**	–
Prepaid expenses and other current assets (Note 15)	**2,060,908,494**	2,117,354,151
Total Current Assets	**91,391,567,140**	19,875,840,280
Noncurrent Assets		
Contract assets - net of current portion (Note 10)	**–**	5,190,526,530
Equity investments at fair value through other comprehensive income (FVOCI) (Note 16)	**22,847,990,404**	650,642,033
Investment securities at amortized cost (Note 16)	**3,312,776,303**	–
Investments in associates and joint ventures (Note 18)	**6,019,840,170**	8,303,323,179
Property and equipment (Note 20)		
At revalued amount	**15,469,825,819**	9,875,430,378
At cost	**7,073,528,753**	7,225,811,452
Investment properties (Note 19)	**10,824,388,905**	8,109,162,827
Deferred tax assets - net (Note 37)	**831,675,971**	1,412,438,716
Right-of-use assets (Note 22)	**486,018,030**	1,194,764,548
Goodwill (Note 23)	**183,970,413**	484,829,719
Retirement assets (Note 36)	**21,302,255**	93,338,840
Deferred acquisition costs (Note 21)	**499,447,146**	–
Other noncurrent assets (Note 24)	**1,002,101,112**	2,810,716,784
Total Noncurrent Assets	**68,572,865,281**	45,350,985,006
Total Assets	**₱159,964,432,421**	₱65,226,825,286
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 25)	**₱7,649,852,076**	₱7,023,609,751
Loans payable (Note 26)	**3,971,142,021**	8,217,000,000
Segregated fund liabilities (Note 11)	**37,569,985,225**	–
Current portion of long-term debt (Note 27)	**32,573,600**	4,714,765,059
Current portion of contract liabilities (Note 10)	**1,147,189,447**	1,387,334,090
Insurance contract liabilities - current portion (Note 28)	**37,422,659,896**	–
Current portion of lease liabilities (Note 22)	**97,874,024**	168,473,399
Income tax payable	**39,956,012**	17,927,194
Due to related parties (Note 29)	**89,378,588**	2,532,535
Total Current Liabilities	**88,020,610,889**	21,531,642,028

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 27)	**2,709,237,650**	4,316,758,220
Contract liabilities - net of current portion (Note 10)	**124,339,470**	826,701,427
Insurance contract liabilities - net of current portion (Note 28)	**14,026,067,186**	–
Lease liabilities - net of current portion (Note 22)	**510,109,278**	1,210,356,879
Deferred tax liabilities - net (Note 37)	**1,990,204,297**	1,044,811,603
Retirement liabilities (Note 36)	**684,971,030**	200,096,343
Deferred reinsurance commissions (Note 21)	**198,267,206**	–
Other noncurrent liabilities (Note 19)	**1,486,005,501**	232,075,531
Total Noncurrent Liabilities	**21,729,201,618**	7,830,800,003
Total Liabilities	**₱109,749,812,507**	₱29,362,442,031
Equity		
Attributable to equity holders of the Parent Company		
Preferred stock (Note 39)	**–**	–
Common stock (Note 39)	**2,201,795,746**	1,162,540,326
Additional paid-in capital	**14,808,241,606**	154,578,328
Equity reserve on acquisition of non-controlling interest	**(868,077,102)**	1,932,007,449
Revaluation increment on land - net (Note 20)	**3,289,823,486**	2,218,473,182
Cumulative translation adjustments	**46,376,718**	352,101,517
Fair value reserve of equity investments at FVOCI (Note 16)	**(47,667,218)**	111,000,523
Remeasurement loss on retirement obligation (Note 36)	**(18,380,970)**	(14,062,367)
Retained earnings (Note 40)		
Unappropriated	**7,390,657,134**	4,944,402,862
Appropriated	**5,200,000,000**	7,505,355,000
	32,002,769,400	18,366,396,820
Non-controlling interests (Note 40)	**18,211,850,514**	17,497,986,435
Total Equity	**50,214,619,914**	35,864,383,255
	₱159,964,432,421	₱65,226,825,286

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022 (As restated - Notes 6 and 7)	2021(As restated - Notes 6 and 7)
REVENUE (Note 30)	**₱11,094,211,630**	₱9,478,680,114	₱7,494,179,168
COSTS OF SALES AND SERVICES (Notes 13 and 31)	**7,973,528,936**	6,873,239,184	5,399,928,581
GROSS PROFIT	**3,120,682,694**	2,605,440,930	2,094,250,587
GENERAL AND ADMINISTRATIVE EXPENSES (Note 33)	**(1,774,867,486)**	(1,570,794,443)	(1,296,907,738)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 18)	**116,716,080**	530,888,513	505,172,538
INTEREST AND FINANCE CHARGES (Notes 26, 27, 22 and 35)	**(525,779,116)**	(271,576,420)	(238,886,706)
OTHER INCOME - Net (Note 32)	**243,482,184**	311,999,656	98,861,744
INCOME BEFORE INCOME TAX	**1,180,234,356**	1,605,958,236	1,162,490,425
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 37)	**(138,322,300)**	(48,404,042)	13,236,072
NET INCOME FROM CONTINUING OPERATIONS	**1,041,912,056**	1,557,554,194	1,175,726,497
NET INCOME (LOSS) FROM DECONSOLIDATED OPERATIONS (Notes 6 and 7)	(426,307,138)	166,789,425	452,039,807
NET INCOME	**₱615,604,918**	₱1,724,343,619	₱1,627,766,304
Net income attributable to:			
Equity holders of the Parent Company	**₱440,794,487**	₱1,174,088,374	₱1,073,009,638
Non-controlling interests	**174,810,431**	550,255,245	554,756,666
	₱615,604,918	₱1,724,343,619	₱1,627,766,304
EARNINGS PER SHARE (Note 38)			
Basic	**₱0.3000**	₱1.1270	₱1.3819
Diluted	**₱0.3000**	₱1.1270	₱1.3819

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022 (As restated - Notes 6 and 7)	2021 (As restated - Notes 6 and 7)
NET INCOME	**₱615,604,918**	₱1,724,343,619	₱1,627,766,978
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Share in other comprehensive gain (loss) of an associate (Note 18)	**(36,052,847)**	106,387,771	(138,799,334)
Cumulative translation adjustments	**(3,276,506)**	142,920,866	82,902,764
Items not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments carried at FVOCI (Note 16)	**(16,781,845)**	46,383,342	40,293,502
Revaluation increment on land (Note 20)	**2,264,799,251**	1,362,576,732	333,961,750
Remeasurement gain (loss) on net retirement (Note 36)	**(43,989,856)**	258,091,615	295,174,036
Income tax effect	**(249,065,653)**	(239,052,304)	22,722,557
	1,915,632,544	1,677,308,022	636,255,275
TOTAL COMPREHENSIVE INCOME	**₱2,531,237,462**	₱3,401,651,641	₱2,264,022,253
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,384,307,155**	₱2,269,856,628	₱1,320,105,320
Non-controlling interests	**1,146,930,306**	1,131,795,013	943,916,933
	₱2,531,237,461	₱3,401,651,641	₱2,264,022,253

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMEN
TS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Attributable to Equity Holders of the Parent Company											
	Capital stock (Note 39)	**Additional paid-in capital**	**Equity reserve on acquisition of non-controlling interest**	**Revaluation increment on land - net** (Note 20)	**Cumulative translation adjustments** (Notes 18)	**Fair Value reserve of equity investments at FVOCI** (Note 16)	**Remeasurement loss on retirement** (Note 36)	**Retained earnings**		**Subtotal**	**Non-controlling interests** (Note 39)	**Total**
								Unappropriated (Notes 40)	**Appropriated** (Note 40)			
BALANCES AT JANUARY 1, 2021	₱1,162,540,326	₱154,578,328	₱1,623,004,873	₱1,294,577,413	₱225,033,109	₱175,482,889	(₱259,954,684)	₱3,280,479,055	₱6,505,355,000	₱14,161,096,309	₱7,693,090,127	₱21,854,186,436
Net income	–	–	–	–	–	–	–	1,073,009,638	–	1,344,999,979	554,756,666	1,627,766,304
Other comprehensive income (loss)	–	–	–	150,790,333	46,270,831	(108,152,229)	158,186,073	–	–	643,120,561	389,160,267	636,255,275
Total comprehensive income	–	–	–	150,790,333	46,270,831	(108,152,229)	158,186,073	1,073,010,312	–	1,320,105,320	943,916,933	2,264,022,253
Movement in equity	–	–	–	–	–	–	–	217,170,021	–	217,170,021	–	217,170,021
Acquisition and disposal of non-controlling interest	–	–	(24,583,173)	–	–	–	–	–	–	(24,583,173)	16,764,085	(7,819,088)
Reversal of appropriated retained earnings	–	–	–	–	–	–	–	2,500,000,000	(2,500,000,000)	–	–	–
Appropriation of retained earnings	–	–	–	–	–	–	–	(3,500,000,000)	3,500,000,000	–	–	–
Issuance of preferred stock by subsidiary	–	–	–	–	–	–	–	–	–	–	5,955,009,556	5,955,009,556
Declaration of dividend by subsidiary	–	–	–	–	–	–	–	–	–	–	(167,016,594)	(167,016,594)
BALANCES AT DECEMBER 31, 2021	1,162,540,326	154,578,328	1,598,421,700	1,445,367,746	271,303,940	67,330,660	(101,768,611)	3,570,659,388	7,505,355,000	15,673,788,477	14,441,764,107	30,115,552,584
Net income	–	–	–	–	–	–	–	1,174,088,374	–	1,174,088,374	550,255,245	1,724,343,619
Other comprehensive income	–	–	–	883,594,568	80,797,577	43,669,863	87,706,244	–	–	1,095,768,252	581,539,770	1,677,308,022
Total comprehensive income	–	–	–	883,594,568	80,797,577	43,669,863	87,706,244	1,174,088,374	–	2,269,856,626	1,131,795,015	3,401,651,641
Movement in equity	–	–	–	(110,489,132)	–	–	–	199,655,100	–	89,165,968	(89,165,968)	–
Declaration of dividend by subsidiary	–	–	–	–	–	–	–	–	–	–	(485,316,910)	(485,316,910)
Movement in non-controlling interest	–	–	333,585,749	–	–	–	–	–	–	333,585,749	2,498,910,191	2,832,495,940
BALANCES AT DECEMBER 31, 2022	**1,162,540,326**	**154,578,328**	**1,932,007,449**	**2,218,473,182**	**352,101,517**	**111,000,523**	**(14,062,367)**	**4,944,402,862**	**7,505,355,000**	**18,366,396,820**	**17,497,986,435**	**35,864,383,255**
Net income	–	–	–	–	–	–	–	440,794,487	–	440,794,487	174,810,431	615,604,918
Other comprehensive income	–	–	–	1,090,299,035	(3,276,506)	(96,260,600)	(47,249,261)	–	–	943,512,668	972,119,875	1,915,632,543
Total comprehensive income	–	–	–	1,090,299,035	(3,276,506)	(96,260,600)	(47,249,261)	440,794,487	–	1,384,307,155	1,146,930,306	2,531,237,461
Issuance of new shares	1,039,255,420	14,653,663,278	–	–	–	–	–	–	–	15,692,918,698	–	15,692,918,698
Acquisition of new subsidiary	–	–	(3,038,511,149)	–	–	–	–	–	–	(3,038,511,149)	8,521,039,293	5,482,528,144
Deconsolidation of a subsidiary (Note 6)	–	–	238,426,598	(18,948,731)	(302,448,293)	(62,407,141)	42,930,656	3,244,283,049	(3,505,355,000)	(105,173,085)	(8,841,126,356)	(9,204,645,218)
Dividend declaration	–	–	–	–	–	–	–	(38,823,264)	–	(38,823,264)	–	(38,823,264)
Declaration of dividend by subsidiary	–	–	–	–	–	–	–	–	–	–	(112,979,166)	(112,979,166)
Appropriation of retained earnings	–	–	–	–	–	–	–	(1,200,000,000)	1,200,000,000	–	–	–
BALANCES AT DECEMBER 31, 2023	**₱2,201,795,746**	**₱14,808,241,606**	**(₱868,077,102)**	**₱3,289,823,486**	**₱46,376,718**	**(₱47,667,218)**	**(₱18,380,972)**	**₱7,390,657,134**	**₱5,200,000,000**	**₱32,002,769,398**	**₱18,211,850,514**	**₱50,214,619,914**

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱1,180,234,356**	₱1,605,958,235	₱1,162,490,425
Income (loss) before income tax from deconsolidated operations	**(247,702,593)**	236,601,852	756,802,731
Income before income tax	**932,531,763**	1,842,560,087	1,919,293,157
Adjustments for:			
Depreciation, amortization and impairment (Notes 33 and 34)	**984,350,548**	1,179,698,333	1,148,132,605
Interest and finance charges (Notes 35)	**740,275,851**	669,698,366	708,368,551
Movements in net retirement liabilities	**27,042,493**	64,776,084	(230,386,853)
Unrealized foreign exchange loss (gain)	**3,458,049**	(40,582,623)	(10,151,384)
Market gain on financial asset at fair value through profit or loss (FVTPL)	**–**	(118,787)	(197,848)
Dividend income	**(816,700)**	(10,614,069)	(35,266,666)
Interest income (Note 32))	**(139,048,319)**	(107,629,251)	(18,758,054)
Gain on sale of:			
Investment properties (Notes 19)	**–**	(2,052,300)	(14,750)
Property and equipment (Notes 20)	**(5,383,232)**	(383,220,587)	(19,732,100)
Equity in net earnings of associates and joint venture (Note 18)	**(116,716,080)**	(425,036,868)	(1,430,345,902)
Operating income before working capital changes	**2,425,694,373**	2,787,478,386	2,030,940,756
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivables	**(586,976,413)**	(522,250,702)	1,617,508,789
Contract assets	–	(1,607,138,174)	(1,135,982,629)
Inventories	**(121,447,874)**	38,239,688	347,766,417
Prepaid expenses and other current assets	**(174,800,420)**	(444,439,385)	857,136,279
Increase (decrease) in:			
Accounts payable and other current liabilities	**284,384,730**	(13,652,127)	(1,741,011,003)
Contract liabilities	**318,600,218**	535,668,114	(878,634,431)
Other noncurrent liabilities	**161,779,141**	707,181,820	(119,798,953)
Net cash generated from operations	**2,307,233,755**	1,481,087,620	977,925,225
Interest received	**165,963,537**	107,629,251	18,758,054
Income tax paid, including creditable withholding taxes	**(150,740,171)**	(127,916,137)	(143,005,151)
Interest and finance charges paid	**(897,608,931)**	(669,698,366)	(708,368,551)
Net cash flows used in operating activities	**1,424,848,190**	791,102,368	145,309,577

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in fair value through other comprehensive income investments	**(₱213,650,000)**	₱1,200,000	₱590
Changes in other noncurrent assets	**(362,630,099)**	(1,020,166,692)	(1,275,326,484)
Proceeds from sale of:			
Property and equipment (Note 20)	**24,979,828**	713,586,006	83,175,888
Investment properties (Note 19)	**–**	420,504	80,750
Sale of controlling interest over EEI (Note 6)	**(1,230,007,964)**	–	–
Sale of investment in associate	**1,075,555,630**	–	–
Return of investments to ARCC	**–**	–	454,139,216
Dividends received	**77,532,868**	345,055,362	393,559,175
Acquisitions of:			
Computer software (Note 24)	**(13,519,989)**	(17,403,328)	(20,131,041)
Investments in associates and joint ventures	**–**	(47,761,482)	–
Property and equipment	**(1,780,281,531)**	(856,119,690)	(631,905,739)
Investments properties (Note 19)	**(2,737,129,912)**	(6,155,975,000)	–
Net cash flows provided by (used in) investing activities	**(5,159,151,169)**	(7,037,164,320)	(996,407,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash from new subsidiary consolidated under pooling of interest method	**4,168,135,133**	–	–
Net capital change related to share swap transaction	**(42,177,463)**	–	–
Cash dividends paid	**(38,823,264)**	(485,316,910)	–
Changes in non-controlling interests	–	3,015,301,881	6,386,504,163
Payment of lease	**(149,706,182)**	(107,531,867)	(50,235,057)
Receipts (disbursements) from related party transactions	**42,810,910**	(32,674,629)	(99,600,156)
Proceeds from:			
Loans payable	**3,175,000,000**	16,510,806,863	10,778,700,000
Long-term debt – net of transaction cost	**2,138,533,920**	2,419,177,388	5,502,371,405
Payments of:			
Loans payable (Note 26)	**(4,020,857,979)**	(14,000,276,041)	(13,054,230,822)
Long-term debt (Note 27)	**(1,532,573,600)**	(3,540,026,072)	(2,784,810,551)
Net cash flows provided by financing activities	**3,740,341,475**	3,779,460,613	6,678,698,982
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(3,458,049)**	40,582,623	10,151,384
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,580,448**	(2,426,018,716)	5,837,752,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,630,467,357**	9,056,486,073	3,218,733,775
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱6,633,047,805**	₱6,630,467,357	₱9,056,486,073

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Authorization for Issuance of Consolidated Financial Statements

Corporate Information

House of Investments, Inc. (the Parent Company) is a stock corporation incorporated under the laws of the Republic of the Philippines on May 21, 1959. As per Section 11 of Revised Corporation Code (RCC) enacted in 2020, a corporation shall have perpetual existence unless its articles of incorporation provide otherwise. Further explained in Securities and Exchange Commission (SEC) Memorandum Circular No. 22 Series of 2020, "the corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation." Thus, there is no need to amend or extend Parent Company's corporate life as it already enjoys perpetual existence.

The Parent Company undertook a portfolio realignment with a bias for recurring income and growth in 2023. As a result, the core business focus of the Company is organized into four segments, namely: Financial Services, Property and Property Services, Education and Automotive. The Company's portfolio investments are in, Energy, Healthcare, Deathcare and Construction.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on July 2, 1962, the Parent Company's initial public offering. The Parent Company's shares of stock are currently traded at the PSE. The ultimate parent company of the Group is Pan Malayan Management and Investment Corporation (PMMIC), a domestic corporation.

The registered office address and principal place of business of the Parent Company is at 9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

Authorization for Issuance of Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 29, 2024.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for land, which is carried at revalued amount and financial assets at FVTPL, included as part of "Prepaid expenses and other current assets," and FVOCI which are measured at fair value. The accompanying consolidated financial statements are presented in Philippine Peso (Php, ₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest peso.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements include the Parent Company and the following companies that it controls:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect
Investment Managers, Inc. (IMI)	Philippines	Insurance agent, financing, trading and real estate	Philippine Peso	**100.00**	**–**	100.00	–
Landev Corporation	Philippines	Property management	Philippine Peso	**100.00**	**–**	100.00	–
San Lorenzo Ruiz Investment Holdings and Services Inc. (SLRHSI)[a]	Philippines	Holding company	Philippine Peso	**60.00**	**–**	60.00	–
ATYC, Inc. (ATYC) [b]	Philippines	Property leasing	Philippine Peso	**100.00**	**–**	100.00	–
Xamdu Motors, Inc. (XMI)	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
Zamboanga Carriers, Inc. (ZCI)	Philippines	Transportation	Philippine Peso	**100.00**	**–**	100.00	–
Zambowood Realty and Development Corporation (ZRDC)	Philippines	Real estate	Philippine Peso	**100.00**	**–**	100.00	–
Greyhounds Security and Investigation Agency Corp.	Philippines	Security agency	Philippine Peso	**–**	**100.00**	–	100.00
Hexagon Lounge, Inc.	Philippines	Restaurant	Philippine Peso	**–**	**100.00**	–	100.00
Secon Professional Security Training Academy Inc.	Philippines	Training service provider	Philippine Peso	**–**	**100.00**	–	100.00
HI Cars, Inc. (HCI)[c]	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
La Funeraria Paz Sucat, Inc. (LFPSI)	Philippines	Memorial services	Philippine Peso	**50.00**	**13.00**	50.00	13.00
EEI Corporation (EEI)	Philippines	Construction	Philippine Peso	**21.00**	**–**	55.34	–
EEI Limited	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
Clear Jewel Investments, Ltd.	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
Nimaridge Investments, Limited	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	**–**	**–**	–	100.00
EEI Corporation (Guam), Inc.	United States of America	Construction	US Dollar	**–**	**–**	–	100.00
EEI Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
EEI Realty Corporation (EEI Realty)	Philippines	Real estate	Philippine Peso	**–**	**–**	–	100.00
EEI Subic Corporation	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
EEI Business Solutions, Inc. (formerly Equipment Engineers, Inc., EBSI) [d]	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
JP Systems Asia Inc. (JPSAI)	Philippines	Rental of scaffolding and formworks	Philippine Peso	**–**	**–**	–	60.00
BiotechJP Corporation	Philippines	Manufacturing food and therapeutic food	Philippine Peso	**–**	**–**	–	60.00
Learn JP Corp	Philippines	Service for improvement in language proficiency	Philippine Peso	**–**	**–**	–	60.00
EEI Power Corporation (EPC)	Philippines	Power generation	Philippine Peso	**–**	**–**	–	100.00
Gulf Asia International Corporation (GAIC)	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
GAIC Professional Services, Inc. (GAPSI)	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
GAIC Manpower Services, Inc. (GAMSI)	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
Bagumbayan Equipment & Industrial Products, Inc.	Philippines	Consultancy services	Philippine Peso	**–**	**–**	–	100.00
Philmark, Inc.	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
Philrock Construction and Services, Inc.	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
EEI Energy Solutions Corporation (EESC)	Philippines	Retail electricity supplier	Philippine Peso	**–**	**–**	–	100.00
EEI Carga Digital Logistics Corporation (EEI Carga)[e]	Philippines	Digital logistics	Philippine Peso	**–**	**–**	–	100.00
iPeople, inc. (IPO)	Philippines	Education and Information Technology	Philippine Peso	**48.18**	**–**	48.18	–
Malayan Education System, Inc. (MESI) (Operating Under the Name of Mapua University)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan High School of Science, Inc. (MHSSI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect
Mapua Information Technology Center, Inc. (MITC)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Mapua Techserv, Inc. (MTI)	Philippines	Consultancy	Philippine Peso		**100.00**		100.00
Mapua Techpower Inc.	Philippines	Consultancy	Philippine Peso	–	**75.00**	–	75.00
People eServe Corporation	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Pan Pacific Computer Center, Incorporated (PPCCI)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Affordable Private Education Center, Inc doing business under the name of APEC Schools (APEC)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
National Teachers College doing business under the name/s and style/s of The National Teachers College	Philippines	Education and Information Technology	Philippine Peso	–	**99.79**	–	99.79
University of Nueva Caceres	Philippines	Education and Information Technology	Philippine Peso	–	**83.62**	–	83.62
AC College of Enterprise and Technology, Inc	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
LINC Institute, Inc doing business under the Name and Style of LINC Academy	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
MICO Equities, Inc. [b]	Philippines	Insurance	Philippine Peso	**77.33**	–	–	–
Sunlife Grepa Financial Inc. [c]	Philippines	Insurance	Philippine Peso	**51.00**	–	–	–
Grepa Realty Holdings Corp.	Philippines	Real estate	Philippine Peso	**49.00**	**26.01**	–	–
Tarlac Terra Ventures, Inc.[d]	Philippines	Real estate	Philippine Peso	**100.00**	–	–	–
RCBC Trust Corporation[e]	Philippines	Financial Services	Philippine Peso	**60.00**	–	–	–

(a) *On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of P1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% which signified loss of control over the subsidiary. This transaction resulted to deconsolidation of EEI and its subsidiaries. On May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI which further reduced the holdings of the Parent Company to 21%.*

(b) *On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with Pan Malayan Management & Investment Corporation (PMMIC), whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc (MEI). As of this date PMMIC owns 77.33% of MEI.*

(c) *On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with GPL Holdings, Inc, whereby HI will issue 295,133,148 common shares common shares to GPLH in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in Sunlife Grepa Financial Inc. (SLGFI) and Grepa Realty Holdings Corporation (GRHC). As of this date GPL directly owns 51% of SLGFI and 49% of GRHC. SLGFI also owns 51% of GRHC, thus GPL's effective ownership in GRHC is 75%.*

(d) *On Dec 29, 2023, the Parent Company invested P800.0 million for a 100% stake in Tarlac Terra Ventures, Inc.*

(e) *The Parent company invested P40.0 million for a 40% stake in RCBC Trust Corporation.*

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses, and dividends are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

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

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest until the balance is reduced to nil. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Reclassifies to profit or loss, or transfer directly to retained earnings if required by other PFRSs, the amounts recognized in other comprehensive income in relation to the subsidiary; and recognizes any resulting difference as a gain or loss in profit or loss attributable to the Parent Company

Non-controlling interests (NCI) represent the portion of equity not attributable to the Parent Company. Profit or loss and each component of other comprehensive income (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. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the equity attributable to equity holders of the Parent Company.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2024

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

  The amendments clarify:
    - o That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
    - o That classification is unaffected by the likelihood that an entity will exercise its deferral right.
    - o 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, 2024 and must be applied retrospectively. The Group 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 do not have a material impact on the Group.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

  The amendments do not have a material impact on the Group.

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 FSRSC 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 do not have a material impact on the Group.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

  The amendments do not have a material impact on the Group.

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. 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 and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes 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 amendments do not have a material impact on the Group.

4. Summary of Significant Accounting Policies

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date ease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives (EUL) of the assets, as follows:

	Years
Land, land improvements and sites	5 to 66
Building, office spaces and warehouses	2 to 10
Other equipment	1 to 3

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index

or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Lease liabilities that are expected to be settled for no more than 12 months after reporting period are classified as current liabilities presented as current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Sale and leaseback
When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15.

When the transfer of the asset is a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor.

When the transfer of the asset is not a sale under PFRS 15 requirements, the Group continues to recognize the asset in its statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue Recognition

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

Revenue from construction contracts
The Group assessed that there is only one performance obligation for each construction agreement that it has entered and that revenue arising from such agreements qualify for recognition over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced by applying par. 35(b) of PFRS 15. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The customer, having the ability to specify the design (or any changes thereof) of the asset, controls the asset as it is being constructed. Furthermore, the Group builds the asset on the customer's land (or property controlled by the customer), hence, the customer generally controls any work in progress arising from the Group's performance. The Group also recognized as part of its construction revenue, the effects of variable considerations arising from various change orders and claims; to the extent that they reflect the amounts the Group expects to be entitled to and to be received from the customers, provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For unpriced change orders and claims, the Group uses the "most likely amount" method to predict the amounts the Group expects to be entitled to and to be received from the customers. The Group updates its estimate of the transaction price at the end of each reporting period to reflect any changes in circumstances that would result to changes in amount of variable consideration.

The Group elected to use the input method to measure the progress of the fulfilment of its performance obligation, which is based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of service to the customer. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labor or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Revenue from sale of goods
Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the inventory item.

Revenue from schools and related operations
Revenue from tuition fees and other matriculation fees are recognized over time as revenue over the corresponding school term using the output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other matriculation fees in full or installment.

Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students (at point in time).

Revenue from power-related
The Group's power supply agreement with its customer requires the Group to deliver certain units of electricity (in kWh) to the customer per month. As delivery of electricity constitutes a series of distinct good or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because electricity is simultaneously provided and consumed, the Group's performance obligation to deliver electricity qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from power generation by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.

Revenue from manpower services
Under the Group's service agreements with its customers, the Group is required to provide manpower services (including but not limited to janitorial, messengerial and other allied services). As provision of these services constitutes a series of distinct good or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because the services are simultaneously provided and consumed by the customer, the Group's performance obligation to render such services qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from manpower supply services by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.

Premiums Revenue
Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Provision for unearned premiums" as part of "Insurance contract liabilities" and presented in the liabilities section of the statements of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at end of the reporting period are accounted for as "Deferred reinsurance premiums" and shown as part of reinsurance assets in the statements of financial position. The net changes in these accounts between each end of reporting periods are recognized in profit or loss.

Reinsurance Commissions
Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commissions" and presented in the liabilities section of the statement of financial position.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Contract balances arising from revenue with customer contracts

Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The Group presents each contract with customer in the consolidated statement of financial position either as a contract asset or a contract liability.

Expenses
Expenses are recognized in the consolidated statement of income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of sales and services
Cost of sales is recognized as an expense when the related goods are sold. Cost of services include all direct materials and labor costs and those indirect costs related to contract performance which are recognized as incurred.

General and administrative expenses
Administrative expenses constitute costs of administering the business and are expensed as incurred.

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

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

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

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

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

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

<u>Financial Instruments</u>
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. The Group follows the settlement date accounting where an asset to be received and liability to be paid are recognized on the settlement date and derecognition of an asset that is sold and the recognition of a receivable from the buyer are recognized on the settlement date.

Financial Instruments - Initial Recognition and Subsequent Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group'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.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

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

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

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

The Group's financial assets at amortized cost includes Cash and cash equivalents, Receivables, Receivables from related parties and Loan receivable under Other noncurrent asset account.

Financial assets at fair value through profit or loss
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income (OCI). However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Included in this classification is the peso-denominated investment in Unit Investment Trust Fund in Rizal Commercial Banking Corporation (RCBC) under Prepaid expenses and other current assets account.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably all equity investments other than those classified to fair value through profit or loss under this category.

The Group does not have any debt financial assets at fair value through OCI as of December 31, 2023 and 2022.

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The loss allowance was adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group generally considers a financial asset in default when contractual payments are 90 days past due. For a financial asset that arises from long-term construction contracts, the Group considers the asset to be in default if contractual payments are not settled within 30 days from the completion of the construction project. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
The Group initially measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs. The Group has no financial liabilities at FVPL.

Subsequent to initial recognition, the Group's financial liabilities are carried at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

This category generally applies to the Group' Accounts payable and other current liabilities, Loans payable, Long-term debt, Due to related parties and Lease liabilities.

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of business, less the estimated costs of completion of inventories and the estimated costs necessary to sell.

Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost.

The cost of real estate inventories includes (a) land cost; (b) freehold and leasehold rights for land; (c) amounts paid to contractors for construction; (d) planning and design cost, cost of site preparation, professional fees, property taxes, construction overheads and other related costs that are directly attributable in bringing the real estate inventories to its intended condition.

Cost of inventories is generally determined primarily using the moving-average method, except for automotive units of the car dealerships and real estate inventories of EEI Realty, which are accounted for using the specific identification method.

Materials issued but still uninstalled to construction projects are not considered as part of computation for percentage of completion of projects.

Prepaid Expenses
These are recorded as asset before they are utilized and apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Advance to Suppliers and Subcontractors
Advance to suppliers and subcontractors represents advance payment for the purchase of various construction materials and down payment to subcontractors for the contract work to be performed.

Creditable Withholding Tax (CWT)
CWT pertains to the tax withheld source by the Group's customers and lessees and is creditable against its income tax liability.

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

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

Short-term Investments
Short-term investment pertains to interest bearing time deposits with terms of not more than one year and held for investment purposes.

Other Current Assets
Other current assets pertain to other resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group within the reporting period.

Investments in Associates and Joint Ventures
An associate is an entity in which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method of accounting. Under this method, the investment amount is increased or decreased to recognize the Group's share in the profit or loss of the investee after the date of acquisition. Dividends received from the investee reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Gains and losses resulting from 'upstream' and 'downstream' transactions between the Group and its associate or joint venture are recognized in the consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

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

The Group discontinues applying the equity method when their investment in investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group 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 dates of the investee company and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates and joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates and joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impairment loss in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group's associates and joint venture accounted for using the equity method as of December 31 follows:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023	2022
Associates:					
Hi-Eisai Pharmaceutical, Inc. (HEPI)	Philippines	Pharmaceutical	Philippine peso	**50.00**	50.00
Petroenergy Resources Corporation (PERC)	Philippines	Renewable energy	Philippine peso	**29.10**	29.10
PetroGreen Energy Corporation (PGEC) [(a)]	Philippines	Renewable energy	Philippine peso	–	8.55
T'boli Agro-Industrial Development, Inc.	Philippines	Agriculture	Philippine peso	–	28.47
Manila Memorial Park Cemetery, Inc. (MMPC)	Philippines	Funeral service	Philippine peso	**25.98**	25.98
Sojitz G Auto Philippines Corporation (SGAPC)	Philippines	Automotive distributor	Philippine peso	**20.00**	20.00
RCBC Realty Corporation (RRC)	Philippines	Realty	Philippine peso	**10.00**	10.00
EEI Corporation [(b)]	Philippines	Construction	Philippine peso	**21.00**	55.34
Al-Rushaid Construction Company Limited (ARCC)	Saudi Arabia	Construction	Saudi riyal	–	49.00
PetroSolar Corporation (PSOC)	Philippines	Renewable energy	Philippine peso	–	44.00
Joint ventures:					
PetroWind Energy, Inc. (PWEI)	Philippines	Renewable energy	Philippine peso	–	20.00
Shinbayanihan Heavy Equipment Corporation (SHEC)	Philippines	Equipment rental	Philippine peso	–	40.00
BEO Distribution and Marketing Corporation (BEO DMC)	Philippines	Distribution and marketing	Philippine peso	–	30.00
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)	Philippines	Construction	Philippine peso	–	5.00

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023	2022
Acciona-EEI Joint Venture (AE)	Philippines	Construction	Philippine peso	–	30.00
DL E&C-EEI-HEC Joint Venture (DEH)	Philippines	Construction	Philippine peso	–	20.00
LOTTE-GULERMAK-EEI Joint Venture (LGE)	Philippines	Construction	Philippine peso	–	25.00

(a) In 2022, the Parent Company's indirect investment in PGEC, a subsidiary of PERC, was reduced from 10% to 8.55% due to sale of shares to Kyuden International Corporation (KIC). In 2023, PGEC applied for increase in authorized capital stock, which was subscribed and issued to KIC, this further reduced the Group's indirect investment from 8.55% to 7.50%.
(b) On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of P1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% which signifies loss of control over the subsidiary. This resulted to derecognition of EEI assets in the Group's financial statements. On May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI which further reduced the holdings of the Parent Company to 21%.

Property and Equipment
Property and equipment, except for land, are stated at cost, less accumulated depreciation, amortization, and impairment loss, if any. The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period 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 are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the following average EUL:

	Years
Buildings and improvements	5 to 40
Machinery, tools, and construction equipment	2 to 20
Transportation and service equipment	5
Furniture, fixtures and office equipment	3 to 10

Amortization of improvements is computed over the EUL of the improvement or term of the lease, whichever is shorter.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

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 the consolidated statement of income in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization are credited to or charged against current operations.

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent firm of appraisers.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to OCI and accumulated in equity under "revaluation increment on land - net" account. Decreases in valuation is charged to profit or loss, except to the extent that it reverses the existing accumulated revaluation increment on the same asset and therefore such decrease is recognized in OCI. The decrease recognized in OCI reduces the revaluation increment on land - net account in equity. In case a subsequent revaluation increase of an asset reverses a revaluation decrease previously recognized in profit or loss, such increase is credited to income in profit or loss.

The same rules apply to impairment losses. An impairment loss on a revalued asset is first used to reduce the revaluation increment for that asset. Only when the impairment loss exceeds the amount in the revaluation increment for that same asset is any further impairment loss recognized in profit or loss.

Upon disposal of land, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Investment Properties

Investment properties are measured at cost less impairment loss, if any, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Except for land, depreciation is computed using the straight-line method over the following average EUL:

	Years
Building	32.5
Other equipment	12.5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

Investment properties are derecognized when they either have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from owner-occupied property to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. Upon transfer of an asset accounted for under revaluation model to asset accounted for under cost model, any revaluation reserve relating to such particular asset is transferred to retained earnings.

Impairment of Nonfinancial Assets

For Investments in associate and joint venture, Property and equipment, Right-of-use asset and Investment properties, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Before recognizing a gain on a bargain purchase, the Group assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and recognize any additional assets or liabilities that are identified in that review.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Combination of Entities under Common Control

In 2023, the Group accounted for its share swap transaction as combination of entities under common control accounted for by applying the pooling-of-interests method. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.
- The effects of any intercompany transactions are eliminated to the extent possible.

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and provision for impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful life of intangible assets is assessed as either finite or indefinite. The estimated useful lives of intangible assets are as follows:

	Number of Years
Intellectual property rights	Indefinite
Student relationship	5-7

The estimated useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized over their estimated useful lives on a straight- line basis. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and is recognized in the consolidated statement of comprehensive income when the intangible asset is derecognized.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contact liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by the IC.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience using the gross premium valuation which considers assumptions on mortality, morbidity, lapse and/or persistency, expenses, non-guaranteed benefits, discount rate and margin for adverse deviation. The initial assumptions could not be altered if the Group deems the current assumptions to still be reflective of their experience. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities and related assets.

Movements in legal policy reserves attributable to changes in discount rate are recorded under "Remeasurement on legal policy reserves" in other comprehensive income and the changes in policies and assumptions are recorded under "Gross change in legal policy reserves" in the statement of income.

Insurance contracts with fixed and guaranteed terms

Premiums are recognized as revenue when they become due from the policyholders which for single premium business, is the date on which the policy becomes effective.

Benefits are recorded as an expense when they are incurred and are accrued as a liability. An increase in liability for contractual benefits that are expected to be incurred in the future is recorded under 'Change in legal policy reserves' in the Group statements of income when the premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses, less the present value of the future gross premiums arising from the policy contract discounted at the appropriate risk-free discount rate. The expected future cash flows is determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued. A margin for adverse deviation (MfAD) is also included in the assumptions. For group life insurance and accident and health insurance, reserves are computed by calculating the unearned portion of the written premiums for the year.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Group's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the statement of financial position.

Unit-linked insurance contracts
The Group issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payments to insurance investment funds set-up by the Parent Company with consideration received from the policyholders. As allowed by PFRS 4, the Parent Company chose not to unbundle the investment portion of its unit-linked products. Premiums received (including premium load and bid-offer spread) from the issuance of unit-linked insurance contracts are recognized as premium revenue. Consideration received from policyholders that are transferred to the segregated funds is recognized as part of gross change in legal policy reserves in the statements of income.

The Group withdraws the cost of insurance and administrative charges from the consideration received from the policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies, and are withdrawable anytime.

The investment returns on the insurance investment funds belong to policyholders and the Group does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders have the same corresponding change in the reserve for unit-linked liabilities. Management fee income earned by the Parent Company for managing the insurance investment funds and the monthly load and cost of insurance charges are included in fee income.

Insurance investment funds primarily include investments in debt securities, equities, short-term investments and cash and cash equivalents. The methodology applied to determine the fair value of the investments held in these funds is consistent with that applied to investments held by general fund. Segregated fund liabilities is measured based on the value of the insurance investment funds attributable to the policyholders.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Policy and contract claims payable
Claims payable includes the sum of the individual amounts that are due and have already been approved for payment but have not actually been paid as of the end of the reporting period. This also includes accrual of reported claims that are not yet approved for payment. This is recognized when due and measured on initial recognition at fair value. Subsequent to initial recognition, this is measured at amortized cost using the EIR method. This also includes provision for incurred but not reported losses.

Provision for Claims Reported and Incurred But Not Reported (IBNR) Losses
Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date. The IBNR is calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach, the Bornhuetter - Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

Provision for Unearned Premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. This is accounted for as "Provision for unearned premiums" as part of "Insurance contract liabilities" and presented in the liabilities section of the statement of financial position. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The change in the provision for unearned premiums is taken to profit or loss in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Other insurance contract liabilities
Other insurance contract liabilities include advanced or excess collections and unpaid policy related disbursements.

Reinsurance
The Group cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies for its share on the unpaid losses incurred by the Group. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsurance recoverable on paid losses are included as part of "Insurance receivables".

Reinsurance assets are reviewed for impairment at each end of the reporting period or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for insurance contracts. Premiums and claims on assumed reinsurance are recognized in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

When the Group enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the Group initially recognizes a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognized as a liability which is presented as "Insurance payables" in the liabilities section of the statement of financial position will be withheld and recognized as "Funds held for reinsurers" and included as part of the "Insurance payables" in the liabilities section of the consolidated statement of financial position. The amount withheld is generally released after a year.

Deferred Acquisition Costs (DAC)
Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized using the 24th method over the life of the contract. Amortization is charged against the profit or loss. The unamortized acquisition costs are shown as "Deferred acquisition costs" in the assets section of the statement of financial position.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss. DAC is also considered in the liability adequacy test for each end of the reporting period.

Foreign Currency-denominated Transaction and Translation
The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. Likewise, the financials of the Group's associate whose functional currency is not the Philippine Peso that is accounted for under equity method are translated to the presentation currency of the Parent Company in a similar manner. The exchange differences arising on the *translation* are taken directly to a separate component of equity under "Cumulative translation adjustments" account.

Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Retirement Cost

Defined benefit plan

The defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form or refunds from the plan or reduction in the future contributions to the plan.

Defined benefit costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associate and interest in joint venture. With respect to investments in foreign subsidiaries, associate and interest in joint venture, deferred tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the financial reporting date.

Deferred tax relating to items recognized outside profit or loss are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company adjusted for the after-tax amounts of dividends on preferred stock by the weighted average number of common stock outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits.

Diluted EPS is computed by adjusting the net income attributable to ordinary equity holders of the Parent Company to reflect any changes from dilutive potential shares divided by the weighted average number of common stock outstanding during the year after giving retroactive effect for any stock dividends, stock splits or reverse stock splits and adjusted for the effects of all dilutive potential common stock.

The calculation of diluted EPS does not assume conversion, redemption, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. As there are no potential dilutive ordinary shares, basic and diluted EPS are stated at the same amount.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

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

Stock Option Plan

No benefit expense is recognized relative to the shares issued under the stock options plan. When the shares related to the stock option plans are subscribed, these are treated as capital stock issuances. The stock option plan is exempt from PFRS 2, *Share-based Payment*.

Segment Reporting

The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 37.

Capital Stock

The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Shares

When the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity (Note 39).

Equity Reserve
Equity reserve consist of equity transactions other than capital contributions, such as equity transactions arising from transactions with NCI and difference between considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Retained Earnings
Retained earnings represent accumulated earnings of the Group and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries. Appropriated retained earnings are those that are restricted for planned investments and business expansion. Unappropriated retained earnings are those that can be allocated for specific purposes and can be distributed as dividend. Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares (Note 40).

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

5. **Significant Accounting Judgments and Estimates**

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

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

Judgment
Determining control over an entity in which Parent Company holds less than majority of voting rights
The Parent Company has determined that it is still the largest stockholder of IPO with 48.18% equity interest and continues to have control over IPO by virtue of its power to nominate majority of the members of the BOD of IPO thereby exercising control and supervision on IPO's operations as well as financing activities. Accordingly, the Parent Company assessed that IPO continues to be a subsidiary even though it owns less than 50% equity interest over IPO after the merger.

Determination of functional currency
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents th e economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the following were considered:

- The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

The functional currency is Philippine peso as disclosed in Note 2.

Determination of lease term of contracts with renewal and termination options - Group as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and office spaces with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised (Note 22).

Recognition of schools and related operations fees over time
The Group determined that schools and related operations fees are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the Group's performance as it performs (Note 23).

Determination of significant influence on investment in an associate if ownership is less than 20%
Holding of less than 20% of voting rights is presumed not to give rise to significant influence unless it can be clearly demonstrated that there is in fact significant influence. The Parent Company is able to exercise significant influence for ownership less than 20% because it has an active participation in the policy-making process including operating decisions of the investee.

As of December 31, 2023 and 2022, the Parent Company holds 10% of interest in RRC. The Parent Company exercises significant influence in RRC since the Parent Company's President is the concurrent president of RRC. The president is also a member of the BOD. As such, the president of the Parent Company effectively has a participation in the policy-making process of RRC. Hence, the Parent Company is able to exercise significant influence even if ownership is less than 20%.

Combination of Entities under Common Control
A combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group.

The share swap transaction entered into by the Parent Company with PMMIC and GPLH for acquisition of insurance business were determined to be common control business combinations (see Note 39).

Assessment of joint control

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group assesses their rights and obligations arising from the arrangement and specifically considers:

- the structure of the joint arrangement - whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from
- the legal form of the separate vehicle
- the terms of the contractual arrangement other facts and circumstances, considered on a case by case basis

Refer to Note 18 for details of the Group's investment in joint venture.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱0.61 billion and ₱1.38 billion as of December 31, 2023 and 2022, respectively (see Note 22).

Estimating variable considerations arising from change orders and claims

The Group frequently agrees to change orders that modify the scope of its work previously agreed with customers and regularly submits claims to customers when unanticipated additional costs are incurred because of delays or changes in scope caused by the customers. PFRS 15 requires the Group to recognize, as part of its revenue from construction contracts, the estimated amounts the Group expects to be entitled to and to be received from customers due to these change orders and claims (otherwise known as variable considerations), provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For these unpriced change orders and claims, the Group uses the "most likely amount" method to predict the amount to which it will be entitled and expected to be received from the customers. The Group also updates its estimate of the transaction price to reflect any changes in circumstances that would result to changes in amount of variable considerations and corresponding increase or decrease in the contract assets.

The aggregate carrying values of receivables and contract assets amounted to ₱11.69 billion and ₱14.62 billion as of December 31, 2023 and 2022, respectively (Notes 9 and 10).

Fair value measurement of unquoted equity investments at FVOCI
The Group uses valuation techniques such as dividend discount model, adjusted net asset method, and others to estimate the fair value of unquoted investment. These valuation techniques require significant unobservable inputs to calculate the fair value of the Group's unquoted equity investments at FVOCI. These inputs include appraised value of real properties, discount rates, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments.

The fair value of unquoted equity investments amounted to ₱8.09 billion and ₱514.14 billion as of December 31, 2023 and 2022, respectively (see Note 16).

Provision for expected credit losses of trade receivables and contract assets
The Group uses the simplified approach in calculating the ECL of its trade receivables and contract assets wherein the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The model is based on the Group's historical default rates and adjusted to include forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As of December 31, 2023 and 2022, the aggregate carrying values of receivables and contract assets are disclosed in Notes 9 and 10 to the consolidated financial statements.

Valuation of land under revaluation basis
The Group's parcels of land are carried at revalued amounts. The valuations of these parcels of land were performed by SEC accredited independent appraisers and were determined using the market approach. Significant adjustments to inputs used in determining the fair value of land such as location and utility could affect the appraised value of the assets.

Land carried under revaluation basis amounted to ₱15.47 billion and ₱9.88 billion as of December 31, 2023 and 2022, respectively. The key assumptions used to determine the fair value of the parcels of land are disclosed in Note 20.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets other than goodwill and intellectual property rights whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for overall business, and significant negative industry or economic trends.

Impairment of Goodwill and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Notes 23 and 24.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As to the Group's property and equipment, right-of-use asset and goodwill, no impairment loss was recognized for the years ended December 31, 2023, 2022 and 2021 (Notes 20, 22 and 23).

Impairment of Student relationship and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Note 23 and 24.

Estimation of retirement benefits
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates which were disclosed in Note 35. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement and other obligations.

Retirement assets amounted to ₱21.30 million and ₱93.34 million as of December 31, 2023 and 2022, respectively whereas retirement liabilities amounted to ₱684.97 million and ₱200.10 million as of December 31, 2023 and 2022, respectively (Note 35).

Realizability of deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets 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. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Deferred tax assets recognized and unrecognized by the Group are disclosed in Note 36 to the consolidated financial statements.

Classification of CWT
The Group classify its CWT as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) for at least twelve months after the reporting period. The portion of CWT that is expected to be realized after twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Group are disclosed in Notes 15 and 24 to the consolidated financial statements.

Provisions and contingencies
The Group is currently involved in various proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Management does not believe that these proceedings will have a material adverse effect on the Group's financial statement because management and its legal counsels believe that the Group has substantial legal and factual bases for its position.

6. Deconsolidation of a Subsidiary Arising from Loss of Control

On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% investment in EEI Corporation ("EEI") for a total consideration of ₱1.25 billion. Total holdings after the sale were reduced from 55.34% to 35.34% which resulted to loss of control over EEI. The Group recognized loss on loss of control amounting to ₱945.35 million

With 35.34% retained interest, the Group assessed that it has retained significant influence over EEI with its representation in the board of directors of EEI. Accordingly, the retained interest was accounted as investment in associate. The Group measured the retained interest at fair value based on provisional purchase price allocation. The Group recognized gain on bargain purchase amounting to ₱1,087.24 million arising from the difference between the fair value of the investment recognized and the share in the fair value of the net assets of EEI as of transaction date as follows:

Fair value of retained investment		₱2,209,143,065
Fair value of acquired net assets of EEI		
Contract assets	₱10,312,311,714	
Accounts receivable	3,289,253,141	
Cash and cash equivalents	2,480,007,964	
Property and equipment	3,445,476,205	
Other assets	13,838,548,131	
Loans payable	(4,600,000,000)	
Long-term debt	(5,508,339,253)	
Accounts payable and other expenses	(5,391,045,595)	
Other liabilities	(2,453,580,975)	
Fair value of net assets	15,412,631,332	
Less: Share of other shareholders	(12,116,252,849)	3,296,378,483
Gain on bargain purchase		**₱1,087,235,418**

The fair value of the identifiable assets and liabilities of EEI as at April 26, 2023, the acquisition date, were based on the assessment of fair based on internal and independent valuation of the net assets of EEI. If new information obtained within one year of the transaction date about facts and circumstances that existed at the transaction date identifies adjustments to the above amounts, or any additional provisions that existed at the transaction date, then the fair value of the net assets of EEI will be updated.

The net loss on the disposal of investments is as follows:

Loss from Deconsolidation	(₱945,354,003)
Gain on bargain purchase	1,087,235,418
Net Loss on Disposal of Investment	**₱141,881,415**

7. Deconsolidated Operations

On April 26, 2023, the Parent Company sold a controlling interest over EEI resulting to a loss of control (see Note 6).

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the consolidated statements of income for the years ended December 31, 2022 and 2021 have been restated to present the results of operations of EEI as 'Net income (loss) from deconsolidated operations' in the consolidated statements of income.

	2023*	2022	2021
Deconsolidated Operations			
Revenue	**₱5,181,488,858**	₱14,426,606,321	₱16,104,895,152
Costs of sales and services	**4,423,634,707**	12,477,715,872	14,376,334,928
Gross profit	**757,854,151**	1,948,890,449	1,728,560,224
General and administrative expenses	**(450,994,039)**	(1,638,885,873)	(1,520,567,339)
Equity in net earnings (loss) of associates and joint ventures	**(366,256,080)**	(105,851,646)	925,173,365
Interest and finance charges	**(214,496,734)**	(378,389,078)	(469,481,845)
Other income	**26,190,109**	410,838,000	93,118,327
Income (loss) from deconsolidated operations before income tax	**(247,702,593)**	236,601,852	756,802,732
Provision for income tax	**46,754,695**	69,812,427	304,762,925
Net income (loss)	**(294,457,288)**	166,789,425	452,039,807
Loss on deconsolidation	**(945,354,003)**	–	–
Bargain purchase on fair valuation	**1,087,235,418**	–	–
Loss on subsequent sale of investment	**(252,823,886)**	–	–
Remeasurement loss	**(20,907,379)**	–	–
Net income (loss) from deconsolidated operations	**(₱426,307,138)**	₱166,789,425	₱452,039,807

**Represents period activity prior to the sale on April 26, 2023 and impact of the deconsolidation.*

The related cash flows arising from deconsolidated operation follow:

	2023	2022	2021
Net cash used in operating activities	**(₱759,439,533)**	(₱727,804,083)	(₱248,323,136)
Net cash provided by (used in) investing activities	**(1,165,527,776)**	24,111,957	(660,635,689)
Net cash provided by (used in) financing activities	**1,852,544,989**	(3,868,888,367)	6,702,238,193

Income (loss) per share from deconsolidated operation:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company from deconsolidated operation	**(₱426,307,138)**	₱166,789,425	₱452,039,807
Weighted average number of common shares	**1,469,302,230**	776,465,281	776,465,281
Earnings (Loss) per share - basic/diluted	**(₱0.2901)**	₱0.2148	₱0.5822

8. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	**₱4,088,225,625**	₱2,093,208,409
Cash equivalents	**2,544,822,180**	4,537,258,948
	6,633,048,633	6,630,467,357
Less: allowance for impairment loss	**414**	–
	₱6,633,047,805	₱6,630,467,357

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earns annual interest at the respective rates.

Interest income from cash in banks and short-term investments amounted to ₱114.55 million, ₱75.78 million, and ₱10.55 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 32).

The rollforward analysis of allowance for impairment losses on cash and cash equivalents follows:

	2023	2022
Balance at beginning of period	**₱–**	₱–
Effect of common control business combination	**414**	–
Balance at end of period	**₱414**	₱–

9. Receivables

This account consists of:

	2023	2022
Trade		
Insurance	**₱8,963,874,319**	₱–
Education	**1,666,380,234**	1,472,085,613
Car dealership	**467,109,694**	575,277,366
Other services	**224,105,184**	141,001,981
Construction and infrastructure	–	2,459,706,582
Other receivables		
Accrued interest receivable	**440,916,539**	6,905,308
Advances to suppliers and contractors	**71,921,327**	17,391,613
Advances to officers and employees	**67,317,730**	40,055,559
Receivables from car plant	**49,813,875**	11,040,734
Dividends receivable (Note 22)	**28,215,273**	7,501,626
Receivable from customers	**6,493,760**	39,303,953
Accrued referral incentives	**5,027,224**	16,228,561
Others	**170,334,245**	24,876,571
	12,161,509,404	4,811,375,467
Less allowance for impairment	**475,834,793**	560,559,718
	₱11,685,674,611	₱4,250,815,749

Trade receivables
The trade receivables are noninterest-bearing and collectible within one (1) year which consists of the following:

Insurance receivables
Insurance receivables consists of premiums due and uncollected premiums on in-force policies which are collectible within the Group's grace period, as well as premiums receivable for assumed business from other insurance and reinsurance companies.

Receivables from education
Receivables from education represent amounts arising from tuition and other matriculation fees which are normally collected at end of every school term before the students can proceed to the next term. This also includes receivable from Department of Education amounting to ₱240.60 million and ₱319.80 million as at December 31, 2023 and 2022, respectively, arising from the Senior High School (SHS) Voucher Program wherein qualified SHS students are given assistance on tuition fees. These receivables are noninterest-bearing and are generally collectible within one year.

Receivables from car dealership / automotive
Receivables from car dealership represent amounts arising from the sale of car, parts and accessories and services collectible within 30 days.

Receivables from other services
Receivables from other services represent amounts arising from management and consultancy services provided by the Group generally collectible within 30 days.

Receivable from construction and infrastructure
Receivables from construction and infrastructure mainly represent amounts arising from domestic construction contracts which are generally on a 30-day credit term.

No trade receivables were used as collaterals to secure obligations as of December 31, 2023 and 2022.

Other receivables
Advances to officers and employees are interest-bearing and repaid on a monthly basis through salary deductions.

Receivable from customers
In 2017, certain trade receivables were reclassified as interest-bearing trade receivables after the Group and the customers agreed to extend the credit terms. These receivables bear interest of 5% per annum and will be repaid in five (5) years' time. As of December 31, 2023 and 2022, receivable from customers amounted to ₱6.49 million and ₱23.31 million, respectively.

Receivables classified as "Others" consist of interest, commission, insurance, and various receivables.

The movements in allowance for impairment for the years ended December 31 follow:

	2023					
	Construction and Infrastructure	**Car Dealership**	**Education ***	**Other Services**	**Other Receivables**	**Total**
Balance at beginning of year	**₱85,880,485**	**₱36,551,181**	**₱346,388,414**	**₱9,675,359**	**₱82,064,279**	**₱560,559,718**
Provisions – net of recoveries (Note 33)	–	**(544,431)**	**43,958,166**	**89,258**	–	**43,502,993**
Write-offs	–	**(12,094,415)**	**(5,815,184)**	**(502,483)**	–	**(18,412,082)**
Effect of common control business combination				**1,984,441**		**1,984,441**
Effect of deconsolidation of a subsidiary	**(85,880,485)**	–	–	–	**(25,919,792)**	**(165,904,089)**
Balance at end of year	**₱–**	**₱23,912,334**	**₱384,531,396**	**₱11,246,576**	**₱56,144,487**	**₱475,834,793**

Inclusive of tuition and other education-related receivables amounting to ₱375.80 million and ₱8.77 million, respectively.

	2022					
	Construction and Infrastructure	Car Dealership	Education*	Other Services	Other Receivables	Total
Balance at beginning of year	₱67,770,535	₱36,551,181	₱289,889,812	₱9,675,359	₱75,623,833	₱479,510,720
Provisions – net of recoveries (Note 33)	18,109,950	–	114,297,312	–	6,440,446	138,847,708
Write-offs	–	–	(57,798,710)	–	–	(57,798,710)
Balance at end of year	₱85,880,485	₱36,551,181	₱346,388,414	₱9,675,359	₱82,064,279	₱560,559,718

**Inclusive of tuition and other education-related receivables amounting to ₱337.62 million and ₱8.77 million, respectively.*

10. **Contract Assets and Liabilities**

Contract Assets

The Group presents contract receivable and retentions withheld by customers as contract assets as the Group's right for consideration is conditioned on the customer's approval of the related work performed and the lapse of the defect and liability period and the receipt of customer certification that there are no defects on the constructed asset, respectively. Amount recorded as contract receivable is reclassified to trade receivable upon customer's approval of the work performed while retentions withheld by customers are reclassified as trade receivables upon the lapse of the defects liability period and final customer acceptance.

The Group's contract assets amounted to ₱10.37 billion as of December 31, 2022 (nil in 2023).

Details of the Group's contract assets as of December 31, 2022 are shown below.

	Current	Noncurrent	Total
Contract assets	₱5,201,785,067	₱5,199,970,342	₱10,401,755,409
Less: Allowance for expected credit losses	19,510,785	9,443,812	28,954,597
	₱5,182,274,282	₱5,190,526,530	₱10,372,800,812

Contract Liabilities
Details of the Group's contract liabilities as of December 31, 2023 and 2022 are shown below.

	2023	2022
Current		
Education	**₱978,261,397**	₱796,163,721
Leasing	**168,928,051**	155,112,361
Construction	–	434,405,390
Others	–	1,652,618
Total current contract liabilities	**₱1,147,189,447**	₱1,387,334,090
Noncurrent		
Leasing	**₱124,339,470**	₱–
Construction	–	826,701,427
Total noncurrent contract liabilities	**124,339,470**	826,701,427
Total contract liabilities	**₱1,271,528,917**	₱2,214,035,517

Contract liabilities from construction and infrastructure segment consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations. As of December 31, 2023, contract liabilities from construction and infrastructure segment amounted to nil as a result of deconsolidation of EEI (see Note 6).

Contract liabilities from education segment represent the unearned tuition fees and will be recognized as revenue when the related educational services are rendered. Contract liabilities related to the remaining performance obligations of the education segment are generally recognizable within one (1) year.

11. Segregated funds

Segregated fund assets
The group issues unit-linked insurance contracts. Premiums received from issuance of unit-linked insurance contracts are recognized as premium revenue. The consideration received from policyholders that are transferred to the segregated funds is recognized as part of the gross change in legal policy reserves in the statement of income. Cost of insurance and administrative charges are withdrawn from the consideration received from policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in the fund assets are equal to the surrender value of unit-linked policies and are withdrawable anytime.

This account consists of the following:

	2023	2022
Variable-unit linked fund	**₱37,498,338,513**	₱–
GEM trust fund	**71,646,712**	–
	₱37,569,985,225	₱–

Variable-unit linked (VUL) fund
This fund consists of:

	2023	2022
Net asset value of segregated funds	**₱37,999,404,335**	₱–
Seed capital in segregated funds	**(501,065,822)**	–
	₱37,498,338,513	₱–

Subscriptions allocated to unit-linked funds represent the investment portion of variable unit-linked policies issued by the Group which were subsequently invested to unit-linked funds at the discretion of the policyholder.

The Group issues variable unit-linked insurance contracts where payments to policyholders are linked to internal investment funds set up.

Bond Fund
The SLG Bond Fund is one of the investment options for policyholders of Sun Grepa Power Builder 5 and 10. The fund is invested in high-quality fixed-income securities issued by the Philippine government and in high-quality corporate debt securities issued by Philippine companies.

Balanced and Opportunity Fund
These funds are designed to provide optimum returns consisting of current income and capital growth through investment in a mix of debt (bonds) and equity (stocks) securities from both domestic and foreign issuers.

Equity and Growth Fund
These funds are designed to generate long-term capital appreciation by investing in high-quality equities diversified across sectors.

Income Fund
This fund is designed to stay invested only in high-quality fixed income instruments that are classified as below average risk.

Global Asset Builder Fund ProIncome
This fund is designed to provide protection and also allows policyholders to participate in the performance of selected global investment assets.

Global Asset Builder (PriMO)
This fund is an investment-linked life insurance plan that provides protection for 7 years and enables the US dollars to benefit from global investment opportunities without the fear of losing its capital.

Peso Asset Builder
This fund is an investment-linked life insurance plan that provides protection for 7 years and enables the investment to benefit from global investment opportunities while protecting the capital.

Peso Global Growth
The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Equity-centric mutual funds and Exchange-traded Funds (ETFs) or any other similar security; and common stocks and other equity-linked securities, such as preferred stock and convertible securities.

Peso Global Income
The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Fixed income-centric mutual funds and Exchange-traded Funds (ETF) or any other similar security; and Fixed income instruments issued by Philippine, United States and other foreign governments and corporations.

Peso Global Opportunity
The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Equity-centric and Fixed income-centric mutual funds and Exchange-traded Funds (ETF) or any other similar security; and Fixed income instruments issued by Philippine, United States and other foreign governments and corporations; and common stocks and other equity-linked securities such as preferred stock and convertible securities.

Peso Global Opportunity Payout
The fund is denominated in Philippine peso but may invest in foreign currency denominated financial assets such as, but are not limited to: Mutual funds and Exchange-traded Funds (ETFs), Fixed income instruments issued by the Philippines, United States and other foreign governments and corporations; Equity-linked securities or any other similar security.

Global Opportunity Payout
The fund may invest in foreign currency denominated, income-generating financial assets such as, but not limited to: Mutual funds and Exchange-traded Funds (ETFs); Fixed income instruments issued by the Philippines, United States and other foreign governments and corporations; Equity-linked securities or any other similar security.

Dynamic Fund
This fund is an adaptive, agile, and flexible fund that aims to maximize returns by taking advantage of market highs and engaging in opportunistic trades. It is designed to provide optimum returns consisting of current income and capital growth through investment in a mix of high quality fixed-income and equity instruments from domestic issuers.

Index Fund
This fund tracks the performance of the benchmark PSEi, mainly by investing in listed equities that are part of the PSEi, in such proportion that the performance of the Fund will match that of the PSEi.

Captains Fund
This fund invests in publicly-listed local firms that are among the country's largest in terms of revenues, profits, assets and market values, there is more opportunity for upside potential earnings.

My Future Fund
This fund is a target date fund that invests primarily in high-quality stocks and a mix of government and domestic corporate debt in accordance with an asset allocation strategy that promotes capital appreciation at the onset to maximize earning potential in the earlier years and shifts to wealth preservation to reduce exposure to risk as the maturity of the fund approaches.

Growth Plus Fund
This Fund aims to maximize returns through a combination of long-term capital growth and current income by investing in a portfolio of high-quality Philippine listed equity and equity-linked securities that yield dividends.

Global Opportunity Fund
This Fund may invest in, but is not limited to, USD-denominated mutual funds, USD-denominated exchange-traded funds (ETFs), and any securities similar to said funds.

Global Income Fund
This Fund is invested only in foreign currency-denominated high-quality fixed income and fixed income-linked instruments that are classified as average to below average risk.

Money Market Fund
This Fund is available in Philippine Peso and US Dollar currencies. Money Market Fund is designed to maximize yields on short to medium-term placements while ensuring adequate liquidity for the policy owners.

Global Growth Fund
The Fund is a pure equity mandate which endeavors to provide clients access to an active and concentrated suite of global equity outlets.

Opportunity Tracker Fund
The Fund provides a middle ground between equity and fixed income asset classes by utilizing an indexing strategy, which tracks the performance of the Philippine Stock Exchange Index (PSEi) and the portfolio duration of the Bloomberg Phil Sovereign Bond Index AI (BPHILR).

Peso Global Sustainability Growth Fund
The Fund is offered as a fund option exclusive to Sun Grepa Power Builder 1, Sun Grepa Power Builder 5, Sun Grepa Power Builder 10, and Sun Grepa Power Builder 100, which are investment-linked life insurance products regulated by the Insurance Commission. The Fund is denominated in Philippine Peso, but may invest in foreign currency denominated, ESG-focused financial assets, which may include, but not limited to: mutual funds and Exchange-traded Funds (ETFs); common stocks and other equity-linked securities, such as preferred stock and convertible securities.

Peso Asset Builder (Hybrid Income)
This Fund is a peso-denominated, investment-linked life insurance product that provides protection for seven years and allows policyholders to potentially grow their money through global investment opportunities.

Peso Global Opportunity Payout
The fund is denominated in Philippine peso but may invest in foreign currency denominated financial assets such as, but are not limited to: Mutual funds and Exchange-traded Funds (ETFs), Fixed income instruments issued by the Philippines, United States and other foreign governments and corporations; Equity-linked securities or any other similar security.

Dynamic Fund
This fund is an adaptive, agile and flexible fund that aims to maximize returns by taking advantage of market highs and engaging in opportunistic trades. It is designed to provide optimum returns consisting of current income and capital growth through investment in a mix of high quality fixed-income and equity instruments from domestic issuers.

Index Fund
This fund tracks the performance of the benchmark PSEi, mainly by investing in listed equities that are part of the PSEi, in such proportion that the performance of the Fund will match that of the PSEi.

Captains Fund
This fund invests in publicly-listed local firms that are among the country's largest in terms of revenues, profits, assets and market values, there is more opportunity for upside potential earnings.

My Future Fund
This fund is a target date fund that invests primarily in high-quality stocks and a mix of government and domestic corporate debt in accordance with an asset allocation strategy that promotes capital appreciation at the onset to maximize earning potential in the earlier years and shifts to wealth preservation to reduce exposure to risk as the maturity of the fund approaches.

Growth Plus Fund
This Fund aims to maximize returns through a combination of long-term capital growth and current income by investing in a portfolio of high-quality Philippine listed equity and equity-linked securities that yield dividends.

Global Opportunity Fund
This Fund may invest in, but is not limited to, USD-denominated mutual funds, USD-denominated exchange-traded funds (ETFs), and any securities similar to said funds.

Global Income Fund
This Fund is invested only in foreign currency-denominated high-quality fixed income and fixed income-linked instruments that are classified as average to below average risk.

Money Market Fund
This Fund is available in Philippine Peso and US Dollar currencies. Money Market Fund is designed to maximize yields on short to medium-term placements while ensuring adequate liquidity for the policy owners.

Global Growth Fund
The Fund is a pure equity mandate which endeavors to provide clients access to an active and concentrated suite of global equity outlets.

Opportunity Tracker Fund
The Fund provides a middle ground between equity and fixed income asset classes by utilizing an indexing strategy, which tracks the performance of the Philippine Stock Exchange Index (PSEi) and the portfolio duration of the Bloomberg Phil Sovereign Bond Index AI (BPHILR).

The details of these internal investment funds, which comprise the assets backing unit-linked liabilities, are presented in the tables below:

	2023												
	Cash and cash equivalents	Government debt securities	Equity securities	Corporate loans	Private peso bonds	Structured notes	Subscriptions receivable (Note 17)	Investment receivable	Accrued income	Seed capital (Note 8)	Total Assets	Accounts payable and accrued expenses	Net Assets
Bond Fund	**₱48,499,485**	**₱311,047,588**	**₱15,286,460**	**₱17,621,653**	**93,157,098**	**₱–**	**₱577,130**	**₱23,844**	**₱7,060,757**	**(₱2,128,050)**	**₱491,145,965**	**(₱1,576,472)**	**489,569,493**
Balanced Fund	**51,760,552**	**385,513,436**	**731,841,943**	**29,592,313**	**153,817,481**	**–**	**856,382**	**39,631**	**10,794,525**	**(1,642,650)**	**1,362,573,613**	**(3,643,383)**	**1,358,930,230**
Equity Fund	**45,822,042**	**–**	**1,115,693,842**	**–**	**–**	**–**	**3,823,768**	**1,642,040**	**654,899**	**(1,657,650)**	**1,165,978,941**	**(2,061,510)**	**1,163,917,431**
Growth Fund	**28,049,921**	**–**	**1,019,652,350**	**–**	**–**	**–**	**(13,906)**	**1,667,624**	**592,438**	**(1,637,100)**	**1,048,311,327**	**(1,874,977)**	**1,046,436,350**
Opportunity Fund	**90,055,706**	**775,315,045**	**1,505,733,540**	**124,914,836**	**342,098,098**	**–**	**(341,360)**	**173,702**	**25,708,558**	**(1,710,450)**	**2,861,947,675**	**(7,638,857)**	**2,854,308,818**
Income Fund	**60,585,944**	**495,068,759**	**-**	**69,387,251**	**152,333,623**	**–**	**45,292**	**96,128**	**12,859,228**	**(2,253,300)**	**788,122,925**	**(2,724,718)**	**785,398,207**
Dynamic Fund	**38,803,310**	**478,951,959**	**742,993,788**	**–**	**–**	**–**	**(645,493)**	**–**	**5,565,188**	**(8,648,000)**	**1,257,020,752**	**(3,280,301)**	**1,253,740,451**
Index Fund	**26,965,626**	**–**	**5,335,724,019**	**–**	**–**	**–**	**5,600,148**	**–**	**5,548,747**	**(7,667,000)**	**5,366,171,540**	**(9,845,047)**	**5,356,326,493**
Captains Fund	**175,483,320**	**–**	**1,485,187,623**	**–**	**–**	**–**	**708,503**	**5,614,520**	**2,660,923**	**(9,490,000)**	**1,660,164,889**	**(13,096,644)**	**1,647,068,245**
Money Market Fund	**1,313,366**	**–**	**24,237,996**	**–**	**–**	**–**	**(179)**	**–**	**153**	**(10,703,000)**	**14,848,336**	**(11,382)**	**14,836,954**
My Future 2025 Fund	**8,038,114**	**415,768,800**	**79,068,936**	**–**	**–**	**–**	**(247,253)**	**–**	**7,344,632**	**(1,507,350)**	**508,465,879**	**(2,364,060)**	**506,101,819**
My Future 2030 Fund	**8,188,148**	**96,596,816**	**81,645,567**	**–**	**–**	**–**	**186,725**	**–**	**1,786,212**	**(9,125,000)**	**179,278,468**	**(675,509)**	**178,602,959**
My Future 2035 Fund	**2,326,769**	**22,979,142**	**53,119,359**	**–**	**–**	**–**	**86,425**	**–**	**386,203**	**(8,708,000)**	**70,189,898**	**(205,411)**	**69,984,487**
My Future 2040 Fund	**2,668,498**	**17,118,958**	**72,075,045**	**–**	**–**	**–**	**39,821**	**–**	**352,127**	**(8,709,000)**	**83,545,449**	**(218,812)**	**83,326,637**
Growth Plus Fund	**288,555,246**	**-**	**6,632,583,184**	**–**	**–**	**–**	**2,365,595**	**–**	**1,663,516**	**(9,372,000)**	**6,915,795,541**	**(43,721,347)**	**6,872,074,194**
MyFuture 2045 Fund	**791,129**	**7,575,365**	**39,805,919**	**–**	**–**	**–**	**(57,235)**	**–**	**227,717**	**(47,410,000)**	**932,895**	**(122,851)**	**810,044**
MyFuture 2050 Fund	**729,431**	**6,603,840**	**40,435,435**	**–**	**–**	**–**	**4,812**	**–**	**211,244**	**(47,225,000)**	**759,762**	**(118,607)**	**641,155**
MyFuture 2055 Fund	**569,985**	**6,787,280**	**40,993,540**	**–**	**–**	**–**	**(3,260)**	**–**	**216,470**	**(47,220,000)**	**1,344,015**	**(120,597)**	**1,223,418**
Global Opportunity Fund	**87,422,603**	**39,879,143**	**1,903,107,147**	**–**	**–**	**–**	**(87,736)**	**47,539,463**	**605,464**	**(33,628,970)**	**2,044,837,114**	**(53,353,557)**	**1,991,483,557**
Global Income Fund	**38,324,056**	**74,701,998**	**576,488,924**	**–**	**17,919,149**	**–**	**(31,404)**	**5,813,850**	**1,158,344**	**(24,157,930)**	**690,216,987**	**(17,961,113)**	**672,255,874**
Global Growth Fund	**80,423,371**	**–**	**1,788,937,288**	**–**	**–**	**–**	**(981,424)**	**13,842,500**	**11,826**	**(33,961,190)**	**1,848,272,371**	**(3,324,850)**	**1,844,947,521**
Global Asset Builder - PriMO	**–**	**–**	**–**	**–**	**–**	**704,402,855**	**(5,987,712)**	**–**	**–**	**–**	**698,415,143**	**–**	**698,415,143**
Peso Asset Builder - PriMO	**–**	**–**	**–**	**–**	**–**	**365,129,600**	**–**	**–**	**–**	**–**	**365,129,600**	**–**	**365,129,600**
Dollar Money Market Fund	**1,158,859**	**–**	**40,068,040**	**–**	**–**	**–**	**(110)**	**–**	**–**	**(28,443,569)**	**12,783,220**	**(18,530)**	**12,764,690**
Opportunity Tracker Fund	**7,479,412**	**205,281,026**	**101,704,170**	**–**	**–**	**–**	**1,913,885**	**–**	**2,415,699**	**(1,574,700)**	**317,219,492**	**(1,023,333)**	**316,196,159**
Peso Global Growth Fund	**12,044,345**	**-**	**230,349,356**	**–**	**–**	**–**	**80,137**	**–**	**1,438**	**(25,337,500)**	**217,137,776**	**(424,677)**	**216,713,099**
Peso Global Income Fund	**998,541**	**3,213,858**	**30,747,688**	**–**	**–**	**–**	**29,040**	**–**	**27,363**	**(23,182,500)**	**11,833,990**	**(53,663)**	**11,780,327**
Peso Global Opportunity Fund	**636,657**	**4,343,733**	**107,190,284**	**–**	**–**	**–**	**19,449**	**943,160**	**34,786**	**(24,297,500)**	**88,870,569**	**(474,823)**	**88,395,746**
Global Opportunity Payout Fund	**103,630,706**	**–**	**2,030,277,254**	**–**	**–**	**–**	**2,063,791**	**–**	**15,134**	**(24,169,005)**	**2,111,817,880**	**(3,758,542)**	**2,108,059,338**

(Forward)

	2023												
	Cash and cash equivalents	Government debt securities	Equity securities	Corporate loans	Private peso bonds	Structured notes	Subscriptions receivable (Note 17)	Investment receivable	Accrued income	Seed capital (Note 8)	Total Assets	Accounts payable and accrued expenses	Net Assets
Peso Global Opportunity Payout	**₱16,751,487**	**₱–**	**₱293,597,215**	**₱–**	**₱–**	**₱–**	**₱397,842**	**₱–**	**₱2,460**	**(₱25,032,500)**	**₱285,716,504**	**(₱542,293)**	**₱285,174,211**
Peso Global Sustainability Growth Fund	**1,464,398**	**–**	**29,828,047**	**–**	**–**	**–**	**4,892**	**–**	**–**	**(26,485,000)**	**4,812,337**	**(54,580)**	**4,757,757**
Peso Asset Builder - Hybrid Income Fund	**–**	**–**	**–**	**–**	**–**	**2,302,390,190**	**(3,340,350)**	**–**	**–**	**(962,900)**	**2,298,086,940**	**–**	**2,298,086,940**
Peso Asset Builder - Hybrid Income 2 Fund	**–**	**–**	**–**	**–**	**–**	**1,175,275,500**	**(2,267,800)**	**–**	**–**	**(970,500)**	**1,172,037,200**	**–**	**1,172,037,200**
Peso Asset Builder - Hybrid Income 3 Fund	**–**	**–**	**–**	**–**	**–**	**825,384,900**	**1,095,100**	**–**	**–**	**(969,900)**	**825,510,100**	**–**	**825,510,100**
Global Asset Builder - ProIncome Fund	**–**	**–**	**–**	**–**	**–**	**904,412,473**	**–**	**–**	**–**	**(1,078,608)**	**903,333,865**	**–**	**903,333,865**
	₱1,229,541,027	**₱3,346,746,746**	**₱26,148,373,959**	**₱241,516,054**	**₱759,325,449**	**₱6,276,995,518**	**₱5,893,515**	**₱77,396,462**	**₱87,906,051**	**(₱501,065,822)**	**₱37,672,628,959**	**(₱174,290,446)**	**₱37,498,338,513**

Cash and cash equivalents
Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods not exceeding three months depending on the immediate cash requirements of the funds and earn interest at the prevailing short-term deposit rates.

Government debt securities
Government securities pertain to peso denominated bonds with interest rates ranging from 2.375% to 9.25% in 2023.

Equity securities
Equity securities consist mainly of shares which are listed and actively traded.

Corporate loans
This consists of unquoted corporate loans which are carried at amortized cost.

Private peso bonds
Private peso bonds are either a plain bond, a callable bond, a credit-linked bond or a structure product. The Company rely on counterparty valuations for plain bond and credit-linked notes while the Company use discounted cash flow approach for callable bond.

Structured notes
Structured notes are issued by foreign investment-grade banks with underlying assets invested in pre-defined mix of equities, bonds, commodity-linked assets and exchange traded funds.

Subscriptions receivable
Subscriptions receivable pertain to amounts due from the Company for subscriptions from unitholders which have not yet been transferred to the corresponding VUL fund as of reporting date.

Investment receivable
Investment receivable pertains to amounts due from brokers which represent receivables for securities sold that have been contracted for but not yet settled as of the end of the reporting period.

Accrued income
Accrued income includes interest receivable and dividends receivable. Interest receivable pertains to interest accrued on cash equivalents and government debt securities. Dividends receivable pertain to dividends accrued on listed equity securities.

Accounts payable and accrued expenses
Accounts payable and accrued expenses pertain to amounts due to brokers which represent payables for securities purchased that have been contracted for but not yet settled as of the end of the reporting period. It also includes redemptions payable to unitholders.

Seed capital
Seed capital is the initial funding that allows Exchange-traded Funds (ETFs) to launch and become available to investors.

The unit-linked financial assets at fair value are classified as follows:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Segregated fund assets				
Equity securities	**₱26,148,373,959**	**₱–**	**₱–**	**₱26,148,373,959**
Structured notes	–	–	**7,034,108,784**	**7,034,108,784**
Government debt securities	–	**3,346,746,746**	–	**3,346,746,746**
Corporate loans	–	–	**235,911,147**	**235,911,147**
Private peso bonds		**2,212,183**	–	**2,212,183**
	₱26,148,373,959	**₱3,348,958,929**	**₱7,270,019,931**	**₱36,767,352,819**

Following are the stress testing schedules of the unit-linked financial assets classified as level 3 as of December 31, 2023:

1. Sun Grepa Global Asset Builder - PriMO

Bloomberg ISIN	XS1792287267		
Maturity	17-Dec-25		
Valuation Date	30-Dec-23		
Note Provider	Goldman Sachs		
Remaining Time to Maturity	1.96	*assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor*	
Option Value	2.20%		
Fixed Income Value	89.30%		
	Scenario 1	**Scenario 2**	**Scenario 3**
Current Value	91.50%	91.50%	91.50%
USD IRS	-1.09%	0.81%	-0.34%
ROP CDS	-1.09%	0.65%	-0.27%
GS CDS	-1.16%	0.85%	-0.34%
Fixed Income Level	88.15%	93.80%	90.55%
Option Sensitivity	-2.20%	-2.20%	-2.20%
MTM Level	**85.95%**	**91.60%**	**88.35%**

2. Sun Grepa Peso Asset Builder - PriMO

Bloomberg ISIN	XS1934993764		
Maturity	4-Mar-26		
Valuation Date	30-Dec-23		
Note Provider	Goldman Sachs		
Remaining Time to Maturity	2.18	*assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor*	
Option Value	1.90%		
Fixed Income Value	92.60%		
	Scenario 1	**Scenario 2**	**Scenario 3**
Current Value	94.50%	94.50%	94.50%
PHP NDS	-0.04%	0.00%	0.00%
ROP CDS	-1.21%	0.72%	-0.29%
GS CDS	-1.28%	0.94%	-0.38%
Fixed Income Level	91.97%	96.16%	93.83%
Option Sensitivity	-1.90%	-1.90%	-1.90%
MTM Level	**90.07%**	**94.26%**	**91.93%**

Segregated fund liabilities

This is measured based on the value of the insurance investment funds attributable to the policyholders.

12. **Reinsurance Assets**

This account consists of:

	2023	2022
Reinsurance recoverable on unpaid losses	**₱27,625,857,042**	₱–
Deferred reinsurance premiums	**(3,395,458,957)**	–
	₱24,230,398,085	₱–

Reinsurance recoverable on unpaid losses represents balances due from reinsurance companies.

Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

13. **Inventories**

This account consists of:

	2023	2022
Merchandise:		
Automotive units	**₱420,960,715**	₱295,774,798
Parts, service materials and accessories	**110,973,384**	114,029,054
Others	**693,543**	88,452,247
	532,627,643	498,256,099
Real estate:		
Land and land development	–	158,670,638
Raw lands	–	42,398,913
Subdivision lots and contracted units for sale	–	35,988,542
	–	237,058,093
Construction materials	–	721,551,074
Spare parts and supplies	–	88,819,064
	532,627,643	1,545,684,330
Less: Allowance for inventory obsolescence	**35,966,256**	43,656,744
	₱496,661,387	₱1,502,027,586

Merchandise includes automotive units, parts and accessories, food and beverages, bookstore inventory, among others.

Spare parts and supplies pertain to inventory items used in the repair and maintenance of the Group's property and equipment.

The summary of the movement in real estate inventories is set out below:

	2023	2022
Balance at beginning of year	**₱237,058,093**	₱235,940,298
Construction/development costs incurred	–	4,250,108
Cost of real estate sales (Note 31)	–	(3,132,313)
Deconsolidation	**(237,058,093)**	–
Balance at end of year	**₱–**	₱237,058,093

The Group recognizes inventory write-down whenever the NRV of the existing inventories is lower than its cost.

The cost of inventories with allowance for inventory obsolescence amounted to ₱35.97 million and ₱43.66 million as of December 31, 2023 and 2022, respectively.

The rollforward of allowance for inventory obsolescence is as follows:

	2023	2022
Balance at beginning of year	**₱43,656,744**	₱75,778,306
Provision (Recoveries) (Note 33)	**651,220**	(14,301,872)
Write-off	**–**	(17,819,690)
Impairment balance	**44,307,964**	43,656,744
Effect of deconsolidated operations	**(8,341,709)**	14,301,872
Balance at end of year	**₱35,966,256**	₱57,958,616

In 2022, the Group reversed allowance for inventory obsolescence amounting to ₱14.30 million (nil in 2023) after the spare parts and supplies inventory were found to be still serviceable. These were consumed and recorded as part of cost of services in 2022.

No inventories were pledged as security to obligations as of December 31, 2023 and 2022.

14. Loans receivable

This account consists of:

	2023	2022
Policy loans	**₱670,968,139**	₱–
Due from:		
Held for trust	**1,109,164,285**	–
Agents	**4,080,475**	–
GEM trust fund	**2,474,625**	–
Others	**85,324,043**	–
	1,872,011,567	–
Less: Allowance for impairment	**6,200,460**	–
	₱1,865,811,107	₱–

The rollforward of allowance for impairment of loans receivable is as follows:

	2023	2022
Balance at beginning of year	**₱–**	₱–
Consolidation of a new subsidiaries	**6,200,460**	–
Balance at end of year	**₱6,200,460**	₱–

15. **Prepaid Expenses and Other Current Assets**

This account consists of:

	2023	2022
CWTs	**₱1,151,877,069**	₱538,908,901
Prepaid expenses	**344,013,281**	239,843,886
Short-term investments	**279,406,974**	161,153,004
Prepaid taxes	**117,987,103**	30,490,161
Input VAT	**68,071,124**	179,180,977
Miscellaneous deposits	**28,779,489**	205,582,976
Unused supplies	**18,480,867**	–
Advances	**–**	729,955,108
Others	**107,687,784**	87,634,335
	2,116,303,691	2,172,749,348
Less allowance for impairment	**55,395,197**	55,395,197
	₱2,060,908,494	₱2,117,354,151

CWTs pertain to unutilized creditable withholding tax which will be used as tax credit against income taxes due. CWTs were classified as current in 2023 are assessed to be utilized in 2024.

Prepaid expenses mainly include prepayments for membership fees, subscriptions, rentals and insurance, among others.

Short-term investments earn interest at the prevailing investment rates and have maturity of less than one year. These include investments held for government and private entities for the purpose of undertaking socio-economic studies and development projects.

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items.

Advances to suppliers and contractors represent down payment to subcontractors for the contract work to be performed and advance payment for the purchase of various construction materials.

Others include various deposits and other supplies, among others.

Movements in allowance for impairment for the years ended December 31 are shown below:

	2023			
	Miscellaneous deposits	**Advances to officers and employees**	**Advances to suppliers and subcontractors**	**Total**
Balance at beginning of year	**₱41,265,425**	**₱1,035,813**	**₱13,093,959**	**₱55,395,197**
Provisions for ECL	**–**	**–**	**–**	**–**
Balance at end of year	**₱41,265,425**	**₱1,035,813**	**₱13,093,959**	**₱55,395,197**

	2022			
	Miscellaneous deposits	Advances to officers and employees	Advances to suppliers and subcontractors	Total
Balance at beginning of year	₱3,335,193	₱29,516	₱13,093,959	₱16,458,668
Provisions for ECL	37,930,232	1,006,297	–	38,936,529
Balance at end of year	₱41,265,425	₱1,035,813	₱13,093,959	₱55,395,197

16. **Financial Assets**

A. Financial assets at fair value through profit or loss (FVTPL)

This account consists of:

	2023	2022
General Fund	**₱5,741,112,076**	₱14,892,802
Mutual funds	**100,792,453**	–
Seed capital in variable unit-linked segregated funds	**501,065,822**	–
Investment in government securities	**80,011,439**	–
	₱6,422,981,790	₱14,892,802

The calculated range of fair values are based on the following combination of inputs/ methodologies:

- Underlying index's volatility
- Reference entity's credit risk
- Discount rate

B. Financial assets at fair value through other comprehensive income (FVOCI)

This account consists of:

	2023	2022
Quoted shares	**₱22,839,900,002**	₱136,503,716
Unquoted shares	**8,090,402**	514,138,317
	₱22,847,990,404	₱650,642,033

Movement in the fair value reserve recognized in other comprehensive income (net of tax effect) are follows:

	2023	2022
Attributable to equity holders of the parent:		
Balance at beginning of year	**₱111,000,523**	₱67,330,660
Income (loss) recognized in OCI	**(58,487,673)**	43,999,863
Reclassification	**(37,772,927)**	–
Disposal	**–**	(330,000)
Effect of deconsolidation of a subsidiary	**(62,407,141)**	–
Balance at end of year	**(47,667,218)**	111,000,523
Non-controlling interests:		
Balance at beginning of year	**324,284,048**	321,570,569
Income recognized in OCI	**(679,365)**	2,713,479
Balance at end of year	**323,604,683**	324,284,048
	₱275,937,465	₱435,284,571

Dividend earned from equity investments at FVOCI amounted to ₱0.82 million, ₱6.61 million and ₱5.74 million in 2023, 2022, and 2021, respectively (Note 32).

No equity investments at FVOCI were pledged as security to obligations as of December 31, 2023 and 2022.

C. Investment securities at amortized cost

Investment securities at amortized cost consists of private debt securities amounting to ₱3,312.78 million as of December 31, 2023 (nil in 2022).

No financial assets (FVTPL, FVOCI, Amortized cost) were pledged as security to obligations as of December 31, 2023 and 2022.

17. Assets Held for Sale

This account consists of:

	2023	2022
Investment in EEI (Note 18)	**₱337,378,019**	₱ –
Real estate property for sale	**71,441,198**	–
	₱408,819,217	₱ –

As at December 31, 2023, the Group classified 4.5% interest in EEI as "Asset Held for Sale" and remeasured at fair value less cost of disposal of ₱337.38 million. The transaction was accounted as noncash investing activity in the 2023 parent company statement of cash flows. The asset was subsequently sold on January 5, 2024.

Real estate properties for sale consist of condominium units and memorial lots.

18. Investments in Associates and Joint Ventures

The Group's associates and joint venture accounted for using the equity method as of December 31 follows:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023	2022
Associates:					
Hi-Eisai Pharmaceutical, Inc. (HEPI)	Philippines	Pharmaceutical	Philippine peso	**50.00**	50.00
Petroenergy Resources Corporation (PERC)	Philippines	Renewable energy	Philippine peso	**29.10**	29.10
PetroGreen Energy Corporation (PGEC)*	Philippines	Renewable energy	Philippine peso	–	8.55
T'boli Agro-Industrial Development, Inc.	Philippines	Agriculture	Philippine peso	–	28.47
Manila Memorial Park Cemetery, Inc. (MMPC)	Philippines	Funeral service	Philippine peso	**25.98**	25.98
Sojitz G Auto Philippines Corporation (SGAPC)	Philippines	Automotive distributor	Philippine peso	**20.00**	20.00
RCBC Realty Corporation (RRC)	Philippines	Realty	Philippine peso	**10.00**	10.00
EEI Corporation	Philippines	Construction	Philippine peso	**21.00**	–
Al-Rushaid Construction Company Limited (ARCC)*	Saudi Arabia	Construction	Saudi riyal	–	49.00
PetroSolar Corporation (PSOC)*	Philippines	Renewable energy	Philippine peso	–	44.00

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023	2022
Joint ventures:				–	
PetroWind Energy, Inc. (PWEI)*	Philippines	Renewable energy	Philippine peso	–	20.00
Shinbayanihan Heavy Equipment Corporation (SHEC)*	Philippines	Equipment rental	Philippine peso	–	40.00
BEO Distribution and Marketing Corporation (BEO DMC)*	Philippines	Distribution and marketing	Philippine peso	–	30.00
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)*	Philippines	Construction	Philippine peso	–	5.00
Acciona-EEI Joint Venture (AE)*	Philippines	Construction	Philippine peso	–	30.00
LOTTE-GULERMAK-EEI Joint* Venture (LGE)	Philippines	Construction	Philippine peso	–	25.00

**This investment is part of EEI Group which was deconsolidated in 2023.*

The rollforward analysis of this account follows:

	2023	2022
Acquisition cost:		
Balance at beginning of year	**₱4,283,885,786**	₱4,236,124,304
Additions	**3,296,378,483**	47,761,482
Disposal	**(1,686,664,911)**	–
Effect of deconsolidation of a subsidiary	**(1,612,532,888)**	–
Balance at end of year	**4,281,066,470**	4,283,885,786
Accumulated impairment loss	**(364,312,330)**	(74,536,609)
Accumulated equity in net earnings:		
Balance at beginning of year	**3,622,376,692**	3,531,781,118
Equity in net earnings	**116,716,080**	425,036,868
Dividend received	**(97,429,815)**	(334,441,296)
Effect of deconsolidation of a subsidiary	**(1,548,900,797)**	–
Balance at end of year	**2,092,762,160**	3,622,376,690
Share in other comprehensive gain (loss) of an associate:		
Cumulative translation adjustments	**46,376,718**	365,209,541
Remeasurement gain (loss) on retirement liability	**(32,203,598)**	715,708
Revaluation increment	**75,107,937**	–
Changes in fair value of investments carried at FVOCI	**(78,957,186)**	105,672,061
	10,323,871	471,597,310
	₱6,019,840,170	₱8,303,323,179

EEI

As disclosed on Note 6, the Parent Company sold 20% investment holdings in EEI resulting to loss of control over the subsidiary. The remaining investment of 35.34% was accounted for as an investment in associate. Subsequently, on May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI. Proceed from the sale amounted to ₱1.08 billion. The sale which reduced the Parent Company's holdings of EEI to 21% is accounted as disposal of investment in an associate. . The Parent Company recognized gain from sale amounting to ₱0.58 billion.

As of December 31, 2023, the Parent Company classified 4.5% interest in EEI as "Asset Held for Sale" and remeasured at ₱337.38 million. The transaction was accounted as noncash investing activity in the 2023 consolidated statement of cash flows. The asset was subsequently sold on January 5, 2024.

RRC

RRC was incorporated on July 29, 1997 and is presently engaged in developing real estate and leasing condominium units for commercial and/or residential purposes.

PERC

In April 2019, the Parent Company purchased additional 4,153,651 shares of PERC, an entity listed with PSE, amounting to ₱17.8 million, resulting to an increase in ownership interest from 28.36% to 29.10%.

On February 2, 2018, the Parent Company purchased additional 69,285,418 shares amounting for ₱332.6 million on ₱4.8 per share resulting to an increase in ownership interest from 22.41% to 28.36%.

Its share price amounted to ₱4.95 and ₱4.80 per share as of December 31, 2023 and 2022, respectively.

PGEC

PGEC was incorporated on March 31, 2010 primarily to carry on the general business of generating, transmitting, and/or distributing power derived from renewable and conventional sources of power.

In 2023, PGEC applied for increase in authorized capital stock, which was subscribed and issued to KIC, this further reduced the Group's indirect investment from 8.55% to 7.50%.

In 2022, the effective ownership in PGEC was reduced due to sale of shares to KIC, the Group's indirect investment was reduced from 10% to 8.55%.

MMPC

MMPC was incorporated and registered with the SEC on September 26, 1962 primarily to engage in development and sale of memorial lots.

SGAPC

On November 8, 2019, the Parent Company purchased 2,500,000 shares of SGAPC from Sojitz Corporation amounting to ₱50.00 million or equivalent to 20.00% ownership equity.

ARCC

In 2021 and 2020, ARCC repaid investment amounting to ₱454.11 million and ₱576.01 million, respectively. The transactions did not result to a change in the 49% ownership of EEI Limited over ARCC.

In 2017, the stockholders of ARCC extended advances amounting to ₱1,620.8 million (SAR121.75 million) to ARCC to refinance the associate's maturing bank loan and other funding requirements. The amount of the extended loan is proportionate to the ownership interests of the stockholders. Subsequently, the stockholders agreed to treat the ₱1,591.5 million (SAR121.75 million) loan as non-refundable Shareholders' funding in the statement of equity of ARCC. Consequently, the ₱794.2 million (SAR59.66 million) advances extended by the Group to ARCC was reclassified as additional investment in ARCC.

EEI Limited made additional investment of ₱294.9 million in ARCC in 2016.

PSOC

In 2022 and 2021, dividend received amounted to ₱118.80 million and ₱156.90 million, respectively.

In 2022, 2019 and 2018, EPC made additional investments of ₱2.75 million, ₱148.3 million and ₱175.80 million, respectively, in PSOC. These transactions did not result to a change in the 44% ownership of EPC over PSOC.

In 2015, the EPC purchased 3.7 million shares from PSOC amounting to ₱366.43 million which resulted to 44% ownership on the latter. PSOC was incorporated on June 17, 2015 primarily to carry out the general business of generating, transmitting, and/or distributing power derived from renewable energy resources. It has a 50-megawatt solar farm in Tarlac City.

PWEI

In 2022, EPC made an additional investment of ₱31.51 million. This did not result to a change in the 20% ownership of EPC over PWEI.

In 2013, EPC acquired 20% stake in PWEI for ₱118.75 million. PWEI was incorporated on March 6, 2013, primarily to carry on the general business of generating, transmitting and/or distributing power derived from renewable energy sources such as, but not limited to wind, biomass, hydro, solar, geothermal, ocean, wave and such other renewable sources of power, and from conventional sources such as coal, fossil fuel, natural gas, nuclear, and other viable or hybrid sources of power corporation, public electric utilities, electric cooperative and markets. PWEI has a wind energy project in Nabas, Aklan and has started construction activities on April 29, 2013.

On November 21, 2013, PGEC, CapAsia ASEAN Wind Holdings Cooperative, U.A. (CapAsia) and EPC entered into a Shareholders' Agreement (SA). The SA will govern their relationship as the shareholders of PWEI as well as containing their respective rights and obligations in relation to PWEI. Further, the SA contains provisions regarding voting requirements for relevant activities that require unanimous consent of all the parties. PGEC, CapAsia and EPC agree that their equity ownership ratio in PWEI is at 40%, 40% and 20%, respectively.

Although the Share Purchase Agreement (SPA) and the SA were executed on November 21, 2013, these did not result to PGEC's loss of control over PWEI in 2013. The loss of control did not happen until the Closing Date. On February 14, 2014, the Closing Date, the payment has been received from sale of the shares as executed in the Deed of Assignment covering the transfer of shares from PGEC to CapAsia and all the conditions precedent have been satisfactorily completed. Hence, the transaction made PWEI a joint venture among PGEC, CapAsia and EPC by virtue of the SA signed among the three parties governing the manner of managing PWEI. PGEC lost control over PWEI while CapAsia was given full voting and economic rights as a 40% shareholder.

PWEI is owned 40% by PERC, 40% by BCPG Wind Cooperatief U.A. and 20% by EEI. BCPG Wind Cooperatief U.A. bought out the other shareholder (CapAsia ASEAN Wind Holdings Cooperatief U.A.) on May 16, 2017.

SHEC

In 2019, the Group, through EEI, acquired 40% stake in Shinbayanihan Heavy Equipment Corporation (SHEC) and was accounted as investment in joint venture. SHEC was incorporated on July 26, 2019 primarily to engage in the business of managing the operation of used and new construction equipment rental and used and new construction equipment wholesale business in the Philippines and import and export of used and new construction equipment without engaging in retail trading.

BEO DMC
In 2019, BiotechJP deposited ₱0.5 million with BEO Distribution and Marketing Corporation (BEO DMC) in exchange for 30% ownership in the latter. BEO DMC is in the business of distributing and marketing of goods. The deposit was recorded as "Deposit for Future Stock Subscription" pending receipt of the shares of capital stock of the investee.

In 2020, BiotechJP reclassified the deposit to investment in joint venture upon receipt of stock certificate of BEO DMC.

SFTE JV
On September 12, 2020, the Group entered into a joint venture agreement with Shimizu Corporation, Fujita Corporation, Takenaka Civil Engineering & Construction Co. Ltd. (SFTE JV) to contract with the Department of Transportation (DOTr) of the Republic of the Philippines for the Metro Manila Subway Project (MMSP)-Phase 1, Contract Package 101. In the joint venture, the EEI Group acquired a proportionate share of 5% with regard to the assets, liabilities, costs, profits and losses arising out of the execution of the Works as identified in the contract with DOTr. The joint venture agreement also requires anonymous vote of all joint venture partners on the relevant activities of the joint venture.

AE
On October 13, 2020, EEI entered into a joint venture agreement with Acciona Construction Philippines, Inc. to undertake the construction of the Malolos-Clark Railway Project-Package No. CP N-04. The Group's participating interest in the joint venture is 30%. The group has no initial capital investment on the joint venture as it is an unincorporated joint venture. The joint venture agreement also requires unanimous vote of all joint venture partners on the relevant activities of the joint venture.

The EEI also entered into joint venture agreements with certain contractors for the purpose of establishing unincorporated joint ventures, the objective of which are to submit bids for certain projects, and if such bids are successful, execute the project and jointly deliver the works in accordance with the project documents. As of December 31, 2022, these projects are yet to be awarded. EEI has no initial capital investment on the joint ventures as these are unincorporated. EEI accounts for these joint ventures under equity method of accounting.

RICEI
In 2022, the EEI acquired 49% stake in RICE Integrated Commercial Enterprises, Incorporation (RICEI) and was accounted for as an associate. RICEI was incorporated on February 23, 2019 primarily to engage in the production and trading of crops, orchards, groves, and all types of agricultural, fishery and farm products on wholesale basis.

The reconciliation of the net assets of the associates and joint ventures to the carrying amounts of the interests in significant associates and joint ventures recognized in the consolidated financial statements is as follows (in millions):

As of December 31, 2023 and 2022, no investments in associates were pledged as security to obligations.

The details of significant investments accounted for under the equity method are as follows:

(Amounts in millions)

	2023														
Acquisition cost:	**HEPI**	**MMP**	**RRC**	**SGAP**	**PERC**	**EEI**	**PGEC**	**ARCC**	**PSOC**	**PWEI**	**SHEC**	**DMC**	**SFTE**	**AE**	**RICEI**
Balance, January 1	**₱24**	**₱120**	**₱1,018**	**₱50**	**₱889**	**₱–**	**₱478**	**₱596**	**₱694**	**₱288**	**₱21**	**₱1**	**–**	**–**	**₱14**
Additions	**–**	**–**	**–**	**–**	**–**	**1,610**	**(478)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deconsolidation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(596)**	**(694)**	**(288)**	**(21)**	**(1)**	**–**	**–**	**(14)**
Balance, December 31	**24**	**120**	**1,018**	**50**	**889**	**1,610**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated equity in net earnings (losses):															
Balance, January 1	**195**	**728**	**450**	**52**	**738**	**–**	**116**	**542**	**511**	**258**	**-**	**(1)**	**9**	**54**	**(1)**
Equity in net earnings (losses)	**36**	**126**	**94**	**(96)**	**206**	**(272)**	**23**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deconsolidation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(542)**	**(511)**	**(258)**	**-**	**1**	**(9)**	**(54)**	**1**
Dividends declared	**(38)**	**(19)**	**(32)**	**–**	**(8)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance, December 31	**193**	**834**	**511**	**(44)**	**936**	**(272)**	**139**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Subtotal	**217**	**955**	**1,530**	**6**	**1,824**	**1,338**	**139**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated share in other comprehensive income:															
Balance, January 1	**–**	**–**	**–**	**–**	**128**	**–**	**140**	**(112)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deconsolidation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**112**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share in other comprehensive income (loss)	**–**	**–**	**–**	**–**	**(127)**	**(37)**	**(140)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance, December 31	**–**	**–**	**–**	**–**	**1**	**(37)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Equity in cumulative translation adjustments	**–**	**–**	**–**	**–**	**33**	**13**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	₱217	**₱955**	**₱1,530**	**₱6**	**₱1,859**	**₱1,314**	**₱139**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

	2023														
	HEPI	**MMP**	**RRC**	**SGAP**	**PERC**	**EEI**	**PGEC**	**ARCC**	**PSOC**	**PWEI**	**SHEC**	**DMC**	**SFTE**	**AE**	**RICEI**
Net asset before adjustments	**₱426**	**₱3,354**	**₱3,036**	**(₱69)**	**₱11,790**	**₱15,596**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Adjustments	**8**	**320**	**12,263**	**100**	**(5,402)**	**(9,340)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net assets	**435**	**3,674**	**15,229**	**31**	**6,388**	**6,256**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Proportionate ownership in the associate	**50%**	**26%**	**10%**	**20%**	**29%**	**21%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share in net identifiable assets	**217**	**955**	**1,530**	**6**	**1,859**	**1,314**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying value	**₱217**	**₱955**	**₱1,530**	**₱6**	**₱1,859**	**₱1,314**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

(Amounts in millions)

	2022												
.	**HEPI**	**MMP**	**RRC**	**SGAP**	**PERC**	**PGEC**	**ARCC**	**PSOC**	**PWEI**	**SHEC**	**DMC**	**SFTE**	**AE**
Acquisition cost:													
Balance, January 1	₱24	₱120	₱959	₱50	₱889	₱478	₱596	₱691	₱257	₱21	₱1	₱–	₱–
Additions	–	–	–	–	–	–	–	3	31	–	–	–	–
Balance, December 31	24	120	959	50	889	478	596	694	288	21	1	–	–
Accumulated equity in net earnings (losses):													
Balance, January 1	158	610	559	37	576	79	929	429	214	(1)	(1)	7	21
Equity in net earnings (losses)	52	130	105	42	164	38	(387)	201	44	1	–	2	33
Dividends declared	(15)	(13)	(160)	(27)	(1)	–	–	(119)	–	–	–	–	–
Balance, December 31	195	727	504	53	739	117	542	511	258	–	(1)	9	54
Subtotal	219	847	1,463	103	1,628	595	1,138	1,205	546	21	–	9	54
Accumulated share in other comprehensive income:													
Balance, January 1	–	–	–	–	78	(46)	(57)	–	–	–	–	–	–
Share in other comprehensive income (loss)	–	–	–	–	50	186	(55)	–	–	–	–	–	–
Balance, December 31	–	–	–	–	128	140	(112)	–	–	–	–	–	–
Equity in cumulative translation adjustments	–	–	–	–	–	–	316	–	–	–	–	–	–
	₱219	₱847	₱1,463	₱103	₱1,756	₱735	₱1,342	₱1,205	₱546	₱21	₱–	₱9	₱54

	2022												
	RRC	PERC	PGEC	MMPC	SGAPC	ARCC	PSOC	PWEI	SHEC	BEO DMC	SFTE	AE	RICEI
Net assets before adjustments	₱2,421	₱12,066	₱11,203	₱2,956	₱414	₱2,738	₱2,738	₱2,730	₱53	₱0.22	₱186	₱181	₱27
Adjustments	12,210	(5,792)	(2,637)	302	99	–	–	–	–	–	–	–	–
Net assets	₱14,631	₱6,274	₱8,596	₱3,258	₱513	₱2,738	₱2,738	₱2,730	₱53	₱0.22	₱186	₱181	₱27
Proportionate ownership in the associate	10%	29%	8.55%	26%	20%	49%	44%	20%	40%	30%	5%	30%	49%
Share in net identifiable assets	1,463	1,819	735	847	103	1,342	1,205	546	21	0.07	9	54	13
Carrying value	₱1,463	₱1,819	₱735	₱847	₱103	₱1,342	₱1,205	₱546	₱21	₱0.07	₱9	₱54	₱13

Summarized financial information of the Group’s significant associates and joint venture are as follows:

(Amounts in millions)

	2022												
	RRC	PERC	PGEC	MMPC	SGAPC	ARCC	PSOC	PWEI	SHEC	BEO DMC	SFTE	AE	RICEI
Current assets	₱1,094	₱5,331	₱4,950	₱2,642	₱7,468	₱14,560	₱633	₱687	₱45	₱2	₱29,393	₱2,690	₱27
Noncurrent assets	5,890	11,498	10,282	1,852	598	2,441	3,504	3,677	73	–	–	389	1
Total assets	₱6,984	₱16,829	₱15,232	₱4,494	₱8,066	₱17,001	₱4,137	₱4,364	₱118	₱2	₱29,393	₱3,079	₱28
Current liabilities	₱1,614	₱1,500	₱1,140	₱1,078	₱7,464	₱10,820	₱291	₱321	₱49	₱2	₱29,207	₱1,588	₱1
Noncurrent liabilities	2,949	2,963	2,889	460	188	3,443	1,109	1,313	–	–	–	1,309	–
Total liabilities	₱4,563	₱4,463	₱4,029	₱1,538	₱7,652	₱14,263	₱1,400	₱1,634	₱49	₱2	₱29,207	₱2,897	₱1
Revenues	₱2,291	₱2,551	₱1,821	₱1,124	₱11,178	₱16,230	₱872	₱641	₱7	2	₱46	₱2,143	₱3
Cost	–	(1,303)	(879)	(412)	(10,285)	(16,772)	(257)	(475)	(4)	(2)	–	(1,438)	(5)
Gross margin	2,291	1,248	942	712	893	(542)	615	166	3	–	46	705	(2)
Selling and administrative, and other expenses	(1,025)	(372)	(264)	(82)	(605)	(444)	(137)	57	(1)	–	–	(594)	–
Pre-tax income (loss)	₱1,266	₱876	₱678	₱630	₱288	(₱986)	₱478	₱223	₱2	₱–	₱46	₱111	(₱2)
Proportionate ownership in the associate	10%	29%	9%	26%	20%	49%	44%	20%	40%	30%	5%	30%	49%
Share in pre-tax income (loss)	127	254	61	164	58	(483)	210	45	1	–	2	33	(1)
Income tax (benefit)	(22)	(13)	(6)	(34)	(3)	(96)	8	2	–	–	–	–	–
Non-controlling interest	–	(77)	(17)	–	(13)	–	–	–	–	–	–	–	–
Equity in net earnings (losses)	₱105	₱164	₱38	₱130	₱42	(₱387)	₱202	₱43	₱1	₱–	₱2	₱33	(₱1)
Dividends received	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

The Group's share in the net income of ARCC is subject to 20% income tax rate in Saudi Arabia.

Other relevant financial information of HEPI are as follows:

	2023	2022
Cash and cash equivalents	**₱718,364,000**	₱706,615,152
Current financial liabilities *	**597,350,000**	359,035,952
Noncurrent financial liabilities *	**2,078,332,000**	2,843,703,410
Depreciation and amortization	**185,012,958**	179,916,232
Interest income	**41,688,959**	21,434,630
Interest expense	**180,593,317**	224,837,382

**Excluding trade and other payables and provisions*

Other relevant financial information of RRC are as follows:

	2023	2022
Cash and cash equivalents	**₱718,364,000**	₱706,615,152
Current financial liabilities *	**597,350,000**	359,035,952
Noncurrent financial liabilities *	**2,078,332,000**	2,843,703,410
Depreciation and amortization	**185,012,958**	179,916,232
Interest income	**41,688,959**	21,434,630
Interest expense	**180,593,317**	224,837,382

**Excluding trade and other payables and provisions*

Other relevant financial information of PERC are as follows:

	2023	2022
Cash and cash equivalents	**₱2,251,742,845**	₱1,677,231,584
Current financial liabilities *	**3,703,810,352**	947,144,643
Noncurrent financial liabilities *	**4,187,028,164**	2,530,784,409
Depreciation and amortization	**730,880,693**	551,078,397
Interest income	**217,515,216**	51,154,475
Interest expense	**347,303,382**	292,324,806

**Excluding trade and other payables and provisions*

Other relevant financial information of PGEC are as follows:

	2023	2022
Cash and cash equivalents	**₱1,210,137,931**	₱1,358,773,144
Current financial liabilities *	**145,957,587**	696,564,794
Noncurrent financial liabilities *	**100,265,643**	2,537,602,499
Depreciation and amortization	**437,693,615**	437,326,559
Interest income	**166,443,900**	47,096,107
Interest expense	**204,521,257**	286,056,967

**Excluding trade and other payables and provisions*

Other relevant financial information of MMPC are as follows:

	2023	2022
Cash and cash equivalents	**₱322,196,768**	₱542,678,726
Current financial liabilities *	**45,619,964**	20,964,238
Noncurrent financial liabilities *	**162,716,262**	95,489,617
Depreciation and amortization	**58,690,751**	52,402,456
Interest income	**228,654,877**	204,156,140
Interest expense	**3,496,762**	3,122,109

**Excluding trade and other payables and provisions*

Other relevant financial information of SGAPC are as follows:

	2023	2022
Cash and cash equivalents	**₱142,651,551**	₱383,160,000
Current financial liabilities *	**2,150,000,000**	1,160,634,000
Noncurrent financial liabilities *	**164,506,656**	188,289,000
Depreciation and amortization	**102,952,143**	83,247,152
Interest income	**205,884**	803,000
Interest expense	**172,969,802**	24,420,853

**Excluding trade and other payables and provisions*

Other relevant financial information of PWEI are as follows:

	2023	2022
Cash and cash equivalents	–	₱241,434,172
Current financial liabilities *	–	293,945,601
Noncurrent financial liabilities *	–	1,321,286,339
Depreciation and amortization	–	196,284,720
Interest income	–	6,334,910
Interest expense	–	122,621,186

**Excluding trade and other payables and provisions*

Other relevant financial information of SHEC are as follows:

	2023	2022
Cash and cash equivalents	–	₱31,503,060
Current financial liabilities *	–	7,164,732
Depreciation and amortization	–	4,301,670
Interest income	–	36,135

**Excluding trade and other payables and provisions*

Other relevant financial information of BEO are as follows:

	2023	2022
Cash and cash equivalents	–	₱1,686,802
Current financial liabilities *	–	970,183
Interest income	–	1,002

Excluding trade and other payables and provisions

Other relevant financial information of SFTE are as follows:

	2023	2022
Cash and cash equivalents	–	₱12,488,879,930
Interest income	–	46,086,858

Other relevant financial information of AE are as follows:

	2023	2022
Cash and cash equivalents	–	₱1,000,462,212
Current financial liabilities *	–	1,588,232,594
Interest income	–	4,420,740
Depreciation and amortization	–	44,385,972

Excluding trade and other payables and provisions

19. **Investment Properties**

The rollforward analysis of this account follows:

	2023	2022
Cost:		
Balance at beginning of year	**₱8,137,011,850**	₱1,981,457,350
Additions	**2,737,129,912**	6,155,975,000
Effect of common control business combination	**150,403,582**	–
Effect of deconsolidation of a subsidiary	**(14,496,211)**	–
Disposals	–	(420,500)
Balance at year end	**11,010,049,133**	8,137,011,850
Accumulated depreciation:		
Balance at beginning of year	**27,849,023**	3,915,137
Depreciation	**95,735,543**	23,933,886
Effect of common control business combination	**62,276,162**	–
Deconsolidation	**(200,500)**	–
Balance at year end	**185,660,228**	27,849,023
	₱10,824,388,905	₱8,109,162,827

Properties classified as investment properties include the following:

- Parcel of land located in Makati owned by SLRHSI with the carrying value of ₱1,961.07 million.
- Heritage lots held for capital appreciation of the Parent Company amounted to ₱1.7 million.
- Parcel of land, building, building improvements and machinery and equipment situated in Taguig City owned by ATYC with carrying value of ₱6,132.04 million.
- Parcel of land located in Tarlac with carrying value of ₱2,673.17 million acquired by the Group in 2023. The acquisition includes cash paid in 2023 amounting to ₱534.63 million and the balance for installment payment and is treated as noncash investing activity in the 2023 consolidated statement of cashflow. As of December 31, the installment payable is consist of the following:

	2023	2022
Current	**₱669,152,694**	₱–
Noncurrent	**1,469,381,226**	–
	₱2,138,533,920	₱–

As of December 31, 2023, the aggregate fair values of land amounted to ₱15.06 billion, which was determined based on valuation performed by an independent SEC accredited appraiser in 2023. The fair value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, and shape (Level 3 – Significant unobservable inputs).

Rental income derived from the investment properties amounted to ₱767.46 million, ₱181.78 million, and ₱0.3 million in 2023, 2022 and 2021, respectively. Total direct expenses incurred in relation to these investment properties amounted to ₱271.15 million, ₱73.73 million and nil in 2023, 2022 and 2021, respectively.

None of the investment properties were pledged as a security to obligations as of December 31, 2023 and 2022.

20. **Property and Equipment**

Property and equipment at revalued amount
Movements in the revalued land are as follows:

	2023	2022
Balance at beginning of year	**₱9,875,430,377**	₱8,291,619,850
Change in revaluation increment	**2,264,799,250**	1,783,465,628
Transfer to retained earnings	**(18,948,731)**	(199,655,100)
Effect of common control business combination	**4,194,991,649**	–
Effect of deconsolidation of a subsidiary	**(846,446,726)**	–
Balance at end of year	**₱15,469,825,819**	₱9,875,430,378

Land at revalued amounts consists of owner-occupied property wherein the school buildings, car dealership showroom, and other facilities are located.

As of December 31, 2023 and 2022, the appraised values of the parcels of land were determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, shape and terrain and location among others. The significant unobservable valuation input is price per square meter (level 3 – Significant unobservable inputs). The parcels of land were valued in terms of their highest and best use. The valuation was performed by an independent SEC-accredited appraiser as of December 31, 2023.

In 2023, 2022 and 2021, the Group revalued its land based on the appraisals made by SEC accredited appraisers. As of December 31, 2023 and 2022, the cost of the parcels of land carried at revalued amounts amounted to ₱4,284 million and ₱5,551 million, respectively.

Below is a listing of the properties owned by the Group together with the description of the valuation techniques used and key inputs to valuation of land:

Location	Valuation Techniques	Unobservable Inputs Used	Range (Weighted Average) 2023	2022
Quezon and Panay Avenue, Quezon City	Market Approach	Price per square meter	**₱220,000 to ₱250,000**	₱220,000 to ₱250,000
Makati and Intramuros, Manila	Market Approach	Price per square meter	**₱130,050 to ₱246,926**	₱85,050 to ₱246,926
Cabuyao, Laguna	Market Approach	Price per square meter	**₱8,507 to ₱16,335**	₱11,875 to ₱13,500
Davao City, Davao Del Sur	Market Approach	Price per square meter	**₱41,535 to ₱49,140**	₱22,088 to ₱35,340
Pandacan, Metro Manila	Market Approach	Price per square meter	**₱85,781 to ₱102,375**	₱85,781 to ₱102,375
San Jose Del Monte City, Bulacan	Market Approach	Price per square meter	**₱55,510 to ₱60,493**	₱55,510 to ₱60,493
Naga City, Camarines Sur	Market Approach	Price per square meter	**₱19,000 to ₱34,913**	₱19,000 to ₱34,913
Quiapo, Manila	Market Approach	Price per square meter	**₱89,100 to ₱135,000**	₱89,100 to ₱135,000
Barangay Tuding, Itogon, Benguet	Market Approach	Price per square meter	**–**	₱8,200 to ₱8,200
Barangay Biga I, Silang, Province of Cavite	Market Approach	Price per square meter	**–**	₱11,500 to ₱11,600

Adjustment factors arising from external and internal factors (i.e., location, size, and road frontage) affecting the subject properties as compared to the market listing of comparable properties, ranges from -20% to +15% in 2023 and 2022.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the land.

In 2019, IPO recorded provision for impairment in value of ₱21 million on a parcel of land charged to profit or loss [presented under 'Other income (charges) – net] as there was no previous revaluation increment recognized on said land. Based on the 2021 and 2020 appraisal of the same parcel of land, there was an increase in value that resulted to the reversal of the impairment loss amounting to ₱15.8 million in 2021 and ₱5.2 million in 2020. The increase was credited to profit or loss as "Other income (charges) - net" in the 2021 and 2020 statement of comprehensive income.

Property and equipment at cost
The rollforward analysis of this account follows:

	2023	2022
Cost		
Balance at beginning of year	**₱17,304,445,588**	₱17,786,267,664
Additions	**1,780,281,531**	856,119,690
Disposals/Retirements	**(10,807,170)**	(1,337,941,766)
Transfers/Reclassification	**(760,000)**	–
Effect of common control business combination	**2,253,199,420**	–
Effect of deconsolidation of a subsidiary	**(6,558,234,265)**	–
Balance at end of year	**14,768,125,104**	17,304,445,588

(Forward)

	2023	2022
Accumulated Depreciation and Amortization		
At beginning of year	**₱10,078,634,137**	₱9,846,146,751
Depreciation and amortization	**592,534,582**	934,235,500
Disposals/retirements	**(8,789,426)**	(701,748,116)
Transfers/reclassifications	**(44,301,480)**	–
Effect of common control business combination	**1,904,055,630**	–
Effect of deconsolidation of a subsidiary	**(4,827,537,092)**	–
Balance at end of year	**7,694,596,350**	10,078,634,137
Net book value	**₱7,073,528,753**	₱7,225,811,452

	2023					
	Buildings and Improvements	**Machinery, Tools and Construction Equipment**	**Transportation and Service Equipment**	**Furniture, Fixtures, and Office Equipment**	**Construction in Progress**	**Total**
Cost						
Balance at beginning of year	**₱5,462,001,151**	**₱5,283,860,417**	**₱1,270,060,624**	**₱3,505,305,266**	**₱1,783,218,129**	**₱17,304,445,587**
Acquisitions	**147,238,199**	**1,422,868**	**24,715,567**	**270,019,292**	**1,336,885,605**	**1,780,281,531**
Disposals/Retirements	**–**	**–**	**(10,197,657)**	**(609,513)**	**–**	**(10,807,170)**
Reclassifications	**17,671,000**	**–**	**–**	**45,000**	**(18,476,000)**	**(760,000)**
Effect of common control business combination	**773,198,036**	**–**	**274,318,479**	**1,205,500,762**	**182,143**	**2,253,199,420**
Effect of deconsolidation of a subsidiary	**(592,720,907)**	**(3,415,648,761)**	**(917,486,167)**	**(355,135,894)**	**(1,277,242,535)**	**(6,558,234,264)**
Balance at end of year	**₱5,807,387,479**	**₱1,869,634,524**	**₱641,410,846**	**₱4,625,124,913**	**₱1,824,567,342**	**₱14,768,125,104**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**2,711,332,333**	**3,290,410,922**	**1,056,434,915**	**3,020,455,965**	**–**	**10,078,634,135**
Depreciation and amortization (Note 34)	**337,633,776**	**649,367**	**20,779,756**	**233,471,682**	**–**	**592,534,581**
Disposals/retirements	**–**	**–**	**(7,840,966)**	**(948,460)**	**–**	**(8,789,426)**
Transfers	**879,000**	**–**	**(179,267)**	**(45,001,213)**	**–**	**(44,301,480)**
Effect of common control business combination	**630,452,071**	**–**	**222,172,095**	**1,051,431,464**	**–**	**1,904,055,630**
Effect if deconsolidation of a subsidiary	**(330,211,008)**	**(3,270,661,641)**	**(763,189,509)**	**(463,474,931)**	**–**	**(4,827,537,089)**
Balance at end of year	**3,350,086,172**	**20,398,648**	**528,177,024**	**3,795,934,507**	**–**	**7,694,596,351**
Net Book Value at Cost	**₱2,457,301,307**	**₱1,849,235,876**	**₱113,233,822**	**₱829,190,406**	**₱1,824,567,342**	**₱7,073,528,753**

	2022					
	Buildings and Improvements	Machinery, Tools and Construction Equipment	Transportation and Service Equipment	Furniture, Fixtures, and Office Equipment	Construction in Progress	Total
Cost						
Balance at beginning of year	₱6,039,128,545	₱5,258,333,361	₱1,389,472,442	₱3,325,451,969	₱1,773,881,346	₱17,786,267,663
Acquisitions	400,821,288	203,057,739	58,141,274	184,762,606	9,336,783	856,119,690
Disposals	(977,948,682)	(177,530,683)	(177,553,092)	(4,909,309)	–	(1,337,941,766)
Balance at end of year	5,462,001,151	5,283,860,417	1,270,060,624	3,505,305,266	1,783,218,129	17,304,445,587
Accumulated Depreciation and Amortization						
Balance at beginning of year	2,657,759,859	3,408,396,310	993,820,883	2,786,169,699	–	9,846,146,751
Depreciation and amortization (Note 30)	498,255,753	110,005,610	88,096,481	237,877,656	–	934,235,500
Disposals/retirements	(444,683,279)	(227,990,998)	(25,482,449)	(3,591,390)	–	(701,748,116)
Balance at end of year	2,711,332,333	3,290,410,922	1,056,434,915	3,020,455,965	–	10,078,634,135
Net Book Value at Cost	₱2,750,668,818	₱1,993,449,495	₱213,625,709	₱484,849,301	₱1,783,218,129	₱7,225,811,452

The distribution of the depreciation and amortization expenses of the Group's property and equipment follows:

	2023	2022	2021
Cost of sales and services			
Construction contracts (Note 27)	**₱–**	₱–	₱–
Tuition and other fees (Note 28)	**353,081,000**	286,481,061	292,352,937
Manpower and other services (Note 16 and 27)	**7,610,414**	32,231,047	9,803,937
	360,691,414	318,712,108	302,156,974
General and administrative expenses (Note 29)	**115,531,208**	168,438,910	146,543,398
Deconsolidated operation	**116,311,960**	447,084,482	484,209,587
	₱592,534,582	₱934,235,500	₱932,909,859

In 2022, the Group, thru EEI entered into a sale and leaseback transaction with EEI Retirement Fund Inc. (EEI-RFI) for properties located in Bauan, Batangas for ₱1.2 billion. This transaction resulted to a gain on sale of ₱341.0 million and the recognition of right-of-use asset and lease liability amounting to ₱56.7 million and ₱206.1 million, respectively. The revaluation increment in equity relating to the asset disposed of is transferred directly to retained earnings when the asset was derecognized.

Gain on sale of property and equipment follows:

	2023	2022	2021
Continued operation	**₱5,030,534**	₱38,301,459	₱15,468,767
Deconsolidated operation	**352,698**	344,919,128	4,263,333
	₱5,383,232	₱383,220,587	₱19,732,100

The land and related improvements owned by MCMI with carrying value of ₱1,826.7 million and ₱2,385.5 million as of December 31, 2023 and 2022, respectively, were used to secure the long-term loans of MCMI.

21. Deferred Acquisition Costs - net

As of December 31, 2023, details of deferred acquisition costs net of deferred reinsurance commissions follow:

	2023	2022
Deferred acquisition costs	**₱499,447,146**	₱–
Deferred reinsurance commissions	**(198,267,206)**	–
	₱301,179,940	₱–

22. Leases

Group as a lessor
IPO's Intramuros and Makati campuses lease spaces to Digital Telecommunications Philippines or Digitel, IMI and Bell Telecommunication Philippines, Inc. The lease terms cover lease periods of between three (3) years to ten (10) years with escalation rates ranging from 3.00% to 10.00%.

ATYC entered into lease agreements as a lessor covering office and parking spaces renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 6%.

The future minimum rentals receivable under the aforementioned lease agreements follow:

	2023	2022
Within one year	**₱497,191,187**	₱74,235,000
More than one year but not more than five years	**1,228,017,114**	315,474,000
Later than five years	–	168,035,000
	₱1,725,208,301	₱557,744,000

Group as a lessee
The Group has lease contracts for various items of land, improvements, office spaces, warehouses, school sites and annexes and other equipment used in its operations, among others. Leases of land, improvements and school sites generally have lease terms between 2 and 66 years, while other equipment generally have lease terms between 1 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a. The Parent Company's lease contract term is one (1) year and includes renewal option for another year subject to mutual agreement of the lessee and lessor. Management exercises significant judgement in determining whether the renewal option is reasonably certain to be exercised.

b. Starting January 2007, EEI and EEI RFI entered into a lease agreement for the lease of land and improvements. The lease terms are for one year and renewable every year with 5% increase effective January 1, 2014.

c. EEI entered into a sublease agreement for a lease of 2,459.22 square meters of land in Clark City, Pampanga. Lease term is until 2085.

d. EEI Group leases a staff house which it occupies for its operations for a period of two years, both parties has the option to renew as per agreement.

e. In May 2016, EEI Group entered into a lease agreement for a period of five (5) years commencing on July 7, 2016 and expired on July 6, 2021. The leased premises has an escalation of 10% starting the second year of lease. This was renewed for a period of five (5) years covering July 7, 2021 to July 6, 2026.

f. In June 2020, the EEI Group entered into a lease of parcel of land for a period of fourteen (14) months commencing on July 1, 2020 and expiring on August 31, 2021. The said lease is no longer renewed.

g. In December 2022, the EEI Group entered into a lease contract with EEI-RFI for the lease of land and improvements where its fabricated shop is located. The lease is for a term of 5 years with annual escalation of 5%.

h. IPO leases building spaces for office and school sites and annexes from third-party lessors for a period ranging from one to ten years. The Group applies the 'short-term lease' recognition exemption for those leases with lease term of one year or less.

i. Landev Corporation entered into lease agreements that are renewable upon mutual agreement of Landev Corporation and the lessors:

Lessor	**Commencement date**	**Term**	**Monthly Rental**
Grepa Realty Holdings Corporation	January 1, 2023	1 year	₱341,042
Frame Properties, Inc.	July 25, 2023	3 years	233,217*
Grepa Realty Holdings Corporation	January 1, 2022	1 year	7,252*
Rizal Commercial Banking Corporation	July 25, 2020	3 years	143,295*
Rizal Commercial Banking Corporation	January 1, 2020	5 years	14,595

**subject to 5% annual escalation rate*

Rent expense recognized in 2023, 2022 and 2021 amounted ₱7.50 million, ₱5.7 million, and ₱4.9 million, respectively.

Future minimum lease payments of above lease agreements as at December 31 are as follows:

	2023	2022
Within one year	**₱3,040,813**	₱1,178,201
After one year but not more than five years	**4,799,620**	183,896
	₱7,840,433	₱1,362,097

j. The Greyhounds Security and Investigation Agency Corporation entered into an agreement with Grepa Realty Holdings Corporation for the lease of office space. The lease is renewable annually upon mutual agreement by both parties. Rent expense recognized in 2023, 2022 and 2021 amounted to ₱0.64 million, ₱0.69 million and ₱0.68 million respectively.

k. In 2011, IMI entered into lease agreements with Mapua Information Technology Centers, Inc., Malayan Colleges, Inc. and Malayan High School of Science for canteen spaces. In 2016, the Company started to lease a canteen space from Malayan Colleges Laguna, Inc. In 2022, another canteen space started to lease from Malayan Colleges Mindanao. The Company subleases its leased canteen spaces from the aforementioned related parties to third-party lessees for a period ranging from six (6) months to one (1) year. These sublease agreements are renewable based on mutual agreement of both parties.

l. Hexagon Lounge, Inc. entered into a lease agreement for the lounge and office space it occupies. The lease is renewable annually as may be mutually agreed upon by the parties with monthly minimum lease payments of ₱10,000 or 2% of net restaurant sales, whichever is higher.

m. SLGFI has lease contracts for its branch office premises for a period of 3 years renewable by mutual agreement of the parties at the end of term of the lease.

The carrying amount of right-of-use assets and the movements for the years ended December 31 follow:

	2023	2022
Balance at beginning of year	**₱1,194,764,548**	₱1,106,174,929
Additions	**51,371,587**	265,110,318
Effect of common control business combination	**49,612,120**	–
Pre-termination/expiration	**(56,767,010)**	–
Derecognition/adjustments	–	(1,277,968)
Effect of deconsolidation of a subsidiary	**(639,558,281)**	–
Amortization of right-of-use asset	**(113,404,933)**	(175,242,731)
Balance at end of year	**₱486,018,030**	₱1,194,764,548

In 2023, the carrying amounts of leased land, land improvements and sites, building, office spaces and warehouses and other equipment are ₱335.01 million, ₱140.93 million and ₱10.01 million, respectively.

In 2022, the carrying amounts of leased land, land improvements and sites, building, office spaces and warehouses and other equipment are ₱1,041.7 million, ₱139.5 million and ₱13.6 million, respectively.

The distribution of the amortization of the Group's right-of-use assets follow:

	2023	2022	2021
Cost of sales and services			
Construction contracts	**₱–**	₱–	₱–
Tuition and other fees	**60,220,636**	51,833,674	52,013,000
	60,220,636	51,833,674	52,013,000
General and administrative expenses	**53,184,298**	44,270,786	40,852,147
Deconsolidated operation	–	79,138,271	116,641,068
	₱113,404,933	₱175,242,731	₱209,506,215

The carrying amount of lease liability and the movements for the years ended December 31 follow:

	2023	2022
Balance at beginning of year	**₱1,378,830,278**	₱1,115,360,254
Interest expense	**40,779,802**	68,565,220
Additions	**58,469,693**	322,091,268
Effect of deconsolidation of a subsidiary	**(720,390,289)**	(19,654,597)
Payments	**(149,706,182)**	(107,531,867)
Balance at end of year	**607,983,302**	1,378,830,278
Less: Current portion	**97,874,024**	168,473,399
Noncurrent portion	**₱510,109,278**	₱1,210,356,879

Derecognition pertains to termination of lease contracts of closed car dealership branches. The difference between right-of-use asset and lease liability is accounted for under miscellaneous expense of General and administrative expenses in the consolidated statement of income (Note 32).

The following are the amounts recognized in consolidated statement of income:

	2023	2022	2021
Amortization of right-of-use assets under cost of sales and services	**₱60,220,636**	₱51,833,674	₱52,013,000
Amortization of right-of-use assets under general and administrative expenses	**53,184,298**	44,270,786	40,852,147
Gain on derecognition of right-of-use assets and lease liabilities	–	(18,376,629)	(41,058,003)
Interest expense on lease liabilities	**40,769,409**	68,565,220	97,449,099
Expenses relating to short-term leases	**36,460,000**	12,528,360	19,980,316
	₱190,634,343	₱158,821,411	₱169,236,559

Shown below is the maturity analysis of the undiscounted lease payments for years ended December 31 as follow:

	2023	2022
Within one year	**₱131,507,327**	₱239,499,588
After one year but not more than five years	**455,310,982**	816,997,091
Five years and more	**148,957,000**	721,251,232
Total	**₱735,775,309**	₱1,777,747,911

23. **Goodwill**

The carrying amount of goodwill allocated to each of the CGUs follows:

	2023	2022
IPO	**₱32,644,808**	₱32,644,808
MESI	**137,583,345**	137,853,346
Business combination of IPO and AEI	**13,742,260**	13,472,260
EEI Corporation and Subsidiaries	–	300,859,305
	₱183,970,413	₱484,829,719

Goodwill of EEI and IPO
In 2022, the Group performed impairment testing on goodwill arising from acquisition of EEI and IPO. In 2023, the Group's impairment testing on goodwill pertains only to IPO. For purposes of impairment testing, EEI and IPO are considered as the CGUs.

Management determined that the recoverable amount of the goodwill balances of EEI and IPO were fair values less costs of disposal wherein the fair values are the quoted prices of the shares of stocks of EEI and IPO in the Philippine Stock Exchange as of December 31, 2023 and 2022 and incorporated control premium in the said fair values (Level 3 – Significant unobservable inputs). Management assessed that the costs of disposal, which mainly consist of the stock transaction tax, brokers' commission and transaction fee with the stock exchange to be insignificant.

In 2023 and 2022, management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of CGU to which the goodwill was attributed to materially exceed its recoverable amount.

Goodwill of MESI
The goodwill recognized in the consolidated statement of financial position amounting ₱137.85 million as at December 31, 2023 and 2022 pertains to the excess of the acquisition cost over the fair values of the net assets of MESI acquired by the Group through IPO in 1999.

In 2023 and 2022, Management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation
The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the goodwill from business combination of IPO and AEI amounting to ₱13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2023, 2022 and 2021, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation
As at December 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management and the BOD covering a five-year period.
- Long-term growth rates (4.66% for 2023 and 5.79% for 2022). The long-term growth rate considers the historical growth rate of MESI and the long-term growth rate for the education industry sector.
- Discount rate (11.4% for 2023 and 14% for 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

Goodwill arising from Business Combination
With the effectivity of the merger on May 2, 2019 between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), IPO became 48.18% owned by HI and 33.5% owned by AC.

As a result of the merger, IPO issued to AC an aggregate of 295,329,976 shares with par value of ₱1.0 per share for a total fair value of ₱3,591.21 million based on IPO's quoted closing rate per share as of May 2, 2019 in exchange for the transfer of the net assets of AEI. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

The IPO Group recognized the following intangible assets in 2019 as a result of the merger (amount in thousands):

Intellectual property rights	₱523,103
Student relationship	116,009
Goodwill	13,472
	₱652,584

Intellectual property rights have infinite life and the student relationship have an estimated useful life of 5 years to 7 years based on the contractual relationship between the school entities and its students. These assets are attributed from the acquisition of operating schools NTC, APEC and UNC.

Intellectual Property Rights
As of December 31, 2023 and 2022, the Group performed impairment testing on intellectual property rights using the income approach (royalty relief method) wherein recoverable value is computed based on royalty savings. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3% for 2023 and 2022). Revenue projections based on financial budgets approved by management and the BOD. The long-term growth rate considers the expected growth rate in the education industry sector.
- Discount rates (14% to 16% for 2023 and 16% to 17% for 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.
- Royalty rates (0.5% to 5% for 2023 and 1% to 5% for 2022). This is based on the publicly available information on franchising of educational institutions in the Philippines, with consideration on the operational risk of the involved entity.

The Group's impairment testing resulted to the recognition of ₱32.8 million and ₱32.2 million impairment loss on intellectual property rights of APEC in 2023 and 2022, respectively (nil in 2021). The carrying value of intellectual property rights as of December 31, 2023 and 2022 amounted to ₱458.1 million and ₱490.9 million, respectively (Note 24).

Student Relationship
The carrying value and movement of student relationship as of and for the year ended December 31 follows (amount in thousands):

	2023	2022
Cost from business combination	**₱116,009**	₱116,009
Accumulated amortization:		
Beginning balance	**(105,250)**	(72,248)
Amortization and impairment	**(4,727)**	(33,002)
Ending balance	**(109,977)**	(105,250)
Balance at end of the year	**₱6,032**	₱10,759

Amortization amounted to ₱4.7 million in 2023, ₱33.0 million in 2022 and ₱22.3 million 2021. In 2021, the Group recognized ₱12.8 million impairment loss on APEC student relationship because the remaining students from the time of the merger in 2019 significantly declined as of December 31, 2021 due to the impact of coronavirus pandemic.

24. **Other Noncurrent Assets**

This account consists of:

	2023	2022
Intellectual property rights (Note 23)	**₱458,110,748**	₱490,882,064
Deferred Input VAT	**207,771,335**	81,552,491
CWT – net of current portion	**119,313,582**	857,168,028
Miscellaneous deposit	**88,608,854**	40,721,209
Accrued rent income	**43,986,195**	–
Computer software	**26,289,885**	31,456,026
Student relationship	**6,032,200**	10,759,086
Loans receivable	**–**	1,200,000,000
Others	**51,988,313**	98,177,880
	₱1,002,101,112	₱2,810,716,784

Intellectual property rights and student relationship are the intangible assets acquired in May 2019 through the merger between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (see Note 23).

In December 2022, the Group, thru EEI entered into an agreement with EEI-RFI granting a loan amounting to ₱1.20 billion to the latter. The loan is to be paid in 10 annual installments commencing in 2025 with annual interest rate of 5%.

Miscellaneous deposits include rental and security deposits.

Rollforward of computer software follows:

	2023	2022
Cost		
Balance at beginning of year	**₱181,358,988**	₱163,955,660
Additions	**13,519,989**	17,403,328
Effect of deconsolidation of a subsidiary	**(37,793,403)**	–
Balance at end of year	**157,085,574**	181,358,988
Accumulated Amortization		
Balance at beginning of year	**149,902,962**	136,618,746
Amortization	**13,992,941**	13,284,216
Effect of deconsolidation of a subsidiary	**(33,100,214)**	
Balance at end of year	**130,795,689**	149,902,962
Net Book Value	**₱26,289,885**	₱31,456,026

25. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accounts payable	**₱2,270,094,120**	₱5,669,425,919
Output tax payable	**1,191,321,223**	597,387,161
Commission payable	**1,141,072,692**	–
Accrued expenses	**1,058,458,191**	256,799,240
Withholding taxes and others	**781,976,568**	174,456,359
Installment payable - current portion (Note 19)	**669,152,694**	–
Customer's deposit	**191,136,923**	–
Provisions	**169,749,510**	168,717,150
Reserve for guards	**58,260,486**	–
Chattel mortgage payable	**21,806,979**	8,986,234
SSS and other contributions	**13,580,558**	57,141,763
Dividends payable	**2,749,371**	26,153,938
Payable to land transportation office	**2,999,917**	4,180,525
Miscellaneous payables	**77,492,844**	60,361,462
	₱7,649,852,076	₱7,023,609,751

Accounts payable pertains to the Group's obligation to local suppliers. The normal trade credit terms of accounts payable and accrued expenses of the Group are expected to be settled within the next twelve (12) months.

Accrued expenses consist of:

	2023	2022
Salaries and wages	**₱418,169,860**	₱51,251,570
Utilities expenses	**187,125,732**	7,777,006
Payable to suppliers	**125,963,000**	67,117,000
Interest	**74,516,146**	17,352,492
Accrued insurance	**46,343,086**	4,855,724
Security services	**17,477,734**	8,505,172
Professional fees	**8,837,560**	16,648,558
Others	**180,025,073**	83,291,718
	₱1,058,458,191	₱256,799,240

Other accrued expenses mainly consist of accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year.

Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Group's position and negotiation strategies with respect to these matters.

26. **Loans Payable**

The Group availed loans from local banks. These loans are uncollateralized and short-term in nature. These loans have terms up to 1 year and bears interest ranging from 5.50% to 7.65%.

Movements in loans payable during the years ended December 31 follow:

	2023	2022
Balance at beginning of year	**₱8,217,000,000**	₱5,706,469,178
Availments	**3,175,000,000**	16,510,806,863
Payments	**(4,020,857,979)**	(14,000,276,041)
Effect of deconsolidation of a subsidiary	**(3,400,000,000)**	–
Balance at end of year	**₱3,971,142,021**	₱8,217,000,000

Interest expense incurred on these loans follows:

	2023	2022	2021
Continued operation	**₱218,596,013**	₱100,419,626	₱79,721,123
Deconsolidated operation	**101,267,748**	85,919,895	239,754,068
	₱319,863,761	₱186,339,521	₱319,475,191

27. **Long-term Debt**

Movements in the account follow:

	2023	2022
Balance at beginning of year	**₱9,031,523,279**	₱10,137,862,990
Availments	–	2,433,686,361
Payments	**(1,532,573,600)**	(3,540,026,072)
Effect of deconsolidation of a subsidiary	**(4,766,185,810)**	–
Transaction costs	**9,047,381**	–
Balance at end of year	**2,741,811,250**	9,031,523,279
Less current portion	**(32,573,600)**	(4,714,765,059)
	₱2,709,237,650	₱4,316,758,220

The Group through IPO has secured loans amounting to ₱1,497.02 million as of December 31, 2022 (nil in 2023).

IPO

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third-party local bank for ₱650.0 million to finance its building refurbishment and/or expansion (see Note 10). The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to ₱380 million. As of December 31, 2023 and 2022, the loan is subject to 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio (D:E ratio) of 3:1. As of December 31, 2023 and 2022, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

Secured
In 2019, the Group, through MMCM, entered into a ten-year secured long-term loan agreement with a local bank for ₱1,500.0 million to refinance the construction of MMCM's school buildings and facilities that were initially funded by short-term loans. MMCM made partial drawdowns against this agreement amounting to ₱680.0 million, ₱350.0 million and ₱470.0 million in January, June, and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MMCM shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,385.0 million as of December 31, 2022, and suretyship of MESI (Note 10).

The loans were subject to certain positive and negative covenants such as the requirement for MCMI to maintain its debt service cover ratio of at least 1.0 at all times and maximum D:E ratio of 75:25 starting on the third year of the loan (January 2022) reckoned from initial drawdown date of January 2019.

In April 2022, MMCM obtained a waiver from the bank to waive the compliance in D:E ratio requirement in 2022. In February 2023, the bank confirmed in writing the approval of the non-declaration of MMCM in default for not meeting the required financial covenant for D:E ratio for as long as MMCM continues to follow the existing payment term/schedule and other terms and conditions stipulated in the loan agreement.

As of December 31, 2022, the D:E ratio of 77:23 did not meet the required D:E ratio. Hence, MMCM classified the loan from bank amounting to ₱1.5 billion as current liability. The loans were reclassified from noncurrent to current because the letter from the bank was issued after December 31, 2022. Although the loans are classified as current as of December 31, 2022, it will remain long-term based on the terms of the loan agreement. The reclassification was done to comply with PFRS.

MMCM incurred debt issue cost amounting to ₱11.2 million which is being amortized over the loan term of 10 years using the effective interest method. The amortization of debt issue cost amounting to ₱2.98 million in 2023 and ₱2.4 million in 2022 and 2021 were recorded as part of interest expense.

In July 2023, the long-term loan amounting to ₱1.5 billion was fully paid.

<u>ATYC</u>
On September 29, 2022, ATYC received ₱2.4 billion proceeds from the issuance of promissory note to RCBC that bears annual interest of 6.04%. The promissory note matures within three (3) years from the date of issuance.

Interest expense incurred on these loans follows:

	2023	2022	2021
Continued operation	**₱266,394,401**	₱125,569,272	₱84,870,456
Deconsolidated operation	**132,276,354**	272,965,660	188,685,870
	₱398,670,755	₱398,534,932	₱273,556,326

The aforementioned loans require the Group to maintain certain financial ratios such as debt to equity ratio, current ratio and debt service coverage ratio calculated based on stipulation with the lender banks. As of December 31, 2023 and 2022, the Group was in compliance with all other loan covenants.

28. **Insurance Contract Liabilities**

This account consists of:

	2023	2022
Claims reported and IBNR	**₱23,658,454,852**	₱–
Legal policy reserves - net	**13,405,176,560**	–
Provision for unearned premiums	**7,070,743,214**	–
Insurance payables	**5,079,139,199**	–
Policy and contract claims payable	**1,476,003,441**	–
Premium deposit fund	**445,561,530**	–
Policyholders' dividends	**313,648,287**	–
Total insurance contract liabilities	**51,448,727,082**	–
Current contract liabilities	**37,422,659,896**	–
Noncurrent contract liabilities	**₱14,026,067,186**	₱–

Claims reported and IBNR

This account consists of:

	2023	2022
Provision for claims reported and loss adjustment	**₱15,460,759,076**	₱–
Provision for IBNR	**8,197,695,776**	–
Total claims reported and IBNR	**23,658,454,852**	–

Provision for unearned premiums

This pertains to the proportion of deferred written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired as of the period ended.

Legal policy reserves - net

This account consists of:

	2023			2022		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Ordinary life	**₱13,278,815,031**	**₱5,347,455**	**₱13,273,467,575**	₱–	₱–	₱–
Group life	**461,367,788**	**1,819,879**	**459,547,910**	–	–	–
Accident and health	**88,403,212**	–	**88,403,212**	–	–	–
Variable life	**(410,317,674)**	**5,924,463**	**(416,242,137)**	–	–	–
	₱13,418,268,357	**₱13,091,797**	**₱13,405,176,560**	₱–	₱–	₱–

Policy and contract claims payable

This account consists of:

	2023	2022
Claims payable	**₱934,880,095**	₱–
Maturities and surrenders payable	**541,123,346**	–
	₱1,476,003,441	₱–

Claims payable pertain to approved but unpaid claims which are due and demandable. This account also includes incurred but not reported (IBNR) claims that already occurred but notice still has not been received by the Group. The Group estimates reasonable unreported claims based on historical experience.

Maturities and surrenders payable represent claims on matured and surrendered policies which are due and unpaid as at reporting date.

Policyholders' dividends

Policyholders' dividends pertain to due and unpaid dividends on participating policies which are in-force for three (3) or more years. Policyholders are given an option to deposit the dividends with the Group to accumulate and earn interest.

Premium deposit fund

This account pertains to funds held for policyholders which bear interest at annual rates.

Insurance payables

	2023	2022
Life insurance deposits	**₱249,805,427**	₱–
Funds held for reinsurers	**1,458,324,090**	–
Subscriptions to variable unit-linked funds	**8,011,328**	–
Due to reinsurers	**3,362,998,354**	–
	₱5,079,139,199	₱–

Life insurance deposits pertain to premiums collected in advance and are not yet credited to premium income until these become due.

Subscriptions to variable unit-linked funds pertain to unremitted contributions to the segregated funds relating to variable unit-linked policies.

Due to reinsurers represents premiums due and unpaid on treaty and facultative reinsurance agreements entered into by the Group.

29. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or the party is an associate or a joint venture. Related parties may be individuals or corporate entities.

Related parties include entities under common control, which pertains to other subsidiaries of PMMIC, which is the Group's ultimate parent company.

The year-end balances and transactions with respect to related parties included in the consolidated financial statements are as follows (amounts in thousands):

			2023			
Category		**Amount/ Volume**	**Outstanding Balance Receivable (Payable)**	**Terms**	**Conditions**
Parent Company - PMMIC					
a. Miscellaneous expenses incurred	**2023**	**1,566**	**(48)**	Non-interest bearing	Unsecured, unimpaired
	2022	2,400	–		
Dividends paid	**2023**	**14,738**	–	Non-interest bearing	Unsecured, unimpaired
	2022	–	–		
Clinic procedures	**2023**	**155**	–	Non-interest bearing	Unsecured, unimpaired
	2022	–	–		
Accounts payable	**2023**	–	–	Non-interest bearing	Unsecured, unimpaired
	2022	**2,389**	(61)		
Associates					
b. Management and audit fee income	**2023**	**4,323**	**5,269**	Non-interest bearing	Unsecured, unimpaired
	2022	2,897	–		
c. Dividends earned / receivable	**2023**	**97,460**	**27,515**	Non-interest bearing	Unsecured, unimpaired
	2022	41,590	–		
d. Rendering of service	**2023**	–	–	Non-interest bearing	Unsecured, unimpaired
	2022	–	125,528		
e. Advances	**2023**	–	–	Non-interest bearing	Unsecured, unimpaired
	2022	–	(1,562)		
Entities under common control					
f. Rental income	**2023**	–	**21,827**	Non-interest bearing	Unsecured
	2022	2,000	18,986		
g. Rendering of janitorial services	**2023**	–	–	Non-interest bearing	Unsecured
	2022	763,774	49,415		
h. Sale of vehicle units	**2023**	**337,509**	**38,702**	Non-interest bearing	Unsecured
	2022	–	–		
i. Management and audit fee income	**2023**	**2,173**	**6,504**	Non-interest bearing	Unsecured
	2022	2,400	864		
j. Clinic procedures	**2023**	**8,504**	**1,053**	Non-interest bearing	Unsecured
	2022	–	–		
k. Dividends earned / receivables	**2023**	**30,484**	–	Non-interest bearing	Unsecured
	2022	1	–		

					2023	
l.	Construction-related payments	**2023**	–	**(45,207)**	Non-interest bearing	Unsecured
		2022	–	–		
m.	Insurance expense	**2023**	**21,839**	–	Non-interest bearing	Unsecured
		2022	14,927	–		
n.	Rental of office space	**2023**	–	–	Non-interest bearing	Unsecured
		2022	–	(970,620)		
o.	Cash and cash equivalents	**2023**	–	**3,627,995**	Non-interest bearing	Unsecured
		2022	26,714	1,607,063		
p.	Interest income	**2023**	**29,386**	–	Non-interest bearing	Unsecured
		2022	1,684	–		
q.	Financial assets at FVPL	**2023**	–	**10**	Non-interest bearing	Unsecured
		2022	–	–		
r.	Short-term investments	**2023**	–	**59**	Non-interest bearing	Unsecured
		2022	–	–		
s.	Loan payables	**2023**	**(119,000)**	**51,000**	Non-interest bearing	Unsecured
		2022	–	–		
t.	Interest expense	**2023**	**27,584**	–	Non-interest bearing	Unsecured
		2022	–	–		
u.	Retirement fund	**2023**	**25,318**	**10,899**	Non-interest bearing	Unsecured
		2022	–	–		
Other affiliates						
v.	Management fee	**2023**	**391,352**	**(44,123)**	Non-interest bearing	Unsecured
		2022	9	–		
w.	Management and audit fee income	**2023**	**483**	–	Non-interest bearing	Unsecured
		2022	–	–		
x.	Rendering of construction service	**2023**	–	–	Non-interest bearing	Unsecured
		2022	–	1,387		
	Receivable from related parties	**2023**		**17,279**		
		2022		178,008		
	Due to related parties	**2023**		**(89,379)**		
		2022		(2,532)		

Parent Company - PMMIC

a. Accounts payable to PMMIC pertains to unpaid expenses on shared costs such as legal expenses which are included under “Miscellaneous expense”. Accounts payable to PMMIC as at December 31, 2023 and 2022 amounted to ₱0.6 million and ₱1.1 million, respectively.

Associates

b. In 2022 and 2021, dividend income earned from associates amounted to ₱41.6 million and ₱124.6 million, respectively. Outstanding dividends receivable from associates as at December 31, 2023 and 2022 amounted to ₱7.5 million and ₱10.4 million, respectively.

c. Receivable from related parties arises from services rendered by the Parent Company and EEI to its associates. These services include management consultancy, internal audit fees and extension of advances. As at December 31, 2023 and 2022, the Group has an outstanding receivable from its associates amounting ₱126.3 million and ₱32.5 million, respectively. Management fee income charged to associates is fixed per month while audit fee income depends on the audit engagement letter agreed by both parties.

d. Due to related parties pertains to advances extended by EEI Limited to ARCC. As at December 31, 2023 and 2022, the Group has an outstanding payable to its associates amounting nil.

e. Outstanding subscription payable to an associate amounted to nil and ₱9.4 million as at December 31, 2023 and 2022, respectively.

Other affiliates

f. Starting January 2007, EEI and EEI-RFI entered into operating lease agreements for lease of land and improvements. The terms are for one year and renewable every year with 5% increase effective January 1, 2014.

   In 2013, the receivable from the EEI-RFI amounting to ₱390.0 million was restructured and reclassified to other noncurrent assets with fixed 5% interest rate per annum. In 2016, the Parent Company and the Fund agreed to extend the term of the payment until April 30, 2021.

   Outstanding receivables amounted to nil and ₱38.0 million as of December 31, 2023 and 2022 respectively. Interest income earned from receivable from EEI-RFI amounted to nil, ₱0.3 million and ₱3.2 million for the years ended December 31, 2022, 2021 and 2020, respectively.

   In December 2022, EEI entered into a sale and leaseback transaction with EEI-RFI, a trustee of the Parent Company employees retirement fund (the Fund) for parcels of land sold located in Bauan, Batangas. The related lease is for a term of 5 years, with an annual escalation rate of 5%.

   In December 2022, EEI extended a loan to EEI-RFI amounting to ₱1.2 billion payable in 10 annual installments commencing in 2025. The loan bears an annual interest of 5%.

Entities under common control of PMMIC

g. The Group maintains cash and cash equivalents with RCBC, an entity under common control. As at December 31, 2023 and 2022, cash and cash equivalents with RCBC amounted to ₱2,612.2 million and ₱3,303.8 million, respectively. The related deposits earn interest at the prevailing bank deposit rates. Interest income earned from cash and cash equivalents amounted to ₱21.7 million, ₱12.1 million and ₱18.7 million in 2023, 2022 and 2021, respectively.

h. The Group generates income by providing security services at a 20% mark-up to entities under common control. In 2023, 2022 and 2021, the Group's agency fee income is attributable to security services provided to majority of RCBC branches in the country. As at December 31, 2023 and 2022, the Group's accounts receivable from RCBC amounted to ₱47.2 million and ₱52.8 million, respectively. Agency fees amounted to ₱81.2 million, ₱50.8 million and ₱53.3 million in 2023, 2022 and 2021, respectively.

The Group sold vehicle units to various entities under common control of PMMIC with terms ranging from 30-60 days. The outstanding receivable from the sale amounted to ₱47.1 million and ₱29.0 million as at December 31, 2023 and 2022 respectively. Revenues from motor vehicle sales amounted to ₱52.1 million, ₱113.3 million and ₱77.5 million in 2023, 2022 and 2021, respectively.

i. Dividend income earned in 2023, 2022 and 2021 from entities under common control of PMMIC amounted to nil, ₱0.55 million and ₱0.31 million, respectively. Dividends were all collected in 2022 and 2021.

j. Receivable from related parties arises mainly from janitorial services rendered by EEI (GAMSI) to the Group's affiliates. The service revenue earned from janitorial serviced rendered in 2023, 2022 and 2021 amounted to ₱381.9 million, ₱351.0 million and ₱225.9 million, respectively.

k. One of the subsidiaries entered into various agreements with entities under common control to perform property and project management services. Receivable from this transaction is accounted under "Management fee receivable". The Group's outstanding receivable from property and project management fees amounted to ₱44.1 million and 59.6 million as at December 31, 2023 and 2022, respectively. Services fees amounted to ₱197.5 million, ₱160.1 million and ₱104.6 million in 2023, 2022 and 2021, respectively.

l. Payable to an entity under common control pertains to rental of office space and share in the utilities expense of the Group amounting to ₱0.6 million and ₱0.1 million as at December 31, 2023 and 2022, respectively.

m. IPO and EEI obtains property and personnel insurance from its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to Group's fire, accident, group and other insurance policies.

The Group maintains its retirement fund with RCBC trust division. As at December 31, 2023 and 2022, the fair values of the plan assets of the retirement fund amounted to ₱1,629.7 million and ₱1,749.4 million, respectively (Note 32). Trust fees amounting to ₱0.5 million, ₱6.5 million and ₱6.2 million were recognized by the retirement plan arising from its transactions with RCBC for the years ended December 31, 2023, 2022 and 2021, respectively.

Remuneration of key management personnel
The remuneration of directors and other members of key management of the Group are as follows:

	2023	2022	2021
Compensation and short-term benefits	**₱517,037,183**	₱517,037,183	₱538,722,773
Post-employment benefits	**24,827,707**	24,827,707	37,690,202
	₱541,864,890	₱541,864,890	₱576,412,975

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. These mainly consist of advances and reimbursement of expenses. The Group has not recognized any impairment on amounts due from related parties for the years ended December 31, 2023 and 2022. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Identification, review and approval of related party transactions
Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All material related party transactions shall be reviewed by the Group's Corporate Governance Committee and approved by the BOD with at least 2/3 votes of BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

30. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31:

	2023	2022	2021
Revenue from sale of goods	**₱4,561,727,510**	₱4,221,006,804	₱3,180,798,597
Revenue from sale of services	**2,041,058,483**	1,312,727,027	962,313,340
Revenue from school and related operations	**4,491,425,637**	3,944,946,283	3,351,067,231
	₱11,094,211,630	₱9,478,680,114	₱7,494,179,168

Disaggregation of Revenue from sale of goods:

	2023	2022	2021
Merchandise sales			
Vehicle units	**₱4,534,024,207**	₱3,962,455,165	₱2,994,187,788
Parts and Accessories	**7,648,805**	247,395,206	183,462,516
Food and Beverage	**20,054,498**	11,156,433	3,148,293
	₱4,561,727,510	₱4,221,006,804	₱3,180,798,597

Disaggregation of Revenue from sale of services:

	2023	2022	2021
Automotive services	**₱767,776,317**	₱599,157,343	₱548,105,600
Leasing services	**781,195,919**	181,781,496	960,000
Death care services	**152,524,092**	139,570,728	98,084,866
Security services	**56,647,000**	52,830,040	54,839,081
Admin and management services	**282,915,155**	339,387,420	260,323,793
	₱2,041,058,483	₱1,312,727,027	₱962,313,340

Disaggregation of Revenue from school and related operations:

	2023	2022	2021
Tuition and other matriculation fees	**₱4,220,006,288**	₱3,646,100,244	₱3,281,270,686
Other student-related income	**271,419,349**	298,846,039	69,796,545
	₱4,491,425,637	₱3,944,946,283	₱3,351,067,231

31. **Cost of Sales and Services**

This account consists of:

	2023	2022	2021
Cost of merchandise sold	**4,399,400,290**	4,016,697,418	2,998,526,200
Cost of services	**814,281,045**	597,370,024	486,823,366
Cost of school and related operations	**2,759,847,601**	2,259,171,742	1,914,579,015
	₱7,973,528,936	₱6,873,239,184	₱5,399,928,581

Disaggregation of Costs from sale of merchandise:

	2023	2022	2021
Inventory, beginning	**₱418,870,257**	₱420,729,352	₱1,657,262,683
Purchases	**4,513,157,676**	4,007,509,412	1,761,992,869
Total goods available for sale	**4,932,027,933**	4,428,238,764	3,419,255,552
Less: Inventory, ending	**532,627,643**	418,870,257	420,729,352
Cost of inventory sold	**4,399,400,290**	4,009,368,507	2,998,526,200
Others	**–**	7,328,911	–
	₱4,399,400,290	₱4,016,697,418	₱2,998,526,200

Disaggregation of Costs from sale of services:

	2023	2022	2021
Personnel expenses	**₱170,061,084**	₱96,558,811	₱139,923,518
Materials, parts and accessories	**247,648,823**	313,816,738	224,318,637
Depreciation and amortization	**106,488,876**	32,231,047	14,455,928
Others	**290,082,262**	154,763,428	108,125,283
	₱814,281,045	₱597,370,024	₱486,823,366

Disaggregation of Costs from school and related operations:

	2023	2022	2021
Personnel expenses	**₱1,218,803,054**	₱1,086,584,504	₱1,032,944,491
Depreciation and amortization	**401,620,078**	338,314,735	344,365,937
Student-related expenses	**200,928,997**	158,724,908	70,926,030
Management and other professional fees	**174,886,153**	142,905,192	91,715,625
Periodicals	**165,340,990**	139,507,039	94,060,084
IT expense - software license	**155,356,754**	98,622,799	79,619,671
Utilities	**126,975,594**	82,589,418	50,130,961
Advertising	**67,640,408**	45,019,490	30,388,180
Accreditation cost	**40,130,081**	31,267,549	23,077,466
Repairs and maintenance	**49,134,820**	34,443,423	24,628,924
Tools and library books	**40,494,558**	27,907,252	15,991,777
Research and development fund	**38,288,718**	20,403,120	19,870,435
Insurance	**21,034,591**	13,886,139	10,325,336
Seminar	**12,614,002**	11,179,819	7,620,601
Taxes and licenses	**9,212,725**	7,296,766	7,978,310
Transportation and travel	**6,925,881**	4,134,122	1,150,313
Office supplies	**7,293,677**	3,756,042	2,432,053
Rent	**6,871,644**	2,687,795	265,209

(Forward)

	2023	2022	2021
Entertainment, amusement and recreation	**₱1,576,256**	₱1,775,372	₱1,124,314
Provision for impairment of receivables	**1,761,109**	–	–
Miscellaneous	**12,957,511**	8,166,258	5,963,298
	₱2,759,847,601	₱2,259,171,742	₱1,914,579,015

32. **Other Income - Net**

This account consists of:

	2023	2022	2021
Interest income	**₱115,450,699**	₱76,202,805	₱10,783,331
Rental income	**23,713,862**	7,124,612	4,691,721
Space and car rental	**7,031,779**	12,198,673	18,346,346
Gain on sale of assets	**5,030,534**	40,353,759	15,483,517
Foreign exchange gain (loss)	**(3,458,049)**	18,554,291	3,082,685
Dividend income (Note 11)	**816,700**	6,609,469	5,744,844
Miscellaneous	**94,896,659**	150,956,047	40,729,300
	₱243,482,184	₱311,999,656	₱98,861,744

Gain on sale of assets arose from the sale of the following assets:

	2023	2022	2021
Property and equipment (Note 20)	**₱5,030,534**	₱38,301,459	₱15,468,767
Investment properties (Note 19)	**–**	2,052,300	14,750
	₱5,030,534	₱40,353,759	₱15,483,517

In 2022, certain payables that were long-outstanding amounting to ₱119.81 million were written-off and recognized as other income. Based on management's assessment, the settlement of these payables is remote.

Interest income consists of income from:

	2023	2022	2021
Cash and cash equivalents (Note 8)	**₱114,552,290**	₱75,782,063	₱10,552,161
Others	**898,409**	420,742	231,170
	₱115,450,699	₱76,202,805	₱10,783,331

Miscellaneous include income from sale of sludge and used oil, rebate from purchase of fuel, commission income, income from reversal of impairment, among others.

33. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Personnel expenses	**₱547,925,826**	₱506,417,529	₱470,121,298
Advertising and promotions	**219,767,682**	110,184,082	100,477,491
Taxes, licenses and fees	**176,038,636**	179,843,119	83,322,111
Depreciation and amortization	**172,858,051**	212,720,172	191,525,079
Management and other fees	**148,999,149**	77,825,641	66,354,650
Rent, light and water	**66,899,749**	60,536,342	47,662,242
Security, janitorial and utilities	**42,985,999**	33,706,260	31,421,054
Provision for impairment of intellectual property rights	**32,771,071**	–	–
Commission	**48,420,017**	41,410,612	28,627,187
Provision for probable losses	**41,741,885**	138,847,708	122,176,169
Transportation and travel	**26,685,504**	18,547,951	19,548,500
Repairs and maintenance	**25,920,437**	26,882,357	26,344,281
Entertainment, amusement and recreation	**23,728,462**	21,891,655	16,981,879
Insurance expense	**22,990,946**	14,616,881	19,418,990
Office expense	**40,236,252**	34,483,570	12,140,767
Professional fees	**34,982,295**	11,848,527	7,514,811
Direct selling expenses	**17,459,269**	28,949,524	5,899,498
Seminars	**8,311,768**	3,122,536	3,876,650
Donations and charitable contribution	**5,680,236**	–	8,728
Provision for inventory obsolescence	**651,221**	–	6,035,242
Recovery of provision for impairment of inventories	**(24,097,236)**	–	–
Miscellaneous	**93,910,268**	48,959,977	37,451,111
	₱1,774,867,486	₱1,570,794,443	₱1,296,907,738

Miscellaneous expense includes dues and subscriptions, periodicals, training and seminar, bank charges, legal and notarial services and other admin charges.

34. Depreciation and Amortization

This account consists of depreciation and amortization from continued operation as follows:

	2023	2022	2021
Cost of sales and services (Note 31)			
Manpower and other services	**₱106,488,876**	₱32,231,047	₱14,455,928
School and related operations	**401,620,078**	338,314,735	344,365,937
	508,108,954	370,545,782	358,821,865
General and administrative expenses (Note 33)	**172,858,051**	212,720,172	191,525,079
	₱680,967,005	₱583,265,954	₱550,346,944

Depreciation and amortization from continued operation for the different assets follow:

	2023	2022	2021
Property and equipment (Note 20)	**₱476,222,622**	₱487,151,018	₱448,700,372
Right-of-use asset (Note 22)	**90,289,014**	25,894,692	60,866,411
Investment property (Note 19)	**95,735,543**	23,933,886	–
Computer software (Note 24)	**13,992,941**	13,284,216	5,716,532
Student relationship	**4,726,885**	33,002,142	35,063,629
	₱680,967,005	₱583,265,954	₱550,346,944

35. **Interest and Finance Charges**

The Group's interest and finance charges consist of interest on the following:

	2023	2022	2021
Long-term debt (Note 27)	**₱266,394,401**	₱125,569,272	₱84,870,456
Loans payable (short-term) (Note 26)	**218,596,013**	100,419,626	79,721,123
Lease liabilities (Note 22)	**40,779,802**	37,330,637	56,581,989
Advances to affiliates and other finance charges	**8,900**	8,256,885	17,713,138
	₱525,779,116	₱271,576,420	₱238,886,706

36. **Retirement Plan**

The Group has funded, noncontributory retirement plans (the Plans) for all of its regular employees, in compliance with RA No. 7641, The New Retirement Pay Law. The Plans provide for normal, early retirement, death, and disability benefits. The most recent actuarial valuation was made for the Group's retirement plans as of December 31, 2023.

The following tables summarize the components of the benefit expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the retirement plans.

	2023	2022
Retirement liabilities	**₱684,971,030**	₱200,096,343
Retirement assets	**21,302,255**	93,338,840
Net retirement liabilities	**₱663,668,775**	₱106,757,503
Net retirement expenses	**₱111,572,812**	₱170,945,496

The net retirement expenses recognized by the Group (included in personnel expense in the consolidated statements of comprehensive income) are as follows:

	2023	2022	2021
Current service cost	**₱47,642,825**	₱165,107,134	₱217,307,806
Net interest cost	**63,929,987**	5,838,362	24,883,272
Past service cost	**–**	–	(3,497,005)
Actuarial gain on settlement	**–**	–	(239,428)
	₱111,572,812	₱170,945,496	₱238,454,645

The amounts recognized in the consolidated statements of financial position follow:

Net retirement liabilities	**2023**	2022
Present value of defined benefit obligation	**₱1,534,984,486**	₱1,612,418,233
Fair value of plan assets	**(850,013,456)**	(1,412,321,890)
	₱684,971,030	₱200,096,343

Net retirement assets	**2023**	2022
Present value of defined benefit obligation	**₱40,096,456**	₱89,939,839
Fair value of plan assets	**(72,036,770)**	(188,964,404)
Effect of asset ceiling	**10,638,059**	5,685,725
	(₱21,302,255)	(₱93,338,840)

The movements in the net retirement liability follow:

	2023	2022
Balance at beginning of year	**₱106,757,503**	₱204,896,842
Net retirement expense	**111,572,812**	170,945,496
Adjustment to defined benefit obligation	**–**	25,371,284
Derecognition/ transfer	**483,939,688**	–
Benefit paid	**(16,631,000)**	(894,155)
Contributions	**(44,657,829)**	(35,470,349)
Remeasurement gain	**43,989,855**	(258,091,615)
Balance at end of year	**₱684,971,029**	₱106,757,503

The movements in the present value of defined obligation follow:

	2023	2022
Balance at beginning of year	**₱1,736,418,737**	₱1,954,270,323
Current service cost	**53,422,357**	165,107,134
Interest cost on obligation	**42,691,913**	92,883,321
Derecognition/transfer	**(222,699,789)**	–
Benefits paid	**(48,945,841)**	(143,972,262)
Remeasurement gain	**27,856,821**	(331,869,779)
Balance at end of year	**₱1,588,764,821**	₱1,736,418,737

The movements in the fair value of plan assets follow:

	2023	2022
Balance at beginning of year	**₱1,629,661,234**	₱1,749,373,481
Contributions	**17,235,709**	35,470,349
Derecognition/transfer	**(709,404,593)**	–
Asset return in net interest cost	**32,596,678**	87,044,959
Adjustments to plan assets	**(5,019,000)**	(25,371,284)
Remeasurement loss	**96,030**	(73,778,164)
Benefits paid	**(42,383,091)**	(143,078,107)
Balance at end of year	**₱922,782,967**	₱1,629,661,234

The major categories of plan assets and its fair value are as follows:

	2023	2022
Cash	**₱240,012,089**	₱388,797,594
Investment in government securities	**223,084,094**	923,017,305
Investments in shares of stock	**299,846,502**	281,657,933
Investments in other securities and debt instruments	**154,860,560**	18,445,031
Interest receivables and other receivables	**13,128,423**	19,876,541
Accrued trust fees and other payables	**(8,148,701)**	(2,133,170)
	₱922,782,967	₱1,629,661,234

The Group expects to contribute ₱112.12 million to its defined benefit retirement plans in 2023.

The Retirement fund (Fund) of the Group is being maintained and managed, in trust, by RCBC Trust and Investment Group (TIG), an affiliate financial institution. Investment in shares of stocks comprised of investments in shares within the Group that are traded in the Philippine Stock Exchange.

Trust fees paid in 2023, 2022 and 2021 amounted ₱0.69 million, ₱4.84 million and ₱6.57 million, respectively.

The composition of the fair value of the trust fund includes:

Investment in government securities - include investment in Philippine Retail Treasury Bonds (RTBs) and Fixed Rate Treasury Notes (FXTNs).

Cash - include savings and time deposit with affiliated bank and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).

Investment in equity securities - include investment in common and preferred shares traded in the Philippine Stock Exchange.

Investment in debt and other securities - include investment in long-term debt notes and retail bonds.

Interest and other receivables - pertain to interest and dividends receivable on the investments in the fund.

In 2023, the Fund has investment in equity securities of related parties with fair values and accumulated loss of ₱159.96 million and ₱3.6 million, respectively.

In 2022, the Fund has investment in equity securities of related parties with fair values and accumulated loss of ₱86.42 million and ₱0.69 million, respectively.

The voting rights of the above equity securities were assigned to RCBC TIG, being the investment manager who manages and administers the investments and reinvestments of the fund.

The principal actuarial assumptions used in determining retirement expense are as follows:

	2023	2022
Discount rate		
Beginning	**4.00%-7.60%**	3.42%-5.17%
End	**4.20%-6.25%**	7.02%-8.03%
Future salary increases		
Beginning	**3.98%-7.11%**	3.31%-6.50%
End	**4.04%-6.06%**	2.95%-6.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of financial reporting date, assuming all other assumptions were held constant.

	2023		2022	
	Increase (decrease)	**Effect on defined benefit obligation**	Increase (decrease)	Effect on defined benefit obligation
Discount rates	**+50bps to +100bps**	**(₱329,165,418)**	+50bps to +100bps	(₱299,244,307)
	-50bps to -100bps	**374,264,185**	-50bps to -100bps	348,428,787
Salary increase rates	**+50bps to +100bps**	**405,426,069**	+50bps to +100bps	361,456,243
	-50bps to -100bps	**(252,915,092)**	-50bps to -100bps	(221,086,835)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than one year	**₱122,759,976**	₱247,470,711
More than one to five years	**289,557,604**	378,128,511
More than five years	**6,920,384,611**	11,182,480,141

The average duration of the defined benefit obligation ranges from 15-24 years and 16-24 years as of December 31, 2023 and 2022, respectively.

Income Taxes
The reconciliation between the statutory and effective income tax rates follows:

	2023	2022	2021
Statutory income tax rate	**25.00%**	25.00%	25.00%
Add (deduct) reconciling items:			
Movement of deferred income tax assets not recognized	**0.21**	1.31	(1.00)
Impact of CREATE	**–**	–	10.29
Equity in net earnings of associates and joint venture	**(9.89)**	(33.06)	(45.67)
Income subject to final taxes and lower rates	**(9.78)**	(4.75)	(0.93)
Others	**6.18**	8.49	13.45
Effective income tax rate	**(11.72%)**	(3.01%)	1.14%

All companies in the Group are subject to the RCIT rate of 25%, except for MESI, MHSSI, MCLI, MCMI, UNC, NTC and APEC which are subject to a lower tax rate of 1% as provided by CREATE that special tax rate is to be applied to proprietary educational institutions and hospitals.

The Group's net deferred tax assets and liabilities consist of the following:

	2023	2022
Net deferred tax assets on a per subsidiary level:		
Contract deposits	**₱–**	₱1,200,855,490
NOLCO	**17,566,444**	113,637,664
Allowance for ECL, inventory, obsolescence and other expenses	**352,952,645**	95,723,667
Leases	**20,094,368**	32,362,049
MCIT	**6,348,069**	23,587,499
Deferred income	**24,900,524**	–
Retirement	**179,964,825**	–
Others	**235,399,740**	(44,939,981)
	₱837,226,633	₱1,421,226,338
Net deferred tax liabilities on a per subsidiary level:		
Revaluation increment on land	**₱2,166,514,848**	₱1,201,404,707
Right-of-use asset	**5,550,644**	8,787,672
Accrued expenses	**(15,739,000)**	(16,479,000)
Retirement	**(15,469,000)**	(10,622,430)
Others	**(145,102,551)**	(129,491,674)
	₱1,995,754,941	₱1,053,599,275

The reconciliation of the Group's net deferred tax liabilities (assets) follow:

	2023	2022
Balance at beginning of year	**(₱367,203,536)**	(₱367,203,536)
Tax expense (income) recognized in:		
Other comprehensive income (loss)	**1,145,218,992**	252,584,074
Other adjustments	**490,184,001**	–
Profit and loss	**(109,671,130)**	(253,007,651)
	1,158,528,327	(₱367,627,113)

The Group did not recognize deferred tax assets on the following temporary differences because the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefit can be realized.

	2023	2022
NOLCO	**₱34,684,739**	₱327,675,164
Allowance for inventory obsolescence	**24,097,263**	283,478,560
Estimated credit losses on receivables	**94,715,978**	–
MCIT	**1,356,311**	871,742
Accrued retirement expense	**2,149,165**	3,883,620

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

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

Year incurred	Amount	Applied/Expired	Adjustments	Balance	Expiry Year
2023	₱66,307,938	₱–	₱–	₱66,307,938	2026
2022	60,541,134	1,037,000	(141,828,960)	59,504,134	2025
	₱126,849,072	₱1,037,000	(₱141,828,960)	₱125,812,072	

As of December 31, 2022, the Group has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year incurred	Amount	Applied/Expired	Adjustments	Balance	Expiry Year
2021	₱229,200,542	₱118,811,090	(₱321,204,614)	₱110,389,452	2026
2020	256,381,702	3,604,406	(4,327,645,492)	252,777,296	2025
	₱485,582,244	₱122,415,496	(₱4,648,850,106)	₱363,166,748	

As of December 31, 2022, the amounts of MCIT still allowable as tax credit consist of:

Year incurred	Amount	Applied/Expired	Adjustments	Balance	Expiry Year
2023	₱2,860,229	₱–	₱–	₱2,860,229	2026
2022	1,310,353	37,334	(2,151,924)	1,273,019	2025
2021	7,277,110	5,897,971	(1,630,337)	1,379,139	2024
2020	10,971,187	10,971,187	(1,583,938)	–	2023
	₱22,418,879	₱16,906,492	(₱5,366,199)	₱5,512,387	

RA No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes. Current and deferred taxes as of and for the year ended December 31, 2021 were computed and measured using the new tax rates in 2021.

The effect of CREATE Act in 2020 of a lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which was reflected in the Group's 2020 annual income tax return was only recognized for financial reporting purposes in the 2021 consolidated financial statements. Also, the effect in 2020 of a lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended of ₱259.25 million were recognized for financial reporting purposes only in the 2021 consolidated financial statements.

37. **Earnings Per Share**

Basic and diluted earnings (loss) per share amounts attributable to equity holders of the Group are computed as follows:

Basic earnings (loss) per share

	2023	2022	2021
Net income attributable to equity holders of parent company	**₱440,794,487**	₱1,174,088,374	₱1,073,009,638
Less dividends attributable to preferred shares	–	299,050,374	–
Net income applicable to common shares	**440,794,487**	875,038,000	1,073,009,638
Divided by the weighted average number of common shares	**1,469,302,230**	776,465,281	776,465,281
Basic earnings per share	**₱0.3000**	₱1.1270	₱1.3819

Diluted earnings (loss) per share

	2023	2022	2021
Net income applicable to common share for basic earnings per share	**₱440,794,487**	₱875,038,000	₱1,073,009,638
Net income applicable to common stockholders for diluted earnings per share	**₱440,794,487**	₱875,038,000	1,073,009,638
Weighted average number of shares of common stock	**1,469,302,230**	776,465,281	776,465,281
Weighted average number of shares of common stock for diluted earnings per share	**1,469,302,230**	776,465,281	776,465,281
Diluted earnings per share	**₱0.3000**	₱1.1270	₱1.3819

The weighted average number of shares of common stock is computed as follows:

	2023	2022	2021
Number of shares of common stock issued	**776,765,281**	776,765,281	776,765,281
Less treasury shares	**300,000**	300,000	300,000
		776,465,281	776,465,281

38. **Capital Stock**

Preferred stock
The authorized preferred stock is 2,500,000,000 shares at ₱0.40 par value. There are no preferred shares outstanding as at December 31, 2023 and 2022.

Common stock
The authorized common stock is 1,250,000,000 shares at ₱1.50 par value.

A reconciliation of the number of common shares outstanding as at December 31, 2023, 2022 and 2021 follows:

	2023		2022		2021	
	Amount	**Shares**	Amount	Shares	Amount	Shares
Balance at beginning of year	**₱1,165,147,926**	**776,765,281**	₱1,165,147,926	776,765,281	₱1,165,147,926	776,765,281
Issuance of new shares	**1,039,255,421**	**692,836,949**	–	–	–	–
Balance at end of year	**2,204,403,350**	**1,469,602,230**	1,165,147,926	776,765,281	1,165,147,926	776,765,281
Treasury stock	**(2,607,600)**	**(300,000)**	(2,607,600)	(300,000)	(2,607,600)	(300,000)
	₱2,201,795,746	**1,469,302,230**	₱1,162,540,326	776,465,281	₱1,162,540,326	776,465,281

On April 25, 2023, the BOD of the Parent Company approved the resolution to increase the authorized capital stock of the Parent Company from ₱2,875 million divided into 1,250,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share to ₱3,205 million divided into 1,470,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's Articles of Incorporation for the increase in its authorized capital stock relative to the share swap agreement between the Parent Company and GPL Holdings, Inc. (GPLHI) and PMMIC. Under the share swap agreement with GPLHI, the Parent Company issued 221,716,590 common shares to GPLHI in exchange for the acquisition of GPLH's 51% ownership over SunLife Grepa Financial, Inc. (SGFI) and 73,416,558 common shares in exchange for the acquisition of Grepa Realty Holdings Corporation (GRHC's) 51% ownership. Under the share swap agreement with PMMIC, the Parent Company issued 397,703,801 common shares to PMMIC in exchange for the acquisition of PMMIC's 77.33% ownership over MICO Equities, Inc. (MEI). As a result of the share swap agreements, the Parent Company recorded an increase in "Common Stock" and "Additional Paid-in Capital" amounting to ₱1.04 billion and ₱14.70 billion, respectively. The share swaps were accounted as noncash investing activities in the 2023 parent company statement of cash flows.

The following are summarized net assets of the following new subsidiaries:

Account	MEI	SLGFI
Cash and cash equivalents	2,699,665,724	1,468,469,409
Receivables	8,749,984,821	537,136,247
Reinsurance assets	24,230,398,085	–
FVOCI	7,473,695,109	15,077,443,196
Other assets	8,236,718,299	44,210,988,068
Accounts payable and other current liabilities	(4,074,248,961)	(569,362,754)
Long-term notes and loans payable	(35,379,435,131)	–
Retirement liability	(352,662,099)	(77,765,400)
Other liabilities	(278,154,424)	(53,542,114,672)
Net assets	11,305,961,423	7,104,794,094

On May 24, 2013, the Parent Company repurchased 300,000 shares held as treasury stock at ₱8.69 per share for ₱2.61 million.

SEC approved the registration of the Parent Company's authorized capital stock before its listing date with the PSE, which was on July 2, 1962. The actual number of shares initially listed were 584,085 shares at an offer price of ₱10.0 per share. Total number of common shareholders was 371 and 377 as of December 31, 2023 and 2022, respectively.

39. Retained Earnings

On July 21, 2023, the Company declared dividends of ₱38.82 million or ₱0.05 per share to ordinary shareholders on record as at August 4, 2023 and was subsequently paid on September 1, 2023.

On November 24, 2023 and April 12, 2023, the Parent Company's BOD approved additional appropriation of retained earnings amounting to ₱1,705.0 billion and ₱0.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next three (3) years, respectively.

On December 31, 2021, the Parent Company's BOD approved appropriation of retained earnings amounting to ₱3.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next 2-3 years. On the same date, the Parent Company approved the reversal of ₱2.5 billion appropriations made in 2019 and 2018 following the completion of its previous planned investment and business expansion.

On March 30, 2020, the BOD approved the declaration of cash dividends of ₱0.00516 per share with a total amount of ₱0.09 million to the stockholders of the Parent Company's preferred shares on record as of April 27, 2020, payable on May 20, 2020.

On December 31, 2019, the Company's BOD approved additional appropriation of retained earnings amounting to ₱400 million for planned investments and business expansion that the Parent Company intends to carry out for 2-3 years.

On December 31, 2018, the Company's BOD approved additional appropriation of retained earnings amounting to ₱2,100 million for planned investments and business expansion that the Parent Company intends to carry out for 2-3 years.

Retained earnings include ₱6,034.3 million and ₱4,831.3 million as of December 31, 2023 and 2022, respectively, representing treasury shares, appropriated retained earnings and deferred tax assets that are not available for dividend declaration. After reconciling items, the retained earnings of the Parent Company that are available for dividend declaration amounted to ₱_______ million and ₱1,560.75 million as of December 31, 2023 and 2022, respectively.

Under the Tax Code, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

<u>Restrictions</u>
The Group's retained earnings include accumulated earnings of subsidiaries, associate and joint venture amounting to ₱6,334.50 million and ₱7,365.54 million as of December 31, 2023 and 2022, respectively, not declared as dividends to the Group. Accordingly, these are not available for dividend declaration.

40. Non-controlling Interests

The summarized financial information attributable to non-controlling interests for significant subsidiaries as of and for the years ended December 31, 2023, 2022 and 2021 are as shown below:

	IPO [a]			EEI [b]			SLRIHSI [c]			MICO Equities Corporation, Inc. and Subsidiaries [d]			Sunlife Grepa Financial Inc. and Subsidiaries [e]			RCBC Trust Corporation [f]		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Assets																		
Current assets	3,805	3,614	3,063	–	3,614	3,063	22	1,430	–	38,889	–	–	45,618	–	–	–	–	–
Noncurrent assets	16,159	14,088	13,065	–	14,088	13,065	3,801	2,279	–	12,501	–	–	15,676	–	–	–	–	–
	19,964	17,702	16,128	–	17,702	16,128	3,823	3,709	–	51,390	–	–	61,294	–	–	–	–	–
Liabilities and Equity											–							
Current liabilities	3,257	3,516	2,183	–	3,516	2,183	97	8	–	39,454	–	–	40,076	–	–	–	–	–
Noncurrent liabilities	1,623	1,445	2,826	–	1,445	2,826	–	–	–	631	–	–	14,113	–	–	–	–	–
	4,880	4,961	5,009	–	4,961	5,009	97	8	–	40,085	–	–	54,189	–	–	–	–	–
Revenue	4,491	3,945	3,351	–	3945	3,351	–	–	–	–	–	–		–	–	–	–	–
Net income (loss)	662	782	664	–	782	664	25	27	–	–	–	–		–	–	–	–	–
Total comprehensive income (loss)	2,543	1,813	940	–	1,813	940	25	27	–	–	–	–		–	–	–	–	–
Share of NCI in net assets	7,117	5,472	4,655	–	5,472	4,655	2.525	1,480	–	4,593	–	–	3,868	–	–	60	–	–
Share of NCI in net income (loss)	351	399	341	–	399	341	10	11	–	–	–	–		–	–	–	–	–
Dividends paid	103	87	162	–	87	162	–	–	–	–	–	–		–	–	–	–	–
Operating	1,114	1,231	848	–	1,231	848	(137)	(58)	–	(529)	–	–	1,548	–	–	–	–	–
Investing	(436)	(214)	(193)	–	(214)	(193)	(1,274)	(374)	–	190	–	–	(1,472)	–	–	–	–	–
Financing	(832)	(659)	(370)	–	(659)	(370)	10	1,851	–	(32)	–	–	(350)	–	–	100	–	–

(a) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 51.82%*
(b) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 0% and 44.66%, respectively*
(c) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 40.00% and 0.00%, respectively*
(d) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 49.00% and 0.00%, respectively*
(e) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 22.670% and 0.00%, respectively*
(f) *Proportion of ownership owned by non-controlling interests as of December 31, 2023 and 2022: 60.00% and 0.00%, respectively*

Material Partly-Owned Subsidiaries

MEI

On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with Pan Malayan Management & Investment Corporation (PMMIC), whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc (MEI which is equivalent to 77.33% of MEI.

SLGFI

On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with GPL Holdings, Inc, whereby HI will issue 295,133,148 common shares to GPLH in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in Sunlife Grepa Financial Inc. (SLGFI) and Grepa Realty Holdings Corporation (GRHC). As of this date GPL directly owns 51% of SLGFI and 49% of GRHC. SLGFI also owns 51% of GRHC, thus GPL's effective ownership in GRHC is 75%.

RTC

In 2023, the Parent company invested ₱40.0 million for a 40% stake in RCBC Trust Corporation.

SLRHSI

In February 2022, the Parent Company sold 1,612,759 common shares representing 14.64% ownership of SLRHSI to Sojitz Corporation. Further, on November 15, 2022, Sojitz Corporation subscribed and paid for additional authorized capital stock applied for by SLRHSI. Accordingly, the ownership stake of the Parent Company decreased from 100% to 60%.

IPO

In May 2019, the Parent Company sold the 281,642 shares of MESI to IPO, which represents 7% ownership in MESI. With this acquisition, MESI became 100% indirectly-owned subsidiary of the Parent Company through IPO. Subsequently, IPO issued 295,329,976 common shares from its unissued capital stock to AC, the parent company of AEI, in exchange for the merger of IPO and AEI, with IPO being the surviving corporation. Upon merger, the Parent Company's ownership interest over IPO was reduced from 67.34% to 48.18%. The non-controlling interest increased from 32.66% to 51.82% or an increase of ₱2.52 billion.

EEI

On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of ₱1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% which signified loss of control over the subsidiary. This transaction resulted to deconsolidation of EEI and its subsidiaries. On May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI which further reduced the holdings of the Parent Company to 21%. The sale is accounted as disposal of investment in an associate.

41. **Operating Segment Information**

For management purposes, the Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

The Group derives its revenue from the following reportable segments:

Property and Property services - represents property and project management services of the Group.

Education - primarily consists of revenues from IPO and subsidiaries in education and other related support services.

Automotive - represents automotive dealerships of the Group.

Financial services - consists of non-life and life insurance arm of the Group.

Other Services - represent support services which cannot be directly identified with any of the reportable segments mentioned above. These include sale of pharmaceutical products, trading of consumer goods and rendering various services to the consumers.

Segment assets and liabilities exclude deferred income tax assets and liabilities. Inter-segment income arises from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Management monitors construction revenue and segment net income for the purpose of making decisions about resource allocation. Segment performance is evaluated based on net income and construction revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(Amounts in Millions)

	Construction			Automotive			Education			Property and Service			Financial Services			Other Services			Eliminations			Consolidation		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Revenue	**5,327**	14,652	16,150	**5,309**	4,855	3,726	**4,491**	3,945	3,351	**1,079**	458	231	–	–	–	**682**	390	691	**(395)**	(550)	(424)	**11,904**	23,905	23,599
Net Income (loss) attributable to share of parent	**(257)**	209	490	**(59)**	30	61	**662**	769	659	**327**	120	200	–	–	–	**1,503**	844	664	**(798)**	(1,000)	897	**441**	1,174	1,073
Other Information														–	–									
Segment assets	–	28,974	32,215	**3,969**	11,135	2,566	**19,964**	17,701	16,129	**13,429**	10,538	2,287	**112,785**	–	–	**25,352**	7,874	7,402	**(10,995)**	(3,405)	(2,792)	**159,964**	65,227	57,194
Deferred tax assets	–	(1,289)	(1,112)	**(22)**	59	(26)	**(49)**	(38)	(38)	**(26)**	(29)	(4)	**(676)**	–	–	**(58)**	(84)	(3)	**(31)**	39	32	**(832)**	(1,412)	(1,223)
Net segment assets	–	27,685	31,103	**3,947**	11,194	2,540	**19,915**	17,663	16,091	**13,403**	10,509	2,283	**112,109**	–	–	**25,294**	7,790	7,399	**(11,026)**	(3,444)	(2,760)	**159,132**	63,815	56,500
Segment liabilities	–	15,557	18,874	**1,740**	9,453	1,507	**4,880**	4,961	5,009	**6,689**	5,741	307	**94,274**	–	–	**1,630**	2,040	1,782	**(8,390)**	(401)	(189)	**109,750**	29,362	27,078
Income tax payable	–	(6)	(16)	–	–	(7)	**(20)**	(5)	(2)	**(9)**	(1)	(1)	**(4)**	–	–	**(8)**	(6)	(1)	–	–	–	**(40)**	(18)	(27)
Deferred tax liabilities	–	(128)	(128)	**(341)**	(237)	(192)	**(795)**	(590)	(489)	–	(2)	–	–	–	–	–	–	(46)	**(88)**	(116)	(141)	**(1,990)**	(1,045)	(856)
Net segment liabilities	–	15,423	18,730	**1,399**	9,216	1,308	**4,065**	4,366	4,518	**6,680**	5,738	306	**94,270**	–	–	**1,622**	2,034	1,735	**(8,477)**	(285)	(331)	**107,720**	28,299	26,724
Investments in associates and joint ventures	–	3,190	3,260	–	–	–	–	–	–	**7**	7	7	–	–	–	**22,394**	7,134	6,399	**(2,028)**	(1,831)	(871)	**6,020**	8,303	7,834
Equity in net earnings (losses) of associates	**(366)**	(106)	925	**(96)**	42	55	–	–	–	**94**	105	139	–	–	–	**119**	384	311	–	–	388	**117**	425	1,430
Cash flows arising from:														–	–									
Operating activities	–	(543)	(1,578)	**16**	397	397	**1,114**	1,231	849	**38**	78	78	**1,019**	–	–	**(287)**	(495)	(495)	**(991)**	(1,926)	538	**1,309**	(323)	(1,299)
Investing activities	–	(210)	583	**(2)**	170	170	**(436)**	(214)	(194)	**(4,011)**	–	–	**(1,282)**	–	–	**(5,986)**	1,373	1,373	**(7,089)**	4,075	(3,536)	**(7,729)**	(5,970)	279
Financing activities	–	(3,820)	(6,789)	**(39)**	(290)	(290)	**(832)**	(659)	(370)	**1,710**	53	53	**(382)**	–	–	**(3,799)**	5,634	5,634	**2,909**	(4,357)	459	**6,429**	3,827	6,778
Capital expenditures	–	(171)	(171)	–	(73)	(73)	–	(184)	(184)	**3,947**	6,156	–	–	–	–	–	53	53	**1,248**	(2,042)	(2,781)	**4,524**	7,029	652
Interest income	**24**	35	8	**1**	1	0	**64**	20	6	**40**	27	1	–	–	–	**40**	26	3	**(1)**	(7,407)	(5,928)	**115**	108	19
Interest expense	**(214)**	(398)	413	**(54)**	(24)	15	**(149)**	(113)	137	**(284)**	(77)	1	–	–	–	**(68)**	(58)	85	–	47	1	**(526)**	(670)	708
Provision/ (Benefit) for income tax	**(47)**	(70)	305	**(22)**	(16)	1	**(45)**	5	(30)	**(61)**	(22)	14	–	–	–	**(28)**	(15)	2	–	–	–	**(138)**	(118)	292
Earnings (loss) before income tax	**(210)**	270	784	**(37)**	57	(17)	**707**	777	633	**388**	142	75	–	–	–	**1,530**	848	444	**(251)**	–	(59)	**1,180**	1,843	1,919
Earnings before income tax and depreciation and amortization	**(210)**	817	959	**31**	128	2	**1,214**	1,252	746	**490**	163	77	–	–	–	**1,550**	858	615	**(263)**	(668)	(51)	**1,861**	2,955	3,067
Noncash items:														–	–									
Additional revaluation increment on land	–	129	–	**1,038**	614	37	**4,517**	1,005	201	–	–	–	**329**	–	–	–	–	–	**(385)**	96	(659)	**3,290**	1,363	334
Depreciation and amortization	–	547	176	**68**	70	19	**507**	475	112	**102**	21	2	–	–	–	**20**	44	171	**(11)**	(668)	9	**681**	1,146	1,148

42. Financial Instruments and Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies
The main purpose of the Group's financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk. The BOD reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized below. There were no changes in the policies for managing these risks.

a. *Liquidity risk*
Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date.

The tables below summarize the maturity profile of the Parent Company's financial liabilities as of December 31 based on contractual undiscounted payments.

	2023				
	On demand	**Less than 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Accounts payable and other current liabilities:					
Accounts payable, accrued expenses and others*	**₱484,508,665**	₱ –	₱ –	₱ –	₱484,508,665
Accrued interest	**2,774,712**	–	–	–	2,774,712
Due to related parties	**87,897,408**	–	–	–	87,897,408
Loans payable	**1,456,642,021**	–	–	–	1,456,642,021
Lease liabilities	–	–	33,917,745	72,060,463	105,978,208
	₱2,031,822,806	₱ –	₱ 33,917,745	₱72,060,463	₱2,031,822,806

**Excludes statutory liabilities*

	2022				
	On demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Accounts payable and other current liabilities:					
Accounts payable, accrued expenses and others*	₱441,434,303	₱–	₱–	₱–	₱441,434,303
Accrued interest	–	2,590,631	–	–	2,590,631
Due to related parties	10,935,754	–	–	–	10,935,754
Loans payable	–	1,852,000,000	–	–	1,852,000,000
Lease liabilities	–	3,853,820	3,853,820	157,597,107	165,304,747
	₱452,370,057	₱1,858,444,451	₱3,853,820	₱157,597,107	₱2,472,265,435

**Excludes statutory liabilities*

The tables below summarize the maturity profile of the Parent Company's financial assets used to manage liquidity risk.

	2023		
	On demand	**Less than 1 year**	**Total**
Cash and cash equivalents	**₱178,474,820**	**₱–**	**₱178,474,820**
Receivables			
Trade	**166,935,483**	**215,868,166**	**382,803,649**
Due from related parties	**124,332,282**	**–**	**124,332,282**
Receivables from plant	**29,810,947**	**13,598,602**	**43,409,549**
Accrued referral incentive	**18,575,090**	**–**	**18,575,090**
Others	**82,433,028**	**–**	**82,433,028**
Dividends receivable	**–**	**86,715,000**	**86,715,000**
Equity investments at FVOCI	**–**	**1,261,334,015**	**1,261,334,015**
	₱600,561,650	**₱225,758,128**	**₱899,307,113**

	2022		
	On demand	Less than 1 year	Total
Cash and cash equivalents	₱ 154,506,222	₱–	₱154,506,222
Receivables			
Trade	223,382,915	64,906,062	288,288,977
Due from related parties	165,858,926	–	165,858,926
Receivables from plant	11,040,734	–	11,040,734
Accrued referral incentive	12,684,253	–	12,684,253
Others	106,179,310	–	106,179,310
Dividends receivable	–	55,500,918	55,500,918
Equity investments at FVOCI	–	105,351,148	105,351,148
	₱673,548,985	₱225,758,128	₱899,307,113

The tables below analyze financial assets and financial liabilities of Malayan Insurance Company, Inc. (MICO) into their relevant maturity groups based on the remaining period at the reporting date to their contractual maturities or expected repayment dates.

	2023			
	Up to a year*	**1-3 years**	**More than 3 years**	**Total**
Cash and cash equivalents	₱2,588,984,230	₱–	₱–	₱2,588,984,230
Short-term cash investments	2,570,978	–	–	2,570,978
Insurance receivables	8,645,622,127	–	–	8,645,622,127
Financial assets at FVTPL	90,661,398	214,662,673	49,173,347	354,497,418
Financial assets at FVOCI	1,042,595,844	1,179,010,114	980,336,120	3,201,942,077
Investment securities at amortized cost	100,177,378	82,259,931	2,897,049,785	3,079,487,093
Long-term commercial papers	277,326,639	548,608,342	258,002,918	1,083,937,899
Loans and receivables	123,214,735	–	–	123,214,735
Accrued income	86,631,925	–	–	86,631,925
Reinsurers' share of liabilities	20,059,867,836	–	–	20,059,867,836
Total financial assets	₱33,017,653,090	₱2,024,541,060	₱4,184,562,170	₱39,226,756,318
Insurance contract liabilities	₱23,636,788,796	₱–	₱–	₱23,636,788,796
Insurance payables	4,747,026,858	–	–	4,747,026,858
Accounts payable, accrued expenses and other liabilities**	2,346,461,228	–	–	2,346,461,228
Lease contract liabilities	32,002,022	–	–	32,002,022
Total financial liabilities	₱30,762,278,904	₱–	₱–	₱30,762,278,904

**Up to a year are all commitments which are either due within one year or are payable on demand.*
***Excluding statutory payables.*

The table below analyzes nonfinancial assets and liabilities of the Company into amounts expected to be recovered/settled within 12 months (current) and beyond 12 months (noncurrent).

	2023	
	Current	**Noncurrent**
Deferred acquisition costs	**₱484,882,750**	**₱–**
Deferred reinsurance premiums	**4,200,880,711**	**–**
Investment properties – net	**–**	**26,563,988**
Property and equipment – net	**–**	**775,152,525**
Right-of-use assets	**–**	**29,425,520**
Deferred tax assets – net	**–**	**560,589,060**
Other assets – net	**113,109,743**	**883,942,886**
Total nonfinancial assets	**₱4,798,873,204**	**₱2,275,673,979**
Provision for unearned premiums	**₱6,968,079,251**	**₱–**
Accounts payable, accrued expenses and other liabilities	**1,719,759,023**	**–**
Deferred reinsurance commissions	**246,152,402**	
Pension liability – net	**–**	**352,662,099**
Total nonfinancial liabilities	**₱8,933,990,676**	**₱352,662,099**

It is unusual for a Company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are, thus, based on management's best estimate based on statistical techniques and past experience.

The tables below summarize the maturity profile of financial assets and liabilities of Sun Life Grepa Financial Inc. and its Subsidiaries (SLGFI Group) using undiscounted contractual maturities based on remaining contractual obligations.

	2023				
	Up to a year*	1 - 5 years	Over 5 years	No Maturity Date	Total
Financial assets:					
Cash and cash equivalents	**₱1,468,469,409**	**₱–**	**₱–**	**₱–**	**₱1,468,469,409**
Insurance receivables					
Premiums due and uncollected	**167,272,832**	–	–	–	**167,272,832**
Reinsurance recoverable on paid losses	**232,670**	–	–	–	**232,670**
Financial assets at FVTPL					
Debt securities	–	–	**4,725,088,555**	–	**4,725,088,555**
Seed capital in segregated funds	–	–	–	**501,065,822**	**501,065,822**
Mutual fund	–	–	–	**100,792,453**	**100,792,453**
Financial assets at FVOCI					
Equity securities	**78,405,548**	**1,109,363,530**	**12,804,083,444**	–	**13,991,852,522**
Debt securities	–	–	–	**1,085,590,674**	**1,085,590,674**
Financial assets at amortized costs	–	**233,289,210**	–	–	**233,289,210**
Loans and receivables					
Due from related parties and GEM trust	**13,373,470**	–	–	–	**13,373,470**
Due from agents	**3,102,079**	–	–	–	**3,102,079**
Policy loans	**560,415,719**	–	–	–	**560,415,719**
Held for trust	**25,226,387**	–	–	–	**25,226,387**
Others	**80,746,198**	**16,181,302**	–	–	**96,927,500**
Accrued income	**347,522,733**	–	–	–	**347,522,733**
Other assets – refundable deposits	–	**43,638,852**	–	–	**43,638,852**
Total financial assets	**₱2,744,767,045**	**₱1,358,834,042**	**₱17,529,172,000**	**₱1,687,448,949**	**₱23,363,860,888**
Financial liabilities:					
Policy and contract claims	**₱541,123,346**	**₱692,210,021**	**₱242,670,074**	**₱–**	**₱1,476,003,441**
Premium deposit fund	**445,561,530**	–	–	–	**445,561,530**
Insurance payables	**263,710,270**	–	–	–	**263,710,270**
Policyholders' dividend	**313,648,287**	–	–	–	**313,648,287**
Lease liabilities	**10,615,431**	**9,516,581**	–	–	**20,132,012**
Accounts payable and accrued expenses	**450,336,948**	–	–	–	**450,336,948**
Other liabilities	**105,579,126**	**(12,431,504)**	–	–	**93,147,622**
Total financial liabilities	**₱2,130,574,938**	**₱689,295,098**	**₱242,670,074**	**₱–**	**₱3,062,540,110**

**Maturities up to a year are all commitments which are either due within the time frame or are payable on demand.*

The Group manages its liquid assets and investment positions to meet its obligations arising from its insurance contracts and other financial liabilities. In addition, the Group is required to maintain a certain margin of solvency under IC regulations. The estimated timing of net cash outflows for legal policy reserves included in the insurance contract liabilities are mostly expected to be settled beyond one year.

The Group has an Asset Liability Committee ("ALCO"), which is composed of the CEO, CFO, Chief Actuary, CIO and ALM Director, and has ultimate responsibility for the ALM operations of SLGFI. It is accountable for the regular reporting and monitoring of ALM performance, and the development of ALM tactics and strategies. The functions of the SLGFI ALCO include the review of the annual investment plan, review of the asset and liability segmentation, and annual review of the Portfolio Policies and Parameters for each segment. SLGFI ALCO monitors ALM matching positions and overall compliance with the specific portfolio policies and limits as well as other policies and limits applicable to SLGFI. The compliance results are summarized and provided to the SLF Asia Chief Risk Officer on a quarterly basis.

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, whilst not having excessive liquidity that entails an opportunity cost in terms of product competitiveness and asset yields.

The tables below summarize the maturity profile of iPeople Group financial assets held for liquidity purposes. The maturity groupings are based on the remaining period from the end of the financial reporting date to the contractual maturity date.

	2023			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial assets at amortized cost				
Cash	**₱711,829**	**₱–**	**₱–**	**₱711,829**
Cash equivalents	**1,092,009**	**–**	**–**	**1,092,009**
Receivables*	**464,630**	**730,763**	**143,729**	**1,339,122**
Receivables from related parties	**1,643**	**–**	**–**	**1,643**
Short-term investments	**208,887**	**–**	**–**	**208,887**
Financial assets at FVTPL	**9,767**	**–**	**–**	**9,767**
Deposits	**–**	**–**	**26,359**	**26,359**
	₱2,488,765	**₱730,763**	**₱170,088**	**₱3,389,616**

**excluding advances to officers and employees*

	2022			
	On demand	Less than 1 year	More than 1 year	Total
Financial assets at amortized cost				
Cash	₱544,228	₱–	₱–	₱544,228
Cash equivalents	1,414,100	–	–	1,414,100
Receivables*	366,030	765,456	–	1,131,486
Receivables from related parties	1,825	–	–	1,825
Short-term investments	120,962	–	–	120,962
Financial assets at FVTPL	9,332	–	–	9,332
Deposits	–	–	26,404	26,404
	₱2,456,477	₱765,456	₱26,404	₱3,248, 337

**excluding advances to officers and employees*

The tables below summarize the maturity profile of the Group's other financial liabilities as at December 31 based on contractual undiscounted payments and contractual remaining maturities.

	2023			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Accounts payable and accrued expenses*	**₱579,212**	**₱146,083**	**₱–**	**₱725,295**
Payables to related parties	**8,706**	**–**	**–**	**8,706**
Dividends payable	**924**	**–**	**–**	**924**
Lease liabilities	**–**	**37,047**	**354,549**	**391,597**
Current portion of the long-term loans	**–**	**32,574**	**–**	**32,574**
Long-term loans	**–**	**–**	**293,851**	**293,851**
Short-term loans	**–**	**1,000,000**	**–**	**1,000,000**
	₱588,842	**₱1,215,704**	**₱648,401**	**₱2,452,947**

**excluding payables to regulatory bodies, funds payable and provisions*

	2022			
	On demand	Less than 1 year	More than 1 year	Total
Accounts payable and accrued expenses*	₱559,892	₱113,220	₱–	₱673,112
Payables to related parties	16,797	–	–	16,797
Dividends payable	26,154	–	–	26,154
Lease liabilities	–	74,235	483,509	557,744
Current portion of the long-term loans		24,430	1,497,018	1,521,448
Long-term loans	–	–	334,568	334,568
	₱602,843	₱211,885	₱2,315,095	₱3,129,823

**excluding payables to regulatory bodies, funds payable and provisions*

b. *Market risk*
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchange rates and interest rates.

c. *Equity price risk*
The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as available-for-sale securities.

Quoted available-for-sale securities assets are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

The Parent Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity investments at FVOCI.

Equity investments at FVOCI are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The analysis below is performed for reasonably possible movements in the market index with all other variables held constant, showing the impact on equity.

	2023		2022	
Market Index	**Change in variable**	**Effect on equity**	Change in variable	Effect on equity
PSE	**18.28%**	**4,069,020**	23.15%	6,107,555
	(18.28%)	**(4,069,020)**	(23.15%)	(6,107,555)
Others	**20.51%**	**1,948,004**	35.18%	2,392,586
	(20.51%)	**(1,948,004)**	(35.18%)	(2,392,586)

The percentage of increase and decrease in market price is based on the movement in the PSE Index and other market index from beginning to end of the year.

The following table shows the impact of reasonably possible change of Philippine Stock Exchange index (PSEi) and Dow Jones STOXX (DJ STOXX) Euro and SCX5E Index on equity of MICO:

	Change in equity prices	**Impact on equity increase (decrease)** PSEi	**Change in equity prices**	**Impact on equity increase (decrease)** DJ STOXX
December 31, 2023	**15%**	**₱236,804,358**	+15%	**₱65,182,874**
	-15%	**(236,804,358)**	-15%	**(65,182,874)**
December 31, 2022	+15%	₱316,893,698	+15%	₱91,823,935
	-15%	(316,893,698)	-15%	(91,823,935)

The analysis below is performed by Sun Life Financial Group for reasonably possible movements in key variables with all other variables held constant, showing the impact on other comprehensive income (that reflects changes in fair value of financial assets at FVOCI).

	Change in variable	**Impact on OCI**
2023	**+2 bps**	**₱28,338,051**
	-2 bps	**(28,338,051)**
2022	+2 bps	₱33,270,118
	-2 bps	(33,270,118)

The Group determined the reasonably possible change in equity pricing using percentage changes in the Philippine Stock Exchange (PSE) composite index for the past three years. The sensitivity analysis includes the Group's stock portfolio with amounts adjusted by the specific beta for these investments as at reporting date.

The Group measures the sensitivity of its investments in mutual funds through fluctuations in the net asset value per share (NAVPS). Since the Group's investments in mutual funds is limited only to seed capital in VUL segregated funds and SLAMCI mutual funds as of December 31, 2021, the sensitivity analysis on the reasonably possible movements of NAVPS and its impact to the net income is not material to the financial statements.

d. Credit risk

The Parent Company's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Parent Company. The Parent Company manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Parent Company's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Parent Company does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from receivables, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this financial asset.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for various customer segments. With similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit quality of the Parent Company's financial assets as of December 31:

	2023		
	Neither past due nor impaired		
	High Grade	Standard Grade	Total
Cash and cash equivalents			
Cash in banks	**₱93,399,017**	**₱–**	**₱93,399,017**
Short-term investments	**83,611,922**	**–**	**83,611,922**
Accounts receivable:			
Receivables from:			
Trade	**382,803,649**	**–**	**382,803,649**
Due from related parties	**124,332,282**	**–**	**124,332,282**
Advances to officers and employees	**5,898,781**	**–**	**5,898,781**
Advances to suppliers	**88,406,030**	**–**	**88,406,030**
Insurance receivable	**3,815,311**	**–**	**3,815,311**
Other receivables:	**59,500,994**	**–**	**59,500,994**
Dividend receivable	**86,715,000**	**–**	**86,715,000**
	₱ 928,482,986	**₱–**	**₱ 928,482,986**

	2022		
	Neither past due nor impaired		
	High Grade	Standard Grade	Total
Cash and cash equivalents			
Cash in banks	₱75,376,592	₱–	₱75,376,592
Short-term investments	78,827,432	–	78,827,432
Accounts receivable:			
Receivables from:			
Trade	288,288,977	–	288,288,977
Due from related parties	165,858,926	–	165,858,926
Advances to officers and employees	37,874,416	–	37,874,416
Advances to suppliers	28,523,043	–	28,523,043
Accrued referral incentive	12,684,253	–	12,684,253
Insurance receivable	3,282,389	–	3,282,389
Other receivables:	36,499,462	–	36,499,462
Dividend receivable	55,500,918	–	55,500,918
	₱782,716,408	₱–	₱782,716,408

Neither past due nor impaired accounts receivables, other receivables are classified into 'high grade' and 'standard grade'. The Parent Company sets financial assets as 'high grade' based on the Company's positive collection experience. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. On the other hand, 'standard grade' are those which have credit history of default in payments.

Past due and impaired financial assets are those outstanding balances which are historically collected after due dates. Impairment is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e., type of customers). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit risk exposure on iPeople Group's financial assets as at December 31, 2023:

	Gross carrying amount at default	**Expected credit loss (Impaired)**
Cash in banks	**₱711,829**	**₱–**
Cash equivalents	**1,092,009**	**–**
Receivables from:		
Tuition and other fees	**1,634,740**	**375,312**
Related parties	**1,643**	**–**
Others	**129,464**	**9,258**
Short-term investments	**208,887**	**–**
Financial assets at FVTPL	**9,767**	**–**
Deposits	**26,359**	**–**
	₱3,814,698	**₱384,570**

December 31, 2022:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱544,228	₱–
Cash equivalents	1,414,100	–
Receivables from:		
Tuition and other fees	1,429,781	337,619
Related parties	1,825	–
Others	62,966	8,770
Short-term investments	120,962	–
Financial assets at FVTPL	9,332	–
Deposits	26,404	–
	₱3,609,598	₱346,389

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

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

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

The Group's debt instruments at amortized cost comprise of cash and cash equivalents, short-term investments, and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

For tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
The aging of tuition and other fees (current and past due accounts) and the ECL as at December 31 follows:

	2023					
		Past Due				
	Current	< 1 quarter	1 – 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	**₱921,968**	**₱51,614**	**₱304,641**	**₱356,567**	**(₱375,312)**	**₱1,259,478**

	2022					
		Past Due				
	Current	< 1 quarter	1 – 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱684,401	₱22,651	₱355,466	₱367,263	(₱337,619)	₱1,092,162

The table below shows the maximum exposure to credit risk of the components of MICO's statements of financial position, net of impairment losses.

	2023	2022
Financial assets at FVTPL		
Listed equity securities:		
Common shares	**190,557,221**	₱236,110,261
Funds	**352,953,664**	434,215,709
Private debt securities	**354,497,418**	389,247,188
Financial assets at FVOCI		
Listed equity securities:		
Common shares	**2,558,547,229**	3,195,207,229
Preferred shares	**92,440**	92,440
Unlisted equity securities:		
Common shares	**492,489,493**	402,798,481
Preferred shares	**17,540**	17,540
Government debt securities:		
Local currency	**898,280,725**	692,210,460
Foreign currency	**306,005,077**	184,349,970
Private debt securities	**1,997,656,275**	1,313,814,520
Investments securities at amortized cost		
Government debt securities:		
Local currency	**2,728,174,415**	2,715,365,369
Foreign currency	**273,643,653**	124,282,199
Private debt securities-net	77,669,485	312,818,547
Cash and cash equivalents	2,588,984,230	2,839,762,280
Short-term investments	2,570,978	3,042,926

(Forward)

	2023	2022
Loans and receivables:		
Long-term commercial papers	**₱1,083,937,899**	₱1,064,692,674
Accounts receivable	**108,501,810**	96,249,059
Notes receivable	**11,564,438**	5,084,603
Security fund	**1,279,554**	909,737
Cash advances	**909,737**	1,279,554
Insurance receivables:		
Due from policyholders, agents and brokers	**6,370,782,100**	6,766,034,190
Due from ceding companies:		
Treaty	**884,377,027**	840,038,005
Facultative	**117,551,909**	87,646,155
Funds held by ceding companies – treaty	**566,050,157**	578,045,132
Reinsurance recoverable on paid losses	**671,444,341**	628,644,560
Accrued income:		
Accrued interest income:		
Investment securities at amortized cost	**41,415,101**	36,596,599
Financial assets at FVOCI	**32,623,534**	21,029,422
Financial assets at FVTPL	**5,493,112**	7,074,405
Long-term commercial papers	**5,832,915**	5,148,718
Funds held by ceding companies – treaty	**654,176**	780,924
Cash and cash equivalents	**225,109**	432,835
Security fund	**145,853**	145,853
Accrued dividend income	**242,125**	768,005
	₱22,725,170,740	₱22,983,935,549

The following table provides information regarding the credit risk exposure of MICO by classifying gross carrying amounts of financial assets according to credit ratings of the counterparties:

	2023				
	Neither past due nor impaired		Past due but	Past due or	
	High Grade	Medium Grade	not impaired	Impaired	Total
Financial assets at FVTPL					
Listed equity securities:					
Common shares	**₱190,557,221**	**₱–**	**₱–**	**₱–**	**190,557,221**
Private debt securities	**265,714,318**	**88,783,100**	–	–	**354,497,418**
Funds	**352,953,664**	–	–	–	**352,953,664**
Financial assets at FVOCI					
Listed equity securities:					
Common shares	**2,558,547,229**	–	–	–	**2,558,547,229**
Preferred shares	**92,440**	–	–	–	**92,440**
Unlisted equity securities:					
Common shares	–	**492,489,493**	–	–	**492,489,493**
Preferred shares	–	**17,540**	–	–	**17,540**
Government debt securities:					
Local currency	**898,280,725**	–	–	–	**898,280,725**
Foreign currency	**306,005,077**	–	–	–	**306,005,077**
Private debt securities	**1,825,554,952**	**172,101,324**	–	–	**1,997,656,275**
(forward)					
Investments securities at amortized cost					
Government debt securities:					
Local currency	**₱2,728,174,008**	**₱–**	**₱–**	**₱–**	**₱2,728,174,008**
Foreign currency	**273,643,635**	–	–	–	**273,643,635**
Private debt securities-net	**77,669,450**	–	–	–	**77,669,450**
Cash and cash equivalents	**2,588,984,230**	–	–	–	**2,591,555,622**
Short-term investments	**2,570,978**	–	–	–	**2,570,978**
Loans and receivables					
Long-term commercial papers	**1,040,635,282**	**43,303,431**	–	–	**1,083,938,713**
Notes receivable	**11,564,438**	–	–	**1,097,877**	**12,662,315**

	2023				
	Neither past due nor impaired		Past due but	Past due or	
	High Grade	Medium Grade	not impaired	Impaired	Total
Accounts receivable	**108,501,810**	–	–	**2,050,610**	**110,552,420**
Cash advances	**978,396**	–	–	–	**978,396**
Security fund	**909,737**	–	–	–	**909,737**
Insurance receivables:	**1,672,517,827**	**1,765,547,835**	**3,028,777,510**	**9,939,525**	**6,476,782,697**
Due from policyholders, agents and brokers					
Due from ceding companies:					
Treaty	**810,121**	**23,860,981**	**861,205,924**	–	**885,877,026**
Facultative	**10,816,674**	**31,869,148**	**79,238,023**	–	**121,923,845**
Funds held by ceding companies – treaty	**86,217**	**198,173,286**	**367,790,654**	–	**566,050,157**
Reinsurance recoverable on paid losses	**20,756,118**	**99,728,484**	**567,396,934**	–	**687,881,536**
Accrued income:					
Accrued interest:					
Financial assets at FVTPL	**5,493,112**	–	–	–	**5,493,112**
Financial assets at FVOCI	**32,623,534**	–	–	–	**32,623,534**
Investment securities at amortized cost	**41,415,101**	–	–	–	**41,415,101**
Long-term commercial papers	**5,832,915**	–	–	–	**5,832,915**
Funds held by ceding companies – treaty	**654,176**	–	–	–	**654,176**
Cash and cash equivalents	**225,109**	–	–	–	**225,109**
Security fund	**145,853**	–	–	–	**145,853**
Dividend income	**242,125**	–	–	–	**242,125**
	₱15,022,956,472	**₱2,915,874,622**	**₱4,904,409,045**	**₱13,088,012**	**₱22,856,328,150**

The credit rating is based on the following:

a) *Cash and cash equivalents, short-term investments and related accrued income*
High grade pertains to those deposited, placed or invested in foreign and local banks belonging to the top banks in the Philippines in terms of resources and profitability, while medium grade pertains to those deposited, placed or invested in thrift banks and rural banks in the Philippines.

b) *Insurance receivables, loans and receivables and accrued rent income*
For insurance receivables, loans and receivables and accrued rent income except due from ceding companies, funds held by ceding companies and long-term commercial papers, the Company uses a credit rating concept based on the borrowers and counterparties' overall creditworthiness. High grade is given to borrowers and counterparties who possess strong to very strong capacity to meet its obligations. Standard grade is given to borrowers and counterparties who possess above average capacity to meet its obligations. These counterparties are somewhat susceptible to adverse changes in business and economic conditions.

For due from ceding companies and funds held by ceding companies from local sources, the Company uses a credit rating concept based on the debt-to-equity ratios of the borrowers and counterparties. High grade is given to borrowers and counterparties with debt-to-equity ratio of less than or equal to 2:1, while medium grade is given to borrowers and counterparties with debt-to-equity ratio of more than 2:1.

For due from ceding companies and funds held by ceding companies from foreign sources, the Company uses Standard & Poor's (S&P) and A.M. Best's credit rating of insurance companies. High grade pertains to insurance companies rated by S&P and A.M. Best as higher than BB+, which means that the insurance company has good to strong financial security characteristics, but may be affected by adverse business conditions. Medium grade pertains to insurance companies that are ungraded and rated by S&P and A.M. Best as lower than BB+, which means that the insurance company has marginal financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.

In compliance with PFRS 9, MICO developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

c) *Equity securities and related accrued income*
Listed equity securities are classified as high grade. Unlisted equity securities are classified as medium grade.

d) *Debt securities, long-term commercial papers and related accrued income*
These are based on the credit ratings by the international rating agency and by Philippine Ratings Services Corporation (Philratings), the only domestic credit rating services in the Philippines accredited by Bangko Sentral ng Pilipinas (BSP) and SEC, in cases where the international rating agency's rating is not available. High grade pertains to investments rated by the rating agency as BBB- and higher, which means that the counterparties have extremely strong to adequate capacity of paying interest and repaying principal, as well as investments in securities issued by the Philippine Government. Medium grade pertains to investments rated as Baa and higher by Philratings, as well as investments rated by the rating agency as BB+ to B- (except Philippine Government Securities). The Company's holdings under this category are rated either BB- by the rating agency (due to sovereign credit rating ceiling) or Aaa by Philratings which is defined by Philratings to mean that the obligor's capacity to meet its financial commitment on the obligation is extremely strong.

e) *Notes receivables*
Receivables from related entities are considered as high grade.

The following tables show the aging analysis of insurance receivables that were past due but not impaired.

	2023			
	<60 days	**61 to 120 days**	**More than 120 days**	**Total Past Due but not Impaired**
Due from ceding companies	**₱19,206,514**	**₱319,021,948**	**₱602,215,485**	**₱940,443,947**
Funds held by ceding companies	**124,067,008**	**101,182,094**	**142,541,552**	**367,790,654**
Reinsurance recoverable for paid losses	**29,778,220**	**(20,439,964)**	**558,058,678**	**567,396,934**
	₱173,051,742	**₱399,764,078**	**₱1,302,815,715**	**₱1,875,631,535**

Past due but not impaired balances have an aging of more than ninety (90) days but less than one year.

The credit quality of insurance receivables and investment securities, gross of allowance for credit losses, as of December 31 follows:

	2023		
	Individual	**Collective**	**Total**
Financial Assets at FVTPL			
High Grade	**₱–**	**₱809,225,203**	**₱809,225,203**
Standard Grade	**–**	**88,783,100**	**88,783,100**
	₱–	**₱898,008,303**	**₱898,008,303**
Financial Assets at FVOCI			
High Grade	**₱–**	**₱5,588,480,423**	**₱5,588,480,423**
Standard Grade	**–**	**664,608,357**	**664,608,357**
	₱–	**₱6,253,088,779**	**₱ 6,253,088,779**

	2023		
	Individual	**Collective**	**Total**
Investment Securities at Amortized Cost			
High Grade	**₱–**	**₱3,079,487,553**	**₱3,079,487,553**
Standard Grade	**–**	**–**	**–**
	₱–	**₱ 3,079,487,553**	**₱3,079,487,553**
Insurance Receivables			
High Grade	**₱–**	**₱1,704,986,957**	**₱1,704,986,957**
Standard Grade	**–**	**2,119,179,734**	**2,119,179,734**
Past due but not impaired	**–**	**4,904,409,045**	**4,904,409,045**
Impaired	**–**	**9,939,525**	**9,939,525**
	₱–	**₱8,738,515,261**	**₱8,738,515,261**

Movements of insurance receivables and investment securities are as follows:

	2023		
	Individual	**Collective**	**Total**
Financial Assets at FVTPL			
Balance as of January 1, 2023	**₱–**	**₱1,059,573,158**	**₱1,059,573,158**
New assets originated	–	353,363,380	353,363,380
Assets derecognized or repaid	–	(486,926,564)	(486,926,564)
Foreign exchange movement	–	(28,001,672)	(28,001,672)
Balance at December 31, 2023	**₱–**	**₱898,008,303**	**₱898,008,303**
Financial Assets at FVOCI			
Balance as of January 1, 2023	**₱–**	**₱5,788,490,640**	**₱5,788,490,640**
New assets originated	–	2,089,568,372	2,089,568,372
Assets derecognized or repaid	–	(1,568,724,747)	(1,568,724,747)
Amortization and foreign exchange movement	–	(56,245,486)	(56,245,486)
Balance at December 31, 2023	**₱–**	**₱6,253,088,779**	**₱6,253,088,779**
Investment Securities at Amortized Cost			
Balance as of January 1, 2023	**₱–**	**₱3,152,466,575**	**₱3,152,466,575**
New assets originated	–	1,036,677,999	1,036,677,999
Assets derecognized or repaid	–	(1,100,039,545)	(1,100,039,545)
Amortization	–	(9,617,476)	(9,617,476)
Balance at December 31, 2023	**₱–**	**₱3,079,487,553**	**₱3,079,487,553**
Insurance Receivables			
Balance as of January 1, 2023	**₱–**	**₱–**	**₱–**
New assets originated	–	–	–
Assets derecognized or repaid	–	–	–
Balance at December 31, 2023	**₱–**	**₱–**	**₱–**

Movements of the allowance for credit losses on insurance receivables and investment securities during the year are as follows:

	2023		
	Individual	**Collective**	**Total**
Financial Assets at FVOCI			
Balance as of January 1, 2023	**₱–**	**₱31,944,246**	**₱ 31,944,246**
New assets originated	–	–	–
Assets derecognized or repaid	–	**(101,969)**	**(101,969)**
Balance at December 31, 2023	**₱–**	**₱31,842,277**	**₱31,842,277**
Investment Securities at Amortized Cost			
Balance as of January 1, 2023	**₱–**	**₱460**	**₱460**
New assets originated	–	–	–
Assets derecognized or repaid	–	–	–
Balance at December 31, 2023	**₱–**	**₱460**	**₱460**
Insurance Receivables			
Balance as of January 1, 2023	**₱–**	**₱128,309,728**	**₱128,309,728**
New assets originated	–	**44,118,290**	**44,118,290**
Assets derecognized or repaid		–	–
Amounts written off	–	**(79,534,884)**	**(79,534,884)**
Balance at December 31, 2023	**₱–**	**₱92,893,134**	**₱92,893,134**

As of December 31, 2023 and 2022, the carrying values of the SLGFI Group's financial instruments represent maximum exposure to credit risk as of reporting date. In 2023 and 2022, all financial assets of the Group are classified as Stage 1 and there were no transfers between stages during the year.

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the Group's credit ratings of counterparties:

	2023			
	Investment Grade	Non-investment grade - Satisfactory	Past due and impaired	Total
Cash and cash equivalents	₱1,467,105,709	₱1,363,700	₱–	₱1,468,469,409
Insurance receivables				
Premiums due and uncollected	–	167,272,832	–	167,272,832
Reinsurance recoverable on paid losses	–	232,670	–	232,670
Financial assets at FVTPL				
Debt securities	4,725,088,555	–	–	4,725,088,555
Seed capital in segregated funds	501,065,822	–	–	501,065,822
Mutual Fund	100,792,453	–	–	100,792,453
Financial assets at FVOCI				
Debt securities	13,991,852,522	–	–	13,991,852,522
Equity securities	1,084,375,674	1,215,000	–	1,085,590,674
Financial assets at amortized cost	233,289,210	–	–	233,289,210
Segregated fund assets				
Cash and cash equivalents	1,229,541,027	–	–	1,229,541,027
Government debt securities	3,346,746,746	–	–	3,346,746,746
Loans and receivables	241,516,054	–	–	241,516,054
Equity securities	26,148,373,959	–	–	26,148,373,959
Structured notes	7,034,108,784	–	–	7,034,108,784
Private peso bonds	2,212,183	–	–	2,212,183
Subscription receivable	–	5,893,515	–	5,893,515
Investment receivable	–	77,396,462	–	77,396,462
Accrued income	87,906,051	–	–	87,906,051
Loans and receivables				
Due from related parties and GEM trust	2,474,625	8,914,403	1,984,442	13,373,470
Due from agents	–	3,102,079	–	3,102,079
Policy loans	560,415,719	–	–	560,415,719
Held in trust	25,226,387	–	–	25,226,387
Others	70,345,990	21,545,095	3,051,973	94,943,058
Accrued income	347,522,733	–	–	347,522,733
Other assets – refundable deposits	–	43,638,852	–	43,638,852
	₱61,199,960,203	₱330,574,608	₱5,036,415	₱61,535,571,226

Investment grade financial assets are assets which have strong capacity to meet the Group's financial commitments and are unsusceptible to adverse effects of changes in economic conditions.

Non-investment grade financial assets are assets which are vulnerable to impairment due to the assets' significant speculative characteristics. Adverse economic conditions will likely impair non-investment grade financial assets.

Cash and cash equivalents are substantially deposited to a related party commercial bank in good financial standing and covered by the standard deposit insurance. As part of Group policy, bank deposits are only maintained with reputable financial institutions.

Financial assets at FVTPL consist of unquoted debt securities, investments in seed capital and mutual funds. Financial assets at FVOCI consist mostly of government bonds while others are private local corporations issued debt and equity securities.

Loans and receivables are composed significantly of loan to policyholders which are 100% secured by earned cash values, net of outstanding premiums and due from cedants.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or Group of counterparty, and to geographical and line of risk segments. The policy of the Group is to deal only with creditworthy counterparties.

The Group has allowance for impairment losses for its loans receivables which are already past due amounting to ₱5.04 million and ₱6.04 million as of December 31, 2023 and 2022, respectively.

The Group conducts a periodic review of allowance for impairment losses based on the corresponding age of past due accounts, payment behaviour, credit capacity and length of relationship with the counterparty.

The Group did not have any significant concentration of credit risk with a single counterparty or group of counterparties, geographical and industry segments as of December 31, 2023 and 2022.

f. Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

MICO's principal transactions are carried out in Philippine Peso and its exposure to foreign exchange risk arises primarily with respect to US Dollar and Euro. In addition, MICO enters into non-deliverable forward contracts to hedge its exposure on foreign currency exchange risks.

The tables below summarize the Company's exposure to foreign currency exchange rate risks by categorizing financial assets and liabilities by major currencies.

	2023				
	Philippine Peso	US Dollar	Euro	Others	Total
Financial assets at FVTPL					
Listed equity securities:					
Common shares	**₱11,608,050**	**₱178,949,171**	**₱–**	**₱–**	**₱190,557,221**
Private debt securities		**326,942,434**		**27,554,984**	**354,497,418**
Funds	**183,708,301**	**136,166,662**	**6,866,806**	**26,211,895**	**352,953,664**
Financial assets at FVOCI					
Listed equity securities:					
Common shares	**2,407,151,002**	**113,873,853**	**4,917,997**	**32,604,377**	**2,558,547,229**
Preferred shares	**92,440**	–	–	–	**92,440**
Unlisted equity securities:					
Common shares	**492,489,493**	–	–	–	**492,489,493**
Preferred shares	**17,540**	–	–	–	**17,540**
Government debt securities:					
Local currency	**898,280,725**	–	–	–	**898,280,725**
Foreign currency	–	**306,005,077**	–	–	**306,005,077**
Private debt securities	–	**1,997,656,275**	–	–	**1,997,656,275**
Investments securities at amortized cost					
Government debt securities:					
Local currency	**2,728,174,008**	–	–	–	**2,728,174,008**
Foreign currency	–	**273,643,635**	–	–	**273,643,635**
Private debt securities-net	–	**77,669,450**	–	–	**77,669,450**
Cash and cash equivalents	**1,611,806,197**	**962,950,116**		**14,227,917**	**2,588,984,230**
Short-term investments	**2,570,978**	–	–	–	**2,570,978**
Insurance receivables – net	**6,002,071,737**	**2,620,357,851**	**3,267,580**	–	**19,924,959**
Loans and receivables	**1,611,806,197**	**962,950,116**		**14,227,917**	**2,588,984,230**
Long-term commercial papers	**1,083,937,899**	–	–	–	**1,083,937,899**
Accounts receivable	**108,501,810**	–	–	–	**108,501,810**
Notes receivable	**11,564,438**	–	–	–	**11,564,438**
Cash advances	**978,396**	–	–	–	**978,396**
Security fund	**909,737**	–	–	–	**909,737**
Accrued interest:					
Financial assets at FVTPL	–	**4,864,516**	–	**628,596**	**5,493,112**
Financial assets at FVOCI	**3,294,683**	**29,328,851**	–	–	**32,623,534**
Investment securities at amortized cost	**36,811,020**	**4,604,081**	–	–	**41,415,101**
Long-term commercial papers	**5,832,915**	–	–	–	**5,832,915**
Funds held by ceding companies – treaty	**3,896**	**650,280**	–	–	**654,176**
Cash and cash equivalents	**179,333**	**45,776**			
Security fund	**145,853**	–	–	–	**145,853**
Accrued dividend income	**242,125**	–	–	–	**242,125**
Total Financial Assets	**15,590,372,576**	**7,033,708,028**	**15,052,383**	**101,227,769**	**14,134,363,438**
Insurance payables:					
Due to reinsurers and ceding companies	**1,900,233,413**	**1,415,695,743**	–	**35,311,888**	**3,351,241,044**
Funds held for reinsurers	**1,395,785,814**	–	–	–	**1,395,785,814**
Accounts payable, accrued expenses and other liabilities:					
Accounts payable	**896,717,399**	–	–	–	**896,717,399**
Commissions payable	**1,118,775,995**	–	–	–	**1,118,775,995**
Accrued expenses	**145,829,471**	–	–	–	**145,829,471**
Surety deposits	**147,840,753**	–	–	–	**147,840,753**
Others	**37,297,610**	–	–	–	**37,297,610**
Lease contract liabilities	**32,002,022**	–	–	–	**32,002,022**
Total Financial Liabilities	**₱5,674,482,477**	**₱1,415,695,743**	**₱–**	**₱35,311,888**	**₱7,125,490,108**

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, euro and other currency exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the foreign exchange rate).

Currency	Change in rate	**Impact on income before tax increase (decrease) 2023**	Change in rate	Impact on income before tax increase (decrease) 2022
US Dollar	**+5%**	**₱186,258,858**	+5%	₱204,671,198
	-5%	**(186,258,858)**	-5%	(204,671,198)
Euro	**+5%**	**734,925**	+5%	694,129
	-5%	**(734,925)**	-5%	(694,129)
Others*	**+5%**	**4,331,503**	+5%	3,817,901
	-5%	**(4,331,503)**	-5%	(3,817,901)

**Others include Australian dollar, Canadian dollar, Japanese yen, Hong Kong dollar, British pound, Swiss franc, Indonesian rupiah, Singaporean dollar, Swedish krona, Norwegian krone, Danish krone, and New Zealand dollar*

The following table shows the details of the SLGFI Group's foreign currency denominated monetary assets and liabilities and their Philippine Peso equivalents.

	2023*	
	US$	**PHP**
Assets		
Cash and cash equivalents	**$3,973,547**	**₱220,015,308**
Financial assets	**41,843,318**	**2,316,864,518**
Accrued income	**918,365**	**50,849,870**
	46,735,230	**2,587,729,696**
Liabilities		
Legal policy reserves	**19,210,273**	**1,063,672,816**
Premium deposit fund	**3,959,670**	**219,246,928**
	23,169,943	**1,282,919,744**
	$23,565,287	**₱1,304,809,952**

** The exchange rate used in 2023 was ₱55.37 to US$1.*

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on income before income tax (due to changes in fair value of currency sensitive monetary assets and liabilities). There is no other impact on the Group's equity other than those already affecting the statement of income.

	Currency	**Change in variable**	**Impact on income before income tax**
2023	**USD**	**+4.42%**	**(57,711,388)**
	USD	**-4.42%**	**57,711,388**
2022	USD	+3.06	(₱36,850,262)
	USD	-3.06	36,850,262

Reasonably possible movements in foreign exchange rates are computed based on average percentage changes in the PDEx closing rate for the past 3 years.

43. **Changes in Liabilities Arising from Financing Activities**

2023

	January 1, 2022	**Net cash flows**	**Non-cash movement**	**December 31, 2023**
Loans payable (Note 19)	**₱8,217,000,000**	**(₱845,857,979)**	**(₱3,400,000,000)**	**₱3,971,142,021**
Long-term debt (Note 20)	**9,031,523,279**	**615,007,701**	**(4,766,185,810)**	**4,880,345,170**
Lease liabilities (Note 14)	**1,378,830,278**	**(149,706,182)**	**(621,140,794)**	**607,983,302**
	₱18,627,353,557	**(₱380,556,460)**	**(₱8,787,326,604)**	**₱9,459,470,493**

2022

	January 1, 2022	Net cash flows	Non-cash movement	December 31, 2022
Loans payable (Note 19)	₱5,706,469,178	₱2,510,530,822	₱–	₱8,217,000,000
Long-term debt (Note 20)	10,137,862,990	(1,106,339,711)	–	9,031,523,279
Lease liabilities (Note 14)	1,115,360,254	(38,966,647)	302,436,671	1,378,830,278
	₱16,959,692,422	₱1,365,224,464	₱302,436,671	₱18,627,353,557

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code (SRC) Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for the purpose of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

The Group is not required to disclose the financial assets in equity securities as the equity investments at fair value through other comprehensive income (FVOCI) amounting ₱650.64 million do not constitute 5% or more of the total noncurrent assets of the Group as at December 31, 2022.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

As at December 31, 2022, the Group has no receivable above ₱1 million or 1% of the total assets, whichever is lower from directors, officers, employees, and principal stockholders (other than related parties).

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Below is the schedule of receivables with subsidiaries, which are eliminated in the consolidated financial statements as at December 31, 2022:

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Balance at end of year
Landev Corporation					
Due from affiliates	₱3,571,667	₱4,307,691	(₱3,571,667)	₱–	**₱4,307,691**
Dividends receivable	49,999,850	47,999,940	(49,999,850)	–	**47,999,940**
	53,571,517	52,307,631	(53,571,517)	–	**52,307,631**
Greyhounds Security and Investigation Agency Corporation					
Due from affiliates	765,532	5,759,404	(4,808,432)	–	**1,716,504**
Dividends receivable	17,999,064	–	(17,999,064)	–	–
	18,764,596	5,759,404	(22,807,496)	–	**1,716,504**
Investment Managers, Inc.					
Due from affiliates	4,894,281	171,932	–	–	**5,066,213**
iPeople, inc. and subsidiaries					
Due from affiliates	13,488,728	100,014,084	(89,370,564)	–	**24,132,248**
Dividends receivable	–	80,310,571	(80,310,571)	–	–
	13,488,728	180,324,655	(89,370,564)	–	**24,132,248**
EEI Corporation and subsidiaries					
Due from affiliates	2,400,000	10,500,437	(11,002,696)	–	**1,897,741**
La Funeraria Paz Sucat, Inc					
Due from affiliates	433,328	6,699,794	(5,389,703)	–	**1,743,419**
Dividends receivable	–	10,000,000	(10,000,000)	–	–
	433,328	16,699,794	(15,389,703)	–	**1,743,419**
Zambowood Realty and Development Corp					
Due from affiliates	15,743	2,158	(17,901)	–	–
Dividends receivable	277,098	–	(277,098)	–	–
	4,342	288,499	–	–	–
Xamdu Motors, Inc.					
Due from affiliates	15,328	905	(16,233)	–	–
Zamboanga Carriers, Inc					
Due from affiliates	18,630	2,179	(17,916)	–	**2,893**
Dividends receivable	–	–	–	–	–
	18,630	2,179	(17,916)	–	**2,893**

(Forward)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Balance at end of year
Hexagon Lounge, Inc.					
Due from affiliates	₱55,370	₱–	(₱55,370)	₱–	₱–
San Lorenzo Ruiz Investment Holdings and Services, Inc.					
Due from affiliates	1,472,602	6,006,856	(6,683,422)	–	**796,036**
Secon Professional					
Due from affiliates	89,911	43,999	(90,697)	–	**43,213**
ATYC, Inc.					
Due from affiliates	–	6,892,921	(853,561)		**6,039,360**
HI Cars, Inc. (formerly Honda Cars Kalookan Inc.)					
Due from affiliates	1,016,415	818,070	(749,482)	–	**1,085,003**
	₱96,225,048	₱279,817,282	(₱200,608,657)	₱–	**₱94,830,261**

These receivables are non-interest bearing and are expected to be settled within the next twelve (12) months.

Schedule D. Intangible Asset - Other Noncurrent Assets
As at December 31, 2022, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of EEI, IPO and MESI. Details of the Group's intangible assets are as follows:

Description	Balance at beginning of year	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Balance at end of year
Goodwill	₱484,829,719	₱–	₱–	₱–	₱–	₱484,829,719
Intellectual property rights	523,103,000	–	(32,220,936)	–	–	490,882,064
Student relationship	43,761,227	–	(33,002,141)	–	–	10,759,086
Computer software	27,336,914	17,403,328	(13,284,216)	–	–	31,456,026
	₱1,079,030,860	₱17,403,328	(₱78,507,293)	₱–	₱–	₱1,017,926,895

Schedule E. Long-term Debt
Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
MCM Peso-denominated ten (10) year term loan, payable in 20 equal quarterly payments which will to start at the end of 21st quarter from the initial drawdown date. Interest is subject to quarterly repricing	₱1,497,017,619	₱1,497,017,619	₱–
NTC Peso-denominated seven (10) year term loan, payable in 28 quarterly payments starting May 2022 with interest subject to annual repricing based on higher of 5.5% or prevailing 1-year rate pluss interest spread	358,998,600	24,430,200	334,568,400
EEI Floating-rate corporate promissory notes with effective interest of 3.5000%, 3.2500% and 3.4200% per annum for three years (3) years	4,607,632,881	3,153,445,912	1,454,186,969
BIOTECH JP Yen-denominated five (5) year, four and half (4.5) year term and ten (10) year term loan, with interest rate of 0.05% per annum, 0.30% per annum and 2.975% per annum, respectively	₱158,552,929	₱39,871,329	₱118,681,600
ATYC Peso-denominated promissory note payable on or before September 30, 2025 together with annual interest of 6.04% due every anniversary of the note starting September 30, 2023 until the note is fully paid.	2,409,321,250	–	2,409,321,250
	₱9,031,523,279	₱4,714,765,060	₱4,316,758,219

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
As at December 31, 2022, the Group has Peso-denominated promissory note with a related party amounting to ₱2.4 billion that is payable on or before September 30, 2025 together with annual interest of 6.04% due every anniversary of the note starting September 30, 2023 until the note is fully paid.

Schedule G. Guarantees of Securities of Other Issuers
There are no guarantees of securities of other issuing entities by the Group as at December 31, 2022.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares held by related parties	Directors, Officers and Employees	Others
Common shares	1,250,000,000	776,465,281	574,655,552	2,368,580	199,441,149
Preferred shares	2,500,000,000	–	–	–	–

SGV
Building a better
working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
House of Investments, Inc.
9th Floor, Grepalife Building
221 Sen. Gil J. Puyat Avenue
Makati City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of House of Investments, Inc. and its Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Lloyd S Chua
Lloyd Kenneth S. Chua
Partner
CPA Certificate No. 109688
Tax Identification No. 223-270-891
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-115-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079919, January 5, 2024, Makati City

April 29, 2024

HOUSE OF INVESTMENTS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		Amount
Unappropriated retained earnings, beginning		₱1,419,741,924
Add (Category A): Items that are directly credited to unappropriated retained earnings		–
Reversal of Retained Earnings appropriation/s		–
Effect of restatements of prior-period adjustments		–
Others (sale of FVOCI shares)		37,772,927
		1,457,514,851
Less (Category B): Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		(38,823,264)
Retained Earnings appropriated during the period		(1,700,000,000)
Effect of restatements of prior-period adjustments		–
Others (describe nature)		–
Unappropriated retained earnings as adjusted, beginning		(281,308,413)
Net income for the year		1,426,905,278
Less (Category C.1): Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–
Add (Category C.2): Unrealized income recognized in the profit or loss during the reporting period (net of tax)		

		Amount
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain on investment property	–	
Other realized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–
Add (Category C.3): Unrealized income recognized in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain on investment property	–	
Reversal of other unrealized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted Net Income/Loss		1,145,596,865
Add (Category D): Non-actual losses recognized in the profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add/Less (Category E): Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of the reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others (describe nature)	–	
Subtotal		–

		Amount
Add/Less (Category F): Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction	(103,492)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		(103,492)
Total Retained Earnings, end of the reporting period available for dividend		₱1,145,493,373

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS OF DECEMBER 31, 2023 AND 2022

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023 and 2022:

Financial ratios		2023	2022
Current ratio	Current assets / Current liabilities	0.92:1	0.92:1
Solvency ratio	Net income plus depreciation / Total liabilities	0.10:1	0.10:1
Debt to equity ratio	Total liabilities / Total equity	0.82:1	0.82:1
Asset-to-equity ratio	Total assets / Total equity	1.82:1	1.82:1
Interest rate coverage	EBIT* / Interest expense	3.75:1	3.75:1
Return on assets	Net income / Average total assets	2.82%	2.82%
Return on equity	Net income / Average total equity	5.23%	5.23%

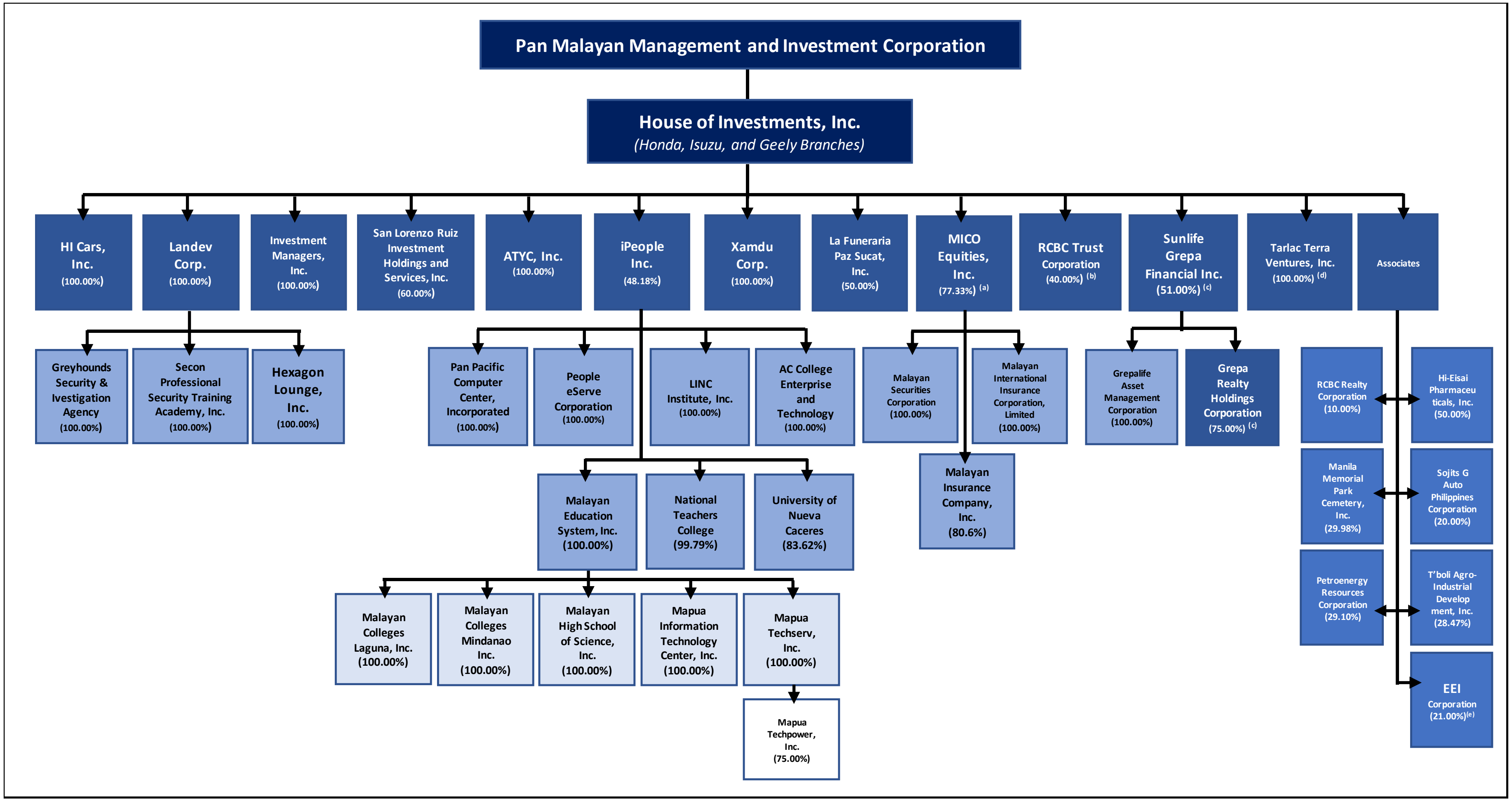
**Earnings before interest and taxes (EBIT)*

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of December 31, 2023:



House of Investments, Inc.
Sustainability Report
December 31,2023

Contextual Information

Company Details	
Name of Organization	House of Investments Inc.
Location of Headquarters	9th floor, Grepalife Building, Gil Puyat Ave, Makati City
Location of Operations	With operations in Luzon, Visayas, and Mindanao
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Report includes information from the following subsidiaries: 1. iPeople Inc. a. Malayan Education System, Inc. (Operating under the name Mapua University) – 1 school with 2 campuses (Mapua) b. Mapua Malayan Colleges Laguna, Inc. (MMCL) c. Mapua Malayan Colleges Mindanao, Inc (MMCM). d. Malayan High School of Science, Inc. (MHSS) e. University of Nueva Caceres (UNC) f. National Teachers College (NTC) which includes Affordable Private Education Center, Inc. (Operating Under the Name APEC Schools) – 1 school with 14 branches (APEC) 2. Landev Corporation a. Greyhounds Security and Investigation Corporation b. SECON Professional Training Academy 3. RCBC Realty Corporation 4. ATYC, Inc. 5. San Lorenzo Ruiz Investment Holdings and Services, Inc. 6. Hi-Eisai Pharmaceutical, Inc. 7. PetroEnergy Resources Corporation a. PetroGreen Energy Corporation i. Maibarara Geothermal Inc. ii. PetroWind Energy Inc. iii. PetroSolar Corporation 8. HI Cars, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	House of Investments, Inc. (HI), an investment holding and management company, acquires, organizes, invests, and divests in various relevant corporate institutions and industries. HI provides an investment opportunity by raising funds from various sources to acquire entire businesses, take majority or significant minority control, and/or enter into joint ventures. HI aims to continue to build and grow a portfolio of strategically diversified and sustainable investments relevant to nation-building, mindful of its environmental, economic, social, and governance responsibilities.

	The Company's core business focus is organized into four segments, namely: Financial Services, Property and Property Services, Education, and Automotive. The Company's portfolio investments are in Energy, Health Care, Death Care, and Construction. For Sustainability Reporting, the company will include its energy and healthcare portfolio investments. Financial Services HI owns a majority stake in MICO Equities, Inc., an investment holding company which owns the Malayan Insurance Company, Inc., one of the leading non-life insurance companies in the Philippines. HI owns a majority stake in Sun Life Grepa Financial, Inc., a joint venture with Sun Life Financial (Philippines). a top player in the life insurance market. HI owns a significant stake in RCBC Trust Corporation, a stand-alone trust corporation from the spin-off from RCBC's trust operations. Education HI owns a significant stake in iPeople, Inc. (PSE:IPO). iPeople (IPO) is the holding company under HI and the Yuchengco Group of Companies (YGC) that drives investments in the education sector. iPeople, Inc. (IPO) provides quality and accessible education to students from kindergarten to post-graduate across all income segments. IPO through its subsidiary schools, aims to promote research and innovation that addresses the concerns of communities and solve problems of industries. IPO also aims to become one of the best in the fields of Science, Technology, Engineering, and Mathematics (STEM) and leverage on the strength of its subsidiary schools in STEM, Outcomes-Based Education (OBE), distance learning, and cost-effective EdTech. https://ipeople.com.ph/home/our-company/corporate-profile/ Property and Property Services HI wholly owns ATYC, Inc., which provides real estate services. ATYC, Inc. is the owner of A.T. Yuchengco Centre, a 34-storey tower located at the heart of Bonifacio Global City in Taguig. HI wholly owns Tarlac Terra Ventures, Inc. which owns a 185-hectare property located in Central Techno Park in Luisita Industrial Park. HI owns a majority stake in Grepa Realty Holdings, Inc. which owns Grepalife Building in Sen. Gil Puyat Avenue and other properties in the Philippines.

	HI owns a majority stake in San Lorenzo Ruiz Investment Holdings and Services, Inc., which shall provide real estate services upon the completion of the construction of its 28-storey office building along Sen. Gil Puyat Avenue in Makati. HI owns a minority stake in RCBC Realty Corporation, which provides real estate services. RCBC Realty Corporation is the owner of RCBC Plaza. House of Investments wholly owns Landev Corporation, which is primarily engaged in project, property and facilities management. It also provides security services through its subsidiary Greyhounds Security and investigation Agency Corp. Automotive HI owns and operates car dealerships under the Honda, Isuzu and Geely brands. HI's Honda dealerships are in Quezon Avenue, Manila, and Greenhills, and one service center in Tandang Sora. The Isuzu dealerships are in Manila, Commonwealth and Leyte. HI Geely dealership is in Manila. HI holds a minority stake in Sojitz G Auto Philippines (SGAP), the distributor of Geely cars in the Philippines. SGAP owns and operates the Geely dealerships in North Edsa, the flagship dealer, and in Makati. Energy HI has investments in the energy sector through its stake in PetroEnergy Resources Corporation (PSE:PERC) and EEI Power Corporation, a wholly-owned subsidiary of EEI. PetroEnergy is a publicly listed Philippine energy company founded in 1994 to undertake upstream oil exploration and development. Since then, it has diversified into renewable energy and power generation. PetroEnergy, through its renewable energy arm, PetroGreen Energy Corporation (PGEC), has investments in the following joint venture companies: PetroSolar Corporation, PetroWind Energy, Inc., and Maibarara Geothermal Inc. Health Care HI-Eisai Pharmaceutical, Inc. is a joint venture with the Eisai Company of Japan. HI-Eisai imports pharmaceuticals from Japan which it sells in the Philippine market through established drug distributors. HI-Eisai has distinguished itself in the Philippines as the human healthcare corporation that markets high quality and innovative pharmaceutical products. Death Care HI owns material stakes in both Manila Memorial Park Cemetery, Inc. and La Funeraria Paz-Sucat, Inc.

	Manila Memorial Park is the first company to introduce the memorial park concept in the Philippines and is the largest memorial park developer. It owns and operates memorial parks and columbaries in Parañaque, Quezon City, Bulacan, Cavite, Laguna, Cebu, and Davao. La Funeraria Paz-Sucat, Inc. provides mortuary services, internment, and cremation services. Its mortuary houses 26 well-designed modern chapels with spacious accommodations. Construction HI owns a minority stake in EEI Corporation (PSE:EEI). EEI is one of the largest Philippine construction and general contracting firms. EEI also has international operations spanning from the Kingdom of Saudi Arabia and Asia. It is a market leader in the domestic construction and contracting sector. It also has a fabrication shop in Batangas. https://hoi.com.ph/home/our-business/
Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	Ruth C. Francisco SVP - Chief Risk Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

The HI Group Senior Management and representatives from each of the divisions underwent several trainings and workshops to enhance their capability to assess the company's material non-financial aspects, while finding opportunities where the company can contribute to sustainable development through its core business. The steps undertaken are summarized as follows:

a. Understanding the Sustainability Context: This step provided an overview of key societal challenges we are currently facing to provide better context in identifying which sustainability topics are material to the company, but also those that are material to society at large. This encouraged the Company to think beyond financial performance and explore how their core business can contribute to addressing these key societal challenges.

b. Identifying material topics: An initial list of material topics was put together by the HI Group Senior Management and validated through group discussions with sustainability point persons per division, including middle management. Discussions were also made with key officers who have regular touch points with stakeholders to inform the materiality with common stakeholder issues and expectations. In finalizing the material topics, we used the guide questions in the memorandum:

    a. Is it a key capital/risk/opportunity?
    b. Do our key business activities impact the sustainability topic?
    c. Do our major suppliers contribute significant impacts to this topic?

  d. Do our products and services contribute significant impacts to the topic?
  e. Is there a trend that points to a great likelihood that this topic will become material in the future?

c. Defining Performance Metrics and Management Approach: For each material topic we identified, we defined key metrics that effectively measure our performance on such topics. We used the GRI reporting standards as reference. We also identified management approaches that are already in place or those we think should be put in place to improve our performance on these sustainability areas.

The UN Sustainable Development Goals (SDGs) was used as a guideline to identify the Company's societal, environmental, and economic impact and value creation.

Economic

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct Economic Value Generated (Revenue)	11,594,719,641	PhP
Direct Economic Value Distributed	9,878,354,674	PhP
Operating Costs	6,887,570,014	PhP
Employee Wages and Benefits	1,936,789,964	PhP
Payments to Providers of Capital	525,779,116	PhP
Taxes to Government	323,544,343	PhP
Community Investments	204,671,236	PhP
Economic value retained	1,716,364,967	PhP

Direct economic value generated, retained, and distributed include the economic impacts of all subsidiaries of HI Group, including subsidiaries that are outside the scope of this report.

Direct Economic Value

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The economic impacts of HI are a result of its business activities. The scale of the impact will increase or decrease according to the scale of the business of HI and its subsidiaries. Our contribution to increasing the economic activity in the areas where we operate is based on how we flow economic value to various stakeholders such as government, suppliers, employees, local communities, and investors. The extent of employment opportunities we create through our businesses and through our suppliers is also affected by our business performance and success. Similarly, how we deploy our products and services in the education, property and property services, automotive, energy, and healthcare, and construction business segments also contribute in significant ways to economic growth and overall nation-building.

In 2023, HI Group generated PhP11,594,719,641 of direct economic value impact, 85% of which was distributed among the various stakeholders and the balance of 15% was retained for liquidity and investments purposes. The economic value generated for the year posted an increase of 9.40% against the prior year. The growth is mainly attributed to the increase in the value generated from the full operations of the property and property services segment. The education and automotive segments have also contributed to the increase in the value generated for the year. The growth can be attributed to the resumption of normal business operations. The losses and the divestment in the construction business, however, has negatively impacted the economic performance of the HI Group.

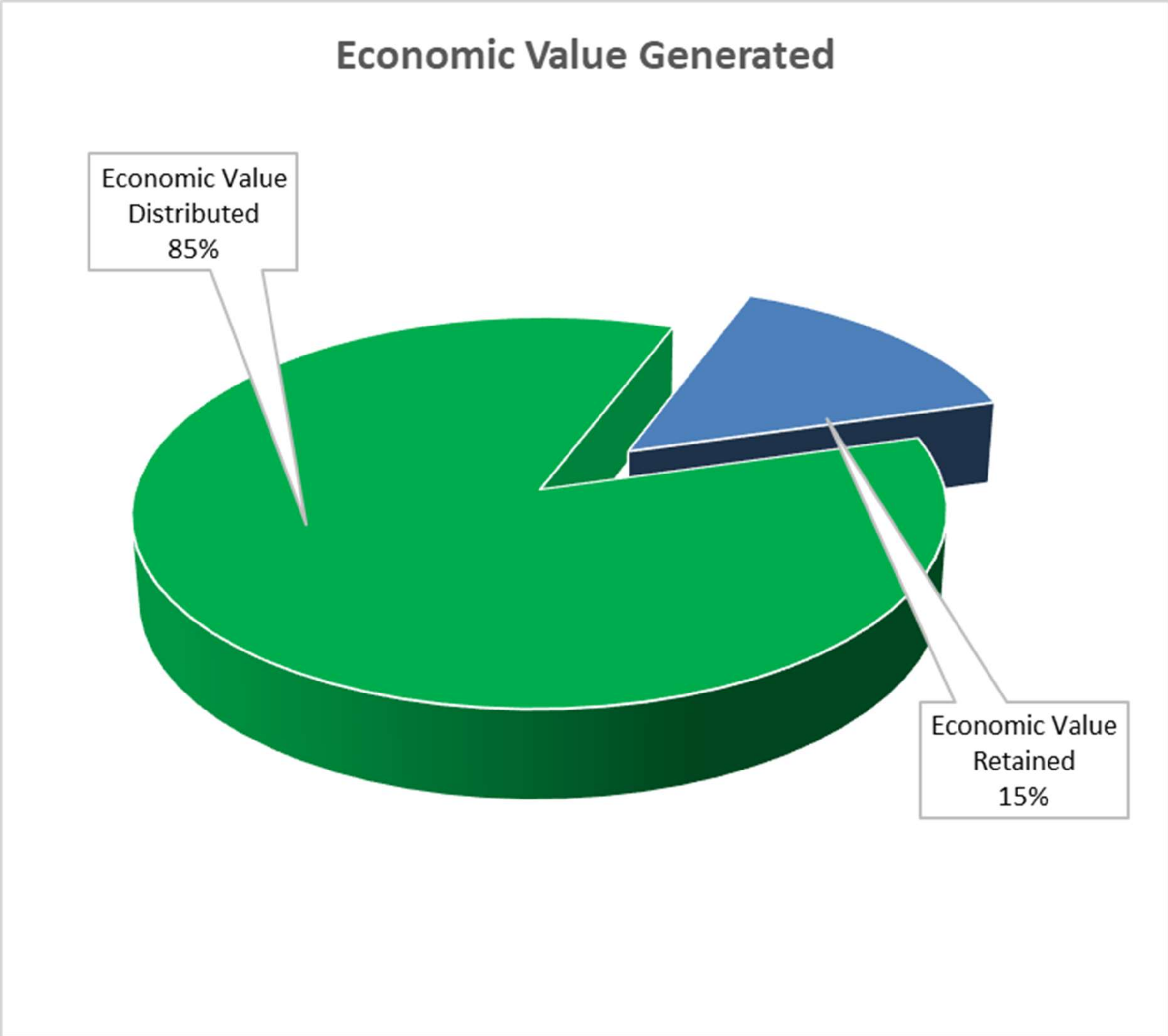


Figure 1. HI Economic Value Generated. HI distributed 85% of direct economic value generated and retained 15%.

The economic value distributed representing 85% of the value generated flowed back to the economy. Operating costs and expenses paid to various suppliers accounted for 70% of the economic value distributed while employees' wages and benefits had a 20% share. The remaining 10% was distributed to the providers of capital, the government, and to community investments.

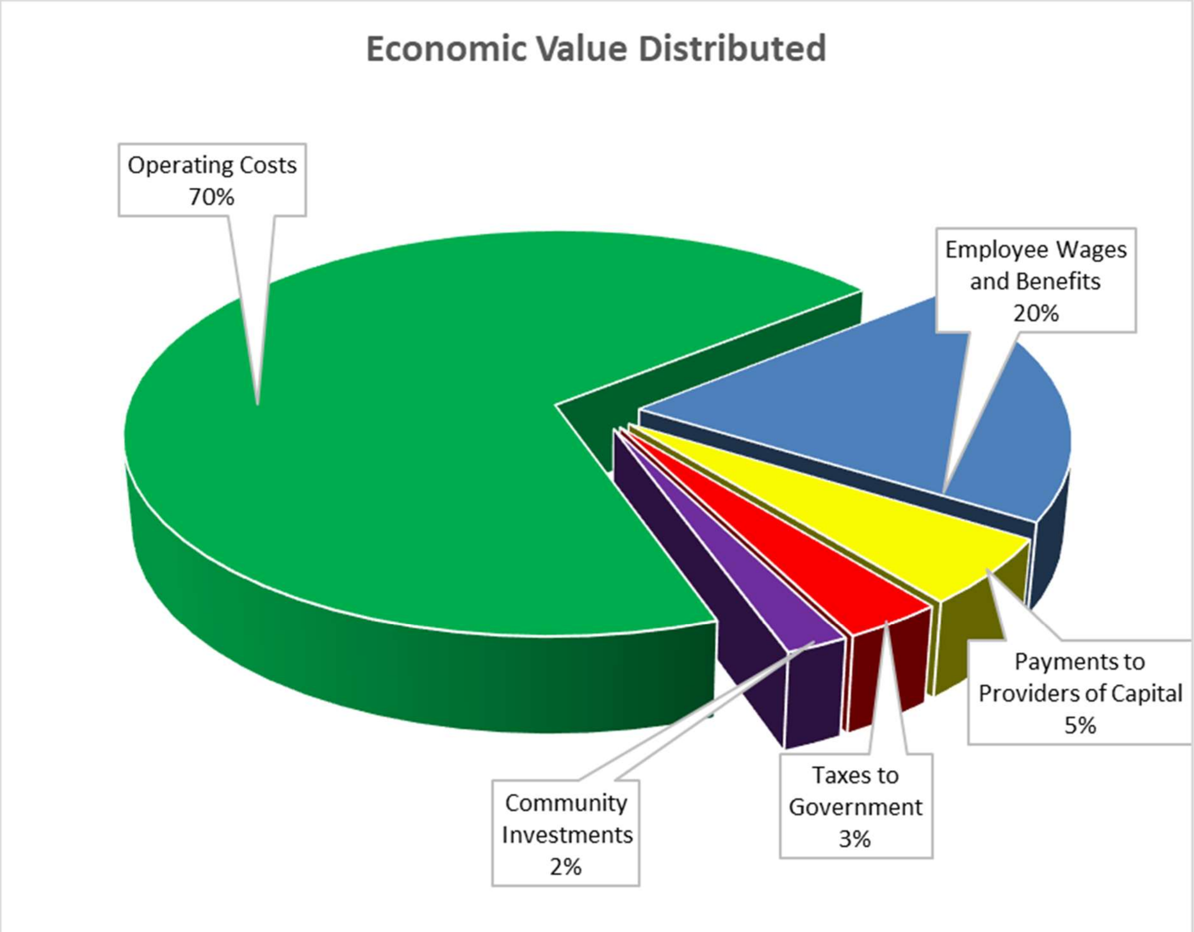


Figure 2. HI Economic Value Distributed. The operating costs accounted for 70% of the economic value distributed while employee wages and benefits accounted for 20%.

HI reviews and conducts a group-wide risk assessment periodically, monitors the identified risks to ensure that these are current and regularly taken into account. The Company's reputation is closely tied to the performance and reputation of its subsidiaries. Negative publicity or poor performance by the subsidiaries may possibly damage the Company's reputation which may impact stakeholder confidence, future business opportunities, and its economic value. The HI senior management participates in the Group's strategic planning, management, and operational meetings to ensure the alignment of the subsidiaries with the parent company.

Discussion on Opportunities
HI and its relevant subsidiaries continue to explore opportunities to increase its direct economic impact. These include creating and growing a portfolio of strategically diversified and sustainable investments relevant to nation-building, supportive of the environmental and social goals, increasing funding from investors, and forging new partnerships. HI aims to lead in sustainability across our core business sectors, aligning our business operations with the broader goal of creating a sustainable and ethical global business environment.

With the recent entry to the financial services segment through the acquisitions of and investments made in the life, non-life, and trust businesses, HI expects to grow significantly its direct economic impact. In addition, the renewable energy and property management sectors continue to be a growth space for HI. Capitalizing on the efficient management of the challenges of the pandemic in the education business segment, the Group is looking for more opportunities to expand its programs, offering more and fully online undergraduate, post-graduate and certification programs while delivering on its promise of providing quality education and preparing the youth for the future.

Climate-related risks and opportunities

The climate-related risks are covered by the risk management process and are being discussed by HI's Board Risk Oversight Committee (BROC). HI does not yet have a complete working plan for addressing climate-related risks. The Company is developing a system to understand the impact on its businesses including the vulnerabilities at different climate change scenarios to be able to fully disclose on this. The Company will be working on the plan to be able to possibly disclose in 2024.

Governance – Disclose the organization's governance around climate-related risks and opportunities

1. Describe the board's oversight of climate-related risks and opportunities
   HI has a Board Risk Oversight Committee (BROC), an extension of the full Board of Directors, which meets every quarter to discuss key risks and opportunities of the company. One of the BROCs main roles is to review management's effectiveness in managing risks. The BROC also provides direction and guidance on how the company will not only respond to risks, but also take advantage of opportunities. Efforts towards meeting sustainability initiatives are communicated to the BROC.
2. Describe management's role in assessing and managing climate- related risks and opportunities
   The company has a Risk Management Council (RMC) composed of the top management. It meets every quarter to discuss the top risks and opportunities of company and strategies needed to manage such risks. The RMC is also tasked to execute the direction set by the BROC regarding strategic risks and opportunities. The HI Sustainability Team, a cross-functional team, is responsible for driving and managing the sustainability strategies. The Company has identified a champion for each of the sustainability pillars environment, social, governance, and economic. The top risks will be expanded to include ESG and climate change risks.

Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

1. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term
   Climate change has increased the severity of extreme weather events like stronger typhoons, floods, storm surges, droughts, fires, and others. Such phenomena impact business, industry, and employee safety and well-being. HI Group has policies and procedures in place to protect its businesses and employees. The Group is committed to address risks that may cause disruptions to its operations. Measures are put in place to mitigate the risks as provided for in the Group's crisis management and business continuity plans and disaster risk management program.
2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.
   The Company and its subsidiaries acknowledge the existence of climate change and its intensifying effect. The risks identified include the following: cancellation of classes; work stoppage in affected projects, offices, and service centers; and destruction of properties where there is an extreme weather event.
   The Group has identified the following opportunities: investment in renewable power or clean energy (like solar power farms and wind power); development of capabilities to design and build structures for flood mitigation (like flood gates) and enhancement of capabilities to perform green construction (like LEED certified) for the property and property services group; fully online delivery of classes for the education group; and digitization of processes across the

entire group, among others.

As awareness of climate change risk increases throughout HI, additional risks and opportunities identified and required funding (if necessary), are being integrated in the operations of the Group. The group of companies also have insurances and business continuity programs for managing the effects of these perils to the business units. The Group maintains and continues to invest in information technology and digitalization to improve further the Group's ability to provide services remotely and meet stakeholders' expectations.

3. Describe the resilience of the organization's strategy, taking into consideration different climate - related scenarios including a 2°C or lower scenario

   HI Group just started to embark on sustainability initiatives a few years back, focusing on promoting awareness among its stakeholders. Awareness continues to grow, including the need to commit to ongoing reduction of environmental impacts. The HI Group is committed to doing its part in limiting a global rise in temperature to under 2° by 2030. The Company is putting together the system to understand our vulnerabilities at different climate change scenarios and is working to disclose possibly in 2024. HI has rolled-out its enterprise sustainability management framework which provides the structure in implementing and integrating sustainability into business strategies and organizational activities. The sustainability framework complements the risk management process aimed at addressing ESG risks and opportunities, which includes the climate-related risks. As risk and sustainability are becoming increasingly important issues for businesses, HI has embarked on the digitalization of the risk and sustainability management processes. The digitalization will allow the Group to manage risks and sustainability more efficiently, providing deeper insights into emerging risks and sustainability performance due to real-time insights and make more informed decisions. Once the system is in place, the Company will establish an environmental plan, anchored on the 2°C scenario. The plan will include the metrics to be used, outline strategies to be implemented, and provide for constant feedback to determine if HI Group is on track in meeting key targets. Adjustments will be made to ensure the HI Group will be able to meet its commitment.

Risk Management – Disclose how the organization identifies, assesses, and manages climate-related risks

1. Describe the organization's processes for identifying and assessing climate- related risk

   The functional managers and their respective staff, as the risk owners, are responsible for identifying, assessing, and managing the climate-related risks inherent to their functions and operations. The Company has a Risk Management Council (RMC), composed of executive management, which meets periodically to discuss the key risks and opportunities, as well as the necessary strategies to manage the identified risks. The key risks are reported to the Board Risk Oversight Committee (BROC) for review and appropriate guidance. HI conducts group risk reviews, where applicable or as necessary, to allow for benchmarking and comparison providing insights into industry norms, risk management practices, and potential areas for improvement within the company.

2. Describe the organization's processes for managing climate- related risks

   Managing climate-related risks follow the HI risk management process. Risk Management, in coordination of the risk owners identify climate change risk areas and present to the RMC for discussion and strategic implementation. These identified risks are presented at the quarterly RMC and BROC meetings for review, clarification and guidance. The recent creation of the Sustainability Team, a cross-functional team, provides further support in developing and implementing sustainability strategies to ensuring that the organization meets its sustainability goals. HI ensures that the Group are aligned and continue to comply with the environment-related goals and commitments.

3. Describe how processes for identifying, assessing, and managing climate-related risks are

integrated into the organization's overall risk management
Climate-related risk assessment is imbedded into the enterprise risk management process. The impact of the identified risks to the organization's environmental, social, governance, and economic objectives is being assessed. Measures are undertaken to address the probability of happening and/or its impact. The identified climate-related risks are included in the periodic risk reviews, both at the Management and Board levels where appropriate. The risk champion for environment-related risks assists in monitoring and managing the risks.

Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
   HI will identify and decide on the metrics to be used to assess and manage relevant climate-related risks, opportunities, and climate change impact in 2024. The Company acknowledges that without metrics to track progress and measure impact, it would be difficult to ascertain if the sustainability initiatives are making a difference. The investment made in the digitalization of the risk and sustainability management will improve further the data collection and analysis, providing better insights into the impacts of climate change on business operations and strategy. Key metrics to be considered include greenhouse gas emissions, carbon intensity, renewal energy use, waste and material usage, and relevant social impact, among others.
2. Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets
   HI aims to set top-level sustainability-related objectives and performance targets in 2024 as it implements the enterprise sustainability framework and manages ESG and climate- related risks. The digitalization of the risk and sustainability management processes will facilitate the process.

Procurement Practices

Proportion of spending on local suppliers
Local suppliers are suppliers with operations in the Philippines.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	97	%

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI contributes to nation-building by purchasing from local suppliers whenever possible. Depending largely on local suppliers, spending of 97% its total purchases, HI directly impacts the suppliers' own chain and their employees. The objective of HI's procurement process is to purchase goods and services efficiently and effectively while promoting fairness in dealings with the its suppliers and service providers. The Company continuously review, improve, and enforce procurement policies and procedures to ensure that all business units and suppliers are compliant with principles under the YGC Code of Business Conduct and Ethics and the HI Code of Conduct, including but not limited to Conflicts of Interest, Related Party Transactions, among others. All vendors are vetted and screened. The Procurement Department also performs vendor management, strategic sourcing of repetitive items, management of big-ticket purchases, enterprise spend analysis, and procurement risk management. HI continues to strengthen vendor accreditation and performance evaluation. The main risk in procurement is the possibility that the necessary goods and services are not available at the time these are required which may lead to higher costs of acquisition. The risk is being managed by strictly monitoring budgetary requirements and forging bulk purchase agreements with the suppliers when necessary. Another risk is the inability of vendors to comply with the accreditation requirements of the company. This is being addressed by working closely with the vendors in assessing their practices and documentations against the accreditation requirements, providing assistance to implement corrective actions, if any.

Discussion on Opportunities

While the preference to purchase from local suppliers whenever possible is being practiced, there is no formal policy nor target metric for this. With the growth initiatives of HI, there is an opportunity to expand the support for local suppliers by developing new vendors and service providers, accessing new markets, and building resilience along the supply chain. HI will continue to work on procurement initiatives supportive of the UN sustainable goals.

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 (1)	52	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to (1)	87	%
Percentage of directors and management that have received anti-corruption training (1)	63	%
Percentage of employees that have received anti-corruption training (1)	17	%

(1) Simple average across the following units: Property Management Services, Education, Automotive, Energy

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption (1)	0	Number
Number of incidents in which employees were dismissed or disciplined for corruption (1)	0	Number
Number of incidents when contracts with business partners were terminated due to incidents of corruption (1)	0	Number

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI abides by the highest ethical and legal standards set by the Yuchengco Group of Companies (YGC). The YGC Code of Business Conduct and Ethics ("Code") implicitly prohibits any form of corruption. HI employees are required to strictly abide by the Code. The Code is further supported by a Whistleblower Policy.

The HI Group has zero tolerance for any form of corruption, fraud, and dishonesty. As such, anti-corruption protocols, and procedures, and training covers all employees, from directors to rank-and-file. Any incidence of corruption within HI's ranks and operations has serious ramifications on the Company's reputation, our employees' morale, and the trust of our suppliers, as well as the legal sanctions imposed by the government and other regulatory bodies. Corruption also dilutes the Company's direct economic impact. HI Group employees are made aware of the Company's anti-corruption policies, such as the YGC Code of Business Conduct and Ethics, HI Code of Conduct, Related Party Transactions, Conflict of Interest, Insider Trading, and Whistleblower Policy. All employees are briefed on these policies upon onboarding. Employees also review these policies annually and sign affirmations that they have read and will abide by these policies.

HI communicates its anti-corruption policies and procedures to external partners via the Group's Supplier Accreditation Policy. All potential and current suppliers must abide by the Accreditation Policy, which requires suppliers to declare relatives and friends employed within HI and its subsidiaries and affiliates. The subsidiaries have their own specific anti-corruption policies that support the overall YGC policies.

Discussion on Opportunities

The HI Group continue to strengthen the anti-corruption policies and procedures as applicable in its operations. Anti-corruption and related policies are rolled out group-wide for strict implementation and compliance. The Company has implemented a vendor performance evaluation process to ensure continued compliance with relevant laws and regulations, adopting ethics of highest standard and degree of integrity in providing optimum value to the stakeholders. HI will continue to raise stakeholders' awareness on anti-corruption, its societal impact, and promote commitment to ethical business conduct. This will eventually contribute to a more transparent, accountable, and corruption-free environment that benefits not only the company, its stakeholders, but the society as a whole.

Environment

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable resources)	666,870	GJ
Energy consumption (gasoline)	12,227	GJ
Energy consumption (diesel)	42,952	GJ
Energy consumption (total electricity)	859,743	GJ

Reference for gigajoules conversion: Biomass Energy Data Book which refers to GREET, The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation Model, GREET 1.8d.1, developed by Argonne National Laboratory, Argonne, IL, released August 26, 2010.

Disclosure	2022 Quantity	2023 Quantity	Units	Increase (Decrease)	% Change
Energy consumption (renewable resources)		666,870	GJ	666,870	
Energy consumption (gasoline)	10,671	12,227	GJ	1,556	15%
Energy consumption (diesel)	4,136	42,952	GJ	38,817	939%
Energy consumption (total electricity)	96,341	859,743	GJ	763,402	792%

The energy consumption increased in 2023 compared to 2022 mainly due to the full operations of the property and property services, the normalization of business onsite operations, and business growth. The education division's consumption significantly increased as a result of the resumption of the full face to face classes and in campus activities and service delivery. Working on site has resumed, with limited work from home arrangement, contributing to the increased consumption.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The property and property services segment is the major energy consumer due to its full operations during the year. The Company's property managers are responsible for implementing energy efficiency measures within their controlled areas. HI Group continue to raise awareness on energy conservation and in establishing systems and processes to improve energy efficiency and usage, including replacement of lighting fixtures to more efficient models, replacement of chillers for centralized air conditioning, and/or optimization of operating hours of equipment to reduce electricity consumption. Heavy energy users are more vulnerable to supply interruptions, disruption in power supply can disrupt operations leading to potential losses in economic value. Changes in environmental regulations may impact the company operations, exposing the company to reputational risks related to sustainability and environmental responsibility.

Discussion on Opportunities
While the Group has yet to implement and determine a formal energy reduction target, there is a group-wide implementation of energy saving policies and programs like the use of energy efficient lights and appliances, initiating systems and processes to improve energy efficiency and usage, and promoting awareness on energy conservation. As an initiative to utilize clean energy and support the use of renewable power, the Company has expanded its service offerings for the installation of solar rooftop systems to qualified business enterprises such as commercial and industrial facilities, including residential customers. In 2023, HI has contracted with a provider of clean, renewable energy, resulting to lower costs and greenhouse gas emissions for the property segment. HI will be expanding the coverage of the use of clean, renewable energy. The transition to renewal energy, diversifying energy sources presents an opportunity for HI to support its sustainability goals and an opportunity to address climate change and create a cleaner and more resilient community.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	424,612	Cubic meter
Water consumption	415,146	Cubic meter
Water recycled and reused	12,293	Cubic meter

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Water consumption within the HI Group occurs at the holding company level and each subsidiary's operations. The energy, property, and education divisions were the major water consumers during the year due to the requirements of the property services and power plants operations.

In general, water withdrawal for HI is through district utilities. The exception is the energy division whose power plants withdraw water from the local aquifer via deep wells. These deep wells have the necessary government permits. Water withdrawal in energy division is monitored using water meters. The maximum amount of water allowed to be withdrawn from the aquifer is set by the permit. The related risks of water consumption are from over-extraction which may lead to ground subsidence and the competition with the local community for the water resource which may lead to negative community relations.

The main risk associated with water consumption is running out of water. Water shortages result in disruption of operations and increased cost due to having additional water delivered to the sites via tanker trucks. Water shortage can be addressed by issuing advisories to consumers on how to conserve and reduce water consumption. The Company continue to implement various programs and activities such as reducing watering of plants, and quickly fixing leaks or other defects. Water reduction initiatives such as regular preventive maintenance, installation of low-flow fixtures, and usage of rainwater collection systems were already in place which contributed to the reduction in consumption.

Both Mapua and MCM collect rainwater for use such as cleaning and watering plants.

Discussion on Opportunities
The Group continues to implement a water conservation program and will set a target for water consumption reduction within the group as applicable to its operations. The energy division will continue to coordinate and assist in the management of watershed areas where it operates like the Makiling Forest Reserve and the Bamban watershed. For future power plant projects, the Company will consider the installation of rain harvesters as a means to save water. The Group may explore opportunities implementing water-efficient technologies and collaborating with stakeholders to optimize water use throughout the value chain.

Materials used by the organization

Disclosure	Quantity	Units
Renewable		
Paper	9,315	Ream
Packaging materials	1	Ton
Non- renewable	0	Kilogram/Liters
Percentage of recycled input materials used to manufacture the organization's primary products and service	0	%

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
As with other environmental disclosures, materials use within HI is based on the nature of each subsidiary's business. The major material used by the Company is paper. The HI Group consumes paper for its operational requirements. The Company ensures that there is proper management of inventory and proper evaluation and assessment to avoid wastage and promote efficient use of resources. The quantity of materials used per year is dependent on the business requirements. The health care division repackages medicines imported into smaller cartons and blister foils for retail sale and was the major user of packaging materials.

As a matter of policy and part of the normal business operation, materials consumption is strictly monitored. The Group is cognizant of the need to reduce materials usage considering its impact to the environment and the corresponding incremental cost to its operations. Estimated materials consumption is based on the historical consumption and expected operational requirements for the year. Deviations of actual and/or requested consumption from the trend and estimated requirements are reported and discussed accordingly. The materials usage is strictly controlled with the implementation of an inventory management across the Group.

Discussion on Opportunities
HI Group continuously look for opportunities to automate and digitize where applicable with the end objective of reducing its materials consumption resulting to cost savings, increased efficiency and positive environment impact. HI will reduce its paper usage by leveraging on technology, digitalizing key business functions and units, promoting paperless practices.

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	• Maibarara Geothermal Power Project in Sto. Tomas, Batangas	Power plant
	• Nabas Wind Power Project in Nabas-Malay, Aklan	
Habitats protected or restored	• Maibarara: 1 hectare through tree planting activity	Hectare
	• Nabas: 7.14 hectares through tree planting activity	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	Refer to tables below	

Maibarara Geothermal Power Project
Flora: Seven species are listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants) as either vulnerable or critically endangered species (See table below). All the seven threatened species are trees.

Threatened Species recorded in the study area	Common name	Conservation status
Artocarpus blancoi	Antipolo	Vulnerable
Celtis luzonica	Magabuyo	Vulnerable
Drynaria quercifolia	Pakpak lawin	Vulnerable
Koordersiondendron pinnatum	Amugis	Vulnerable
Macaranga grandifolia	Takip asin	Vulnerable
Parashorea malaanonan	Bagtikan	Critically endangered
Pterocarpus indicus	Narra	Critically endangered

Fauna: No threatened species listed in the IUCN Red List and CITES List were recorded in the study area. Most of the recorded species are common and wide in distribution.

Nabas Wind Power Project

Flora: Only one (1) species is listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants): narra (Pterocarpus indicus)

Fauna Seven (7) species are listed in the IUCN Red List and CITES. This means that hunting and trade of these species are strictly prohibited and is punishable by law under RA 9147 or the Philippine Wildlife Act of 1995.

Threatened Species recorded in the study area	Common name	Conservation status
Sus cebifrons	Visayan Warty Pig	Critically Endangered
Macaca fascicularis	Long-tailed macaque	CITES App. II
Prionailurus bengalensis	Leopard Cat	CITES II
Spilornis cheela	Crested Serpent Eagle	CITES II
Haliastur indus	Brahminy kite	CITES II
Varanus salvator	Water monitor lizard	CITES II
Malayopython reticulatus	Reticulated python	CITES II

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
HI has two facilities located adjacent to protected areas and areas of high biodiversity value: Maibarara Geothermal Power Project (MGPP), adjacent to Mount Makiling Forest Reserve (MMFR), and Nabas Wind Power Project (NWPP), adjacent to Northwest Panay Peninsula Natural Park (NPPNP). The MMFR covers 4,244 hectares and is under the jurisdiction of the University of the Philippines-Los Baños (UPLB). The NPPNP covers 12,009 hectares and is under the jurisdiction of the Northwest Panay Biodiversity Management Council (NPBMC).

Renewable energy power plants impact biodiversity and the ecosystem. The impact, however, is inherently lower than operating fossil fuel power plants. Other environmental risks include possible changes in surrounding landscapes during the construction process, bird strikes on wind turbine towers during operations, among others. The Company uses technological measures and cooperation with the local community to reduce the impact to biodiversity and ecosystems. Bird strikes are mitigated through DTBird, a shutdown-on-demand technology that was installed in the wind turbines to minimize bird mortality. This system consists of several modules including the detection, dissuasion, stoppage, and collision control when the presence of birds is detected near the turbines. As important, prior to development, the environmental impact assessment study revealed that the wind farm's project site is not a path for migratory birds.

Further, the Company take steps to be good partners with the protected area management agencies and with the local communities. MGPP has an ongoing Memorandum of Understanding (MOU) with UPLB to protect the Makiling Forest through tree planting and the allocation of support funds. The project funded the construction of two (2) watchtowers inside the MMFR to help in the protection and conservation of the area. The towers, similar to a lookout tower, serve as a forest station of MMFR forest guards so they can patrol the area against illegal activities, such as cutting of trees, slash and burn farming, etc.

MGPP also promotes habitat protection, which includes maintenance and protection of trees planted during the years 2015 to 2017. Planting and maintenance of the flowering fire trees (Delonix regia) along the boundary of MMFR is covered by MOA between MGI and LGU of Sto. Tomas, Batangas in accordance with the policies of UPLB -College of Forestry and Natural Resources (UPLB-CFNR) which has jurisdiction over the area. The nearby communities were tapped for the tree planting activities, as well as the maintenance and protection of planted trees inside the MMFR.

NWPP staff partner with the local communities for an annual tree planting activity with continuous monitoring, protection, and maintenance of the planted trees. Information Education Campaign (IEC) on biodiversity and wildlife and forest protection for the host community are likewise conducted.

Discussion on Opportunities
The wind farm has been identified as a potential ecotourism site. The Company is constructing a viewing deck to promote and enhance the ecotourism features of the wind farm. It is also looking forward to developing an ecotourism plan with the local government units and local communities, alongside the on-going construction of the view deck. The planned ecotourism development aims to increase awareness in environment protection and to provide additional sources of income for the local government and communities.

Environmental impact management
Air Emissions
GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions1	244	Tons CO2e
Energy indirect (Scope 2) GHG Emissions2	8,756	Tons CO2e
Emissions of ozone-depleting substances (ODS)	-	Tons

1 Scope 1 emissions calculated using Greenhouse Gas Protocol calculation tools: https://ghgprotocol.org/calculation-tools
2 Scope 2 emissions calculated using Grid Emissions Factors (GEFs) provided by the Department of Energy (DOE): https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef

Air pollutants

Disclosure	Quantity	Units
NOx	737	Ug/Ncm
SOx	Not applicable	Ug/Ncm
Persistent organic pollutants (POPs)	Not applicable	kg
Volatile organic compounds (VOCs)	Not applicable	kg
Hazardous air pollutants (HAPs)	Not applicable	Ug/Ncm
Particulate matter (PM)	Not applicable	Ug/Ncm

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Majority of the air emissions is from the education division due to its extensive use of electricity in the school operations. The increase in energy consumption was due to the resumption of face-to-face classes and normal onsite operations. As a developer and operator of renewable energy power plants, the energy division emits much less air pollutants compared to power plants using fossil fuel. The Company's major source of air pollutants during operations is the MGPP. The NWPP and TSPP do not emit air pollutants during operations. The energy division also does not use ozone-depleting substances in its operations. While air pollutants are greenhouse gases that contribute to global warming and climate change, it has also potential risk to impact the health and well-being of the employees and other stakeholders.

Discussion on Opportunities
HI Group ensures compliance with environmental laws, regulations, standards, and other requirements such as permits to operate. The relevant business segments will continue to monitor emissions and ensure compliance with the standards set by regulatory agencies. For 2024, HI aims to integrate approaches into its processes and identify opportunities across all its divisions. The education division, through research and innovation, can help find solutions to reduce air pollution. The Company will look into and study available applicable technologies and process improvements that could help reduce air pollutants. HI also endeavors to diversify its energy source and transition to clean energy, enhance waste management.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	1,137,576	kg
Reusable	98,965	kg
Recyclable	589,076	kg
Composted	44,406	kg
Incinerated	849	kg
Residuals/Landfilled	386,560	kg

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Solid waste is a risk to both human health and the environment as a whole. Improper disposal of solid waste can lead to the spread of diseases and the release of harmful substances into the environment. It also opens the company to legal and financial repercussions. Major sources of solid waste include the property and property services, education, and energy divisions. The Company follows certain procedures in generating, storing, transporting, or disposing of its waste. The Company also acquired the services of hazardous waste contractors, which are all accredited by the Department of Energy and Natural Resources and other government agencies, ensure wastes are properly managed to avoid fines or environmental liability. These contractors are evaluated annually to guarantee efficient waste disposal management.

The waste generated by the Group consists of domestic waste, such as food waste, plastics, packaging, and others. Recyclable materials such as PET bottles, papers, and cans generated are donated to the local community within the place of business for the barangay livelihood program. The power plants are able to either compost or reuse food and garden waste and can also generate recyclable waste such as scrap tires, PET bottles, and cans. Residual wastes are disposed through DENR-accredited domestic waste haulers.

Discussion on Opportunities
HI aims to continuously reduce the generated amount of waste by initiating and taking advantage of the various reuse, exchange, recycling, or donation opportunities available. The energy division is considering to implement more projects focused on upscaling wastes to be converted into more useful materials. The Company will also look at expanding the eco-brick project to involve more stakeholders. Another project under study is the provision of mobile libraries converted from a container van. These and other recycling initiatives will be more formalized and monitored.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	88,726	kg
Total weight of hazardous waste transported	80,268	kg

Main types of hazardous wastes produced are used oil, lead acid batteries, fluorescent bulbs, chemical wastes, and empty containers previously containing hazardous chemicals.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Hazardous waste is a serious risk to human health and safety and the environment as a whole. Risks include accidental spills, deliberate releases into the environment, improper storage, and improper disposal. These risks, if unmanaged, will lead to injuries, potential fatalities, severe pollution of the environment, and potential death of flora and fauna. It also opens the business unit to legal and financial repercussions. The main source of hazardous waste within the HI Group are the energy and automotive divisions. The Group complies with all regulations regarding hazardous waste handling, storage, transport, and treatment/disposal are observed. Personnel handling these wastes are given the appropriate training and personal protective equipment (PPE). The wastes are stored in a secured, onsite hazardous waste storage room. Treatment/disposal is done by DENR-accredited hazardous waste haulers and treaters. Records are kept via the Certificate of Treatment provided by these treaters.

Used oil from the wind and geothermal power plants are disposed in partnership with Bantay Langis, the used oil recycling program of ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI). The energy division donates the monetary value of the used oil to ALKFI, which goes to the Foundation's environmental protection programs.

Discussion on Opportunities
HI may extend the partnership with ALKFI for hazardous waste to other projects. Current protocols, procedures, and technologies used may also be assessed to see if there are ways to minimize the generation of hazardous waste. An onsite audit of hazardous waste treaters' facilities may also be conducted to ensure that the hazardous wastes are treated properly. For 2024, HI aims to integrate approaches into its processes and identify opportunities across all its divisions.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	30,493	Cubic meter
Percent of wastewater recycled %	4.77	%

1 Data from Energy, Education, and Property only
2 MMCM has wastewater recycling (with own STP)

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Improper wastewater discharge has a negative effect on the environment through pollution, increased sedimentation, and potentially spreading diseases. It also opens the company to legal and financial repercussions. Among HI's business units, the property segment has the highest volume of monitored wastewater discharge. The Group ensures full compliance with RA 9275: The Philippine Clean Water Act and DAO 2016-08 Water Quality Guidelines and General Effluent Standards. The Group's facilities are either connected to a centralized sewage treatment facility or have their own sewage treatment plants (STP) or septic tanks in compliance with DENR requirements on wastewater discharge. Currently, only Mapua Malayan Colleges Mindanao (MMCM) operates its own STP. The STP has a Discharge Permit, and wastewater parameters are monitored and complied with in accordance with the permit requirements. This is accomplished through regular monitoring and preventive maintenance. MMCM uses the treated wastewater for watering the landscape. This solution is also being adopted in the new Mapua campus in Makati. The power plants of the energy division generate domestic wastewater. The wastewater goes through a three-chambered septic tank with concrete flooring. Once full, the septic tank is siphoned by an accredited third-party contractor for proper disposal. The building where the head office is located also has its own septic tank. In addition to effluents, MGPP also monitors the water quality of the brine used in its turbines.

Discussion on Opportunities
HI will continue to research on and study available technologies that may help in managing water discharges. The Company will also continue to ensure compliance with regulatory obligations and ensure that any water discharge will not harm the environment and surrounding communities. For 2024, HI aims to integrate approaches into its processes and identify opportunities across all its divisions.

Environmental compliance

Non-compliance with Environmental Laws and Regulation

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	Number
No. of cases resolved through dispute resolution mechanism	0	Number

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
HI Group prioritizes compliance with all environmental laws applicable to the Company's operations. Any non-compliance has regulatory risk, resulting in fines and/or sanctions which would disrupt the company's operations. HI business units, where applicable, have onsite Pollution Control Officers to oversee environmental compliance and are responsible for ensuring compliance with environmental laws and regulations.

Discussion on Opportunities
HI ensures compliance with all environmental laws applicable to the Group's operations and continues to minimize environmental violations by constantly improving its policies and practices. The Group monitors issuances of regulatory agencies and organizations relevant to its operations to be able to anticipate and adapt to potential changes. Violations are evaluated and necessary corrective measures are immediately implemented to ensure non-recurrence.

Social

Employee Management
Employee Hiring and Benefits
Employee data

Disclosure	Quantity	Units
Total number of employees	4,322	Number
Number of female employees	1,742	Number
Number of male employees	2,580	Number
Attrition rate	13.35	Rate
Ratio of lowest paid employee against minimum wage	1 : 1	Ratio

1 Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year. May also be considered as Labor Turnover.
2 Ratio is presented as follows: salary of lowest-paid employee : minimum wage
3 The minimum wage per locality was applied in calculating the ratio.

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	67%	81%
PhilHealth	Y	72%	87%
Pag-ibig	Y	66%	81%
Parental leaves	Y	27%	13%
Vacation leaves	Y	71%	70%
Sick leaves	Y	33%	28%
Medical benefits (aside from PhilHealth)	Y	61%	59%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	2%	3%
Further education support	Y	6%	4%
Company stock options	N		
Telecommuting	Y	58%	53%
Flexible-working Hours	Y	67%	67%

Housing assistance (aside from Pag-ibig) Health Care
Telecommuting except Health Care, Property Services

The Group is compliant with and provides all government-mandated benefits to all covered employees. In addition, the Group provides medical benefits aside from PhilHealth in the form of health maintenance organization plan or medical insurance to its covered employees. The Group likewise promote continuing education by providing further education support by way of scholarships and/or discounts. The health care division provide housing assistance aside from Pag-ibig to its covered employees.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
The HI Group overall offers competitive wages, though specific rates will differ between the divisions, partly influenced by industry standards. As a conglomerate, the success of its employees will lead to the success and satisfaction of its clients. Risks due to employee attrition and wages include increased expenses in the recruitment and training of new employees, and the possibility of not being able to fill-up vacated positions which may lead to operations disruptions and below standard delivery of products and services resulting to customer dissatisfaction and revenue loss.

The Group recognizes that remuneration is an essential concern of employees. Thus, the divisions ensure that employees receive salaries commensurate with the value of the work they provide. HI Group identified opportunities to improve employee hiring and retention through matching benefits with market demands and improved training programs. Across the HI Group, the divisions ensure that employees receive government-mandated benefits. In addition, the divisions may provide varying benefits and incentives to their respective employees considering the nature of its operations.

The education division hire the most temporary employees due the nature of its operations and the delivery of its learning services. The number of employees needed is dependent on the student population in the education division. The property management services and energy divisions are male dominated, having higher number of male employees than female employees which is likewise inherent to its operational requirements. To mitigate the potential risks of the gender imbalance, all employees are informed of the Sexual Harassment Policy, which identifies unacceptable behavior and policies and procedures to be followed in case of harassment.

Attrition rates are division-dependent. Highest attrition rates during the year were recorded in the parent company, property, and the health care divisions. This is due to the high competition among companies in these respective industries for competent and trained employees. To manage attrition rates, the HR Departments focus on hiring the right talent and attitude, offering competitive compensation package, observing work-life balance, and healthy working environment. Upon voluntary separation from the divisions, employees are also interviewed by HR to determine the causes for the separation. This information is studied and used by HR as the basis for steps to take in the future.

The ratio of the lowest-paid employee's salary against minimum wage is also division-dependent because of the different operations and hiring requirements per division. However, all members of the HI Group follow all labor laws, including laws on minimum wage.

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	1,011,586	Hour
Female employees	493,590	Hour
Male employees	517,996	Hour
Average training hours provided to employees	59.68	Hour/employee
Female employees	48.27	Hour/employee
Male employees	74.10	Hour/employee

1 Training hours from the following divisions: Automotive, Property and Property Services, Energy, Education, Health Care, HI Parent. Includes training hours for both permanent and temporary employees.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
The education division has provided the most total number of trainings and average training hours to its employees, most of which are technology-related aimed at improving the online or remote delivery of classes and services. In addition to the internal and external trainings provided to promote career and professional growth, the education division supports and invests in further education of the relevant employees. The education division provide opportunities for training, certifications, and attendance in seminars and conferences to upgrade employee skills. Faculty members are given opportunities for further study and research; incentives for publication; and support for paper presentations both local and international. This initiative builds the competencies required to sustain the standard of education and services committed to the stakeholders.

The Group's training program is anchored on the Company's goals and business plans. It is designed based on the training needs analysis (TNA) conducted by HR and the employees' department head. It is important to carry out a proper training needs assessment to determine the kind of training employees need to make sure that they are confident and competent in completing the assigned function. Where applicable, an individual development plan is developed for the employees. Key risks associated with inadequately trained employees include poor customer service, lower organizational productivity, and increased attrition and turnover which may significantly impact the reputation of the Group.

Discussion on Opportunities
Advocating continuing education to sustain the high level of standards for its products and services, the HI Group continue to invest and provide the necessary trainings to its employees and ensure that the necessary skills and competencies are acquired to meet the requirements of the organization. The Group will continue to enhance the learning delivery which may include cross-posting and e-learning, effectively identify and improve career gaps reviews and designing more effective training programs for the employees.

Labor management relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements		
Education	15	%
Health Care	100	%

Percentages based on permanent employees. Temporary employees are not eligible as members of the unions.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
HI companies respect employee rights to freedom of association and collective bargaining. The companies ensure that platforms for grievances are well-established and communicated to our employees. Proper dialogues with the appropriate management representatives and employees are conducted to address their concerns. The divisions with collective bargaining agreements endeavor to comply with the provisions of the agreement and regularly conduct labor-management meetings

promoting transparency and communication for a healthy, positive labor relations. Risks due to negative relations may impact the operations like work stoppage or strike, financial risk due to low productivity, and reputation or loss of confidence in the organization by its stakeholders. Unresolved issues with the union may lead to unfair labor practice, which may be grounds for filing administrative, civil, or criminal cases.

Discussion on Opportunities
To ensure that there is a fair and transparent resolution of all union-related issues, the respective divisions will continue the regular engagement discussions with the unions to thresh out labor related issues before they become full-blown labor cases. The engagement discussions may also be used as avenues to eventually agree on the policies that would be beneficial to both management and the employees and to ensure that good relations between the union and the company is maintained.

Diversity and equal opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	40.31	%
% of male workers in the workforce	59.69	%
Number of employees from indigenous communities and/or vulnerable sector*	3	Number

Vulnerable sector includes, elderly, persons 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).

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
The HI companies value diversity by observing non-discriminatory practices in the hiring process, and instead focusing on the capabilities of potential employees. This allows the Group to reduce risks associated with lack of diversity, including unwanted limitations in perspective that can affect effective product and service development and highly-informed decision making. Promoting diversity can also help manage risks to brand and reputation.

The variance in the overall male-to-female ratio of HI Group, which includes both the total of permanent and temporary employees, is due to the property management services, automotive, and energy segments which are male dominated.

Discussion on Opportunities
Although HI Group companies conduct non-discriminatory practices in hiring, there are opportunities to increase female participation in traditionally male-dominated fields and vice-versa, which can positively impact brand and reputation and organizational perspectives. The lens of diversity also presents an opportunity for the HI Group to determine which diversity categories, beyond gender, are meaningful to their respective industry and local context.

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	4,632,570	Man-hours
No. of work-related injuries	79	Number
No. of work-related fatalities	0	Number
No. of work related ill-health	26	Number
No. of safety drills	5	Number

Safe manhours” is defined as total number of continuous working hours since the last safety-related incident. This count resets to zero if an accident occurs. “Total manhours” is defined as Total Working Hours less Lost Time due to accident or other safety-related incidents.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The HI Group has a strong safety culture, complying with the rules and regulations on occupational health and safety (OHS) standards. The relevant divisions have a well-established OHS mechanism applicable to their respective businesses that includes safety procedures, training, and safety drills. The Group realizes the importance of ensuring the welfare and safety of its employees, in addition to potential reputational risk implications of worker accidents and fatalities.

The property and automotive division have the highest exposure to employee health and safety risks within the Group due to the nature of its operations and the projects it pursues. To manage these risks, the division employs a fully staffed and competent Safety Department that ensures safe working practices are employed in all of its projects. Moreover, safety violations are closely monitored and met with appropriate disciplinary actions to contain this risk. In addition to compliance with policies and procedures on workplace conditions, labor standards, and human rights, employees are given appropriate OSH Training.

The education division also has a significant exposure to health and safety risks, both to the employees and students. In 2023, IPO schools continued to implement their respective Health and Safety Protocols based on IATF, CHED, DOH and DTI regulations and ensuring that there is strict compliance cross all the schools. Health and safety reminders and bulletins on COVID 19 are also regularly communicated school-wide through postings in their websites, emails, and social media.

Discussion on Opportunities

The Group will continue to cultivate the culture of health and safety across its operations. The Company will work continuously with other OHS practitioners to enable a sharing of best practices in OHS. Further, HI will monitor updates in relevant regulations to ensure compliance.

The education division is evaluating its health and safety protocols to ensure that such protocols cover all circumstances that may affect the health and safety of its employees and students, particularly in the event of calamities, natural disasters, and pandemic events. This includes the possibility of having regular structural audits to monitor and ensure the structural health of school buildings and other structures within the schools’ campuses, and regular review and audit of the schools health and safety protocols which cover pandemic events such as the COVID pandemic.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	Number

The Group is compliant with labor laws and human rights, having no reported violations.

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Disclosure	Y/N	If Yes, cite reference in the company policy
Forced labor	N	Not explicitly indicated in policies but compliant with labor laws and human rights
Child labor	N	
Human Rights	Y	Employee Manual

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
As a member of the YGC, HI Group abides by the YGC Code of Business Conduct and Ethics. The Group strictly observes human rights laws, particularly those against forced labor and child labor. The divisions have and strictly implement their own specific policies. While forced labor, child labor, and human rights are not explicitly discussed in these policies, compliance with labor laws and human rights is implied as part of compliance with all national and local laws and regulations around these issues.

Discussion on Opportunities
There is an opportunity for HI Group to strengthen commitment to the promotion of human rights especially since the Group is present in labor-intensive industries as property, automotive, and education segments. The Group will endeavor to work on policy provisions on human rights including anti-child labor, anti-forced labor, and respect for vulnerable group in employee, business partner, and other relevant company policies, and mechanisms for due diligence.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
The Procurement Shared Services (PSS) of HI provides essential procurement services to YGC members. All vendors are vetted and screened. PSS also performs vendor management, strategic sourcing of repetitive items, management of big-ticket purchases, enterprise spend analysis, and procurement risk management. It also develops, implements, and enforces procurement policies, procedures, guidelines, and practices for all YGC members. Some divisions may have their own procurement departments with their own supplier accreditation policy. However, these policies should complement YGC policy.

Do you consider the following sustainability topics when accrediting suppliers?

Disclosure	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Explicitly mentioned in the Vendor Sustainability Attestation; Supplier Accreditation Policy
Forced labor	N	Not explicitly mentioned in the Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Child labor	N	
Human Rights	N	
Bribery and corruption	Y	Procurement Code of Behavior/Ethics for Suppliers

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
As a member of the YGC, HI Group abides by the YGC Code of Business Conduct and Ethics and Supplier Accreditation Policy. The divisions may also have their own specific policies. While forced labor, child labor, and human rights are not explicitly discussed in our internal policies, compliance with labor laws and human rights is part of the legal compliance requirements that our supplier need to meet in our accreditation process. The list accredited suppliers are reviewed periodically and suppliers with reported violations or negatively impact the Group may be, after an objective assessment delisted. The Company acknowledges that labor practices and other human rights violations at the supply chain may impact the reputation of the Group.

Discussion on Opportunities
HI continue to enhance its supplier assessment across companies to include other sustainability criteria. The Company implemented the Sustainability Vendor Attestation for vendors to improve visibility on

the vendor's sustainability compliance and performance aimed at ensuring the integration of the accreditation requirements in the operations of the supply chain. HI recognizes that the Group needs to work with suppliers on capacity building and with industry peers for the efficient and effective implementation. The challenges of applying supply chain management techniques will require more quantitative studies, to evaluate the potential gains from better information management and the use of digital technologies. HI will work on enhancing its supplier assessment to include other sustainability criteria minimize exposure to supply chain risks.

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)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Operation of schools (K-12, undergraduate, post-graduate)	Luzon, Mindanao	The poor (Class D and E) as part of NSTP Adoption of Communities	No	None	None
Building Projects	Metro Manila,	Not applicable	No	Yes	Coordination with MMDA, LGU, and other applicable regulatory agencies for traffic management schemes
Maibarara Geothermal Power Project	Sto. Tomas, Batangas	Not Applicable	No	Odor coming from the geothermal plant caused by H2S	Continuous Air quality Monitoring System (CAMS) installed near facility, shows H2S concentrations are within or below DENR standards Constant engagement with community to educate them on plant operations and reassure compliance with DENR
Nabas Wind Power Project	Nabas-Malay, Aklan	Not Applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects
Tarlac Solar Power Project	Tarlac City	Not Applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects

Vulnerable sector includes children and youth, elderly, persons 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)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not Applicable

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	Number
CP secured	Not applicable	Number

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
Three divisions of the HI Group have significant impacts on their neighboring local communities: education, property and property services, and energy.

The education division have significant impact on the local communities around the school as hubs for thousands of students, faculty, and staff. A significant number of businesses that cater to the needs of the students (e.g., eateries, photocopying services, dormitories, etc.). These contribute to the economic development of the area. However, a potential negative impact is the increased traffic around the school areas due to increased travel around the area to service students. The Group works with the local government units (LGUs) to develop traffic routing schemes to lessen the schools' impacts on the traffic situation, and that vehicles and people around the schools do not hamper or impede the flow of traffic. The schools continue to coordinate with the LGUs on the implementation of health and safety protocols mandated under IATF, DOH and CHED guidelines during the COVID pandemic. Further, the education division continue to offer online platforms to deliver classes, distance learning modules, and fully online programs. This is to diversify its offerings, reducing the risk and burden of students to go to school especially during the COVID pandemic. Currently, the Company delivers hybrid classes on a school-wide level when necessary and applicable.

The property segment continues to develop properties and the construction of the 28-storey building in Makati is on-going. The project provides employment to contractors, workers, as well as economic benefit to businesses in the area. Negatively, the noise of large equipment or traffic congestion due to the road disruptions affects the community. However, the Company ensures the proper coordination of project service providers with MMDA, LGU, and other agencies to address proper execution of Traffic Management Measures on the job sites, ensure a safe pedestrian access on roadways, maintain orderliness and cleanliness of construction materials placed in road spaces, provide traffic safety signs and campaign. Projects near residential areas observe allowable hours of operations, particularly at night, when most of the residents are resting at their homes.

As an operator of renewal energy generation facilities, the energy division has much less impact on the local community compared to standard fossil fuel power plants. However, impacts still exist through potential air pollution from the power plants (geothermal) and competition for water resources. PERC mitigates these by complying with all environmental regulations and consistent engagement with the community.

Discussion on Opportunities
HI has integrated sustainability into its strategies and processes and is in the process of identifying opportunities across all the relevant divisions. The education and property divisions, including the new

business acquisitions, will continue to generate opportunities for communities such as increased access to many new and efficient facilities, provide a new source of income for those within the communities, and create better livelihood and employment opportunities.

To improve further the relationship with communities, the energy division will continue its corporate social responsibility program under the We Power H.E.L.P. banner. The division will also assist the communities so that they could access renewal energy incentives, such as the ER1-94 Benefit to Host Communities from the DOE. The Company will provide assistance in terms of drafting project proposals, opening bank accounts, and implementing and monitoring approved projects.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	95%	No. Done internally
Net Promoter Score	38%	No. Done internally
Student Happiness Survey	4.15	No. Done internally

Customer satisfaction rating covers the automotive division; the Net Promoter Score and Student Happiness Survey is based on the education division's report.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Customer satisfaction is key to the sustainability of HI and its subsidiaries. It impacts customer loyalty and future sales. We see customer satisfaction as a measure of how we are able to meet our customers' needs, which defines how we create value for our customers through our products and services. Product quality is key to us, especially as we are involved in the education, property and property services, and automotive where poor quality could lead to extremely high costs to property and human life. Any dissatisfied customer is an opportunity for us to review how we deliver value to them. Customers of the HI Group companies may include private individuals, other businesses, and government. As such, customer satisfaction indicators vary per company depending on the type of customers they serve.

Discussion on Opportunities

HI will continue to explore and/or conduct qualitative and quantitative approaches to measuring customer satisfaction. Opportunities for improving customer management may include structured customer surveys and more frequent requests for customer feedback. The education division continue to use these methods to improve their delivery of service. However, the surveys and methodologies are periodically reviewed to ensure that they provide a fair and accurate evaluation. Those division without a formal survey questionnaire to rate the customer satisfaction may consider its development to improve customer management.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	4	Number
No. of complaints addressed	4	Number

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 agencies.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

HI Group considers the health and safety of its products and services to be a top priority. The Group's products range from vehicles, medicines, and services targeted towards individual consumers while property management, security services, and energy cater to businesses. HI Group ensures that its products and services adhere to the highest safety standards, regardless of who is at the receiving end.

Discussion on Opportunities
HI Group continue to evaluate and update the policies and procedures, monitor rules and regulations to ensure compliance in protecting customer health and safety. The construction division will improve its safety and health policy and procedures to protect internal and external customers and shall continue to adhere to the best international health and safety practices.

Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	-	Number
No. of complaints addressed	-	Number

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

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
There is no reported complaint against the Group during the year. HI Group, as a matter of policy and practice, take particular care to not misrepresent itself or its products to its customers and other stakeholders. Risks include loss of reputation of the companies, especially with the current widespread use and reach of social media. The reputation of the Group, as well as the recognition as part of the YGC, is a marketing strength. The Group periodically review its websites and other marketing and communication materials to ensure its accuracy and relevance. The materials are pre-cleared prior to the release of information.

Discussion on Opportunities
The Group regularly evaluates current marketing and communication strategies. This is to ensure that the strategies are appropriate and responsive to the needs of the group. The education division plans to upgrade the skills of its current marketing teams which includes crisis communications, management training, and social media management are being evaluated

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	Number
No. of complaints addressed	0	Number
No. of customers, users and account holders whose information is used for secondary purposes	-	Number

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.

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
As a matter of policy, HI Group companies respect and uphold data privacy rights and ensure that all personal data collected from customers, suppliers, and other third parties are processed pursuant provisions of the Data Privacy Act of 2012 as reflected in each company's Data Privacy Manual. Risks due to loss of customer privacy include damage to the companies' reputations, disruption of operations, legal liability under new and amended laws, regulations, and guidelines, as well as contracts, and financial cost. Designated Data Privacy Officers at HI Parent and the Group are tasked

to ensure compliance with the Data Privacy Act by implementing the data privacy policies of their respective companies. Privacy notices and data privacy statements are present in documents so that both internal and external customers are informed of how their information will be used. The divisions also have policies and protocols in place to handle complaints and inquiries on data privacy. As part of YGC policy, all HI Group employees are required to complete the annual IT security and data privacy training.

Discussion on Opportunities
HI Group on a continuing basis evaluate the relevant policies to ensure that the group continue to secure customer information and that the policies are updated and compliant with current laws and regulations.

Data security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	Number

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
HI ensures strict compliance with the data privacy act and the company's information and communications technology security policy. HI conducts periodic review and information campaign through data privacy and cybersecurity awareness programs. Further, HI initiated a groupwide investment in cybersecurity resources. The Group have IT policies on data security, such as a Data Privacy Manual, which are strictly implemented and regularly updated by their respective departments. The Data Privacy Manual includes the procedure on reporting an incident and the process of assessment and investigation. Mishandling and unauthorized disclosures of personal information of our stakeholders such as customers and vendors may lead to legal or regulatory sanctions.

Discussion on Opportunities
The Group is strictly implementing the respective data privacy policies to ensure the security of all the information collected from all stakeholders. These policies are regularly updated to ensure that they are compliant with current laws and regulations, and that these are cascaded to all concerned.

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
Subsidiary: iPeople Education from kindergarten to post-graduate (depending on the school); non-certificate courses and trainings	4.3 Equal access to affordable technical, vocational, and higher education 4.B Expand higher education scholarships for developing countries 4.C Increase supply of qualified teachers in developing countries 8.6 Promote youth employment, education, or training	1. Inaccessible to lower-income Filipinos particularly since hybrid, online or remote delivery is being implemented 2. Increase in number of internally funded-scholarships and discounts is not cost-effective for the schools 3. High quality of graduates results in high demand and pay offered by companies both here and abroad, which results in loss of employees (e.g. qualified faculty) for IPO	1. Partnerships for scholarships (government and private) 2. Internally-funded scholarships and discounts to allow the lower income segments to enroll. 3. Offer competitive pay, benefits, and incentives for employees and faculty such as opportunity for further study, research incentives, and support for paper presentation
Subsidiary: iPeople Research and development	Innovation and research that contributes to knowledge and/or contributes to an improved quality of life for Filipinos.	1. Cost of Research and Development (overspending)	1. Develop commercially viable projects, those that are "useful to society", and those that may solve problems of communities or provide solutions to industries; Partner with government agencies (DOST) for funding of R&D projects.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Subsidiary: ATYC, Inc. Property Management Services/ Leasing	1. Sustainable Buildings 2. Decent work and economic growth - creating job opportunities 3. Responsible consumption and production – adoption of sustainable practices as energy-efficient buildings, waste reduction and recycling, and water conservation 	1. Environmental degradation through the construction, operation, and maintenance of buildings 2. Increased energy consumption 3. Waste generation	1. Adoption of responsible and ethical property management and leasing practices. 2. Maintain environmentally sustainable operations. 3. Establish monitoring and reporting mechanisms to assess and report on social, economic, and environmental performance and take corrective actions as needed. 4. Compliance with regulatory requirements
Subsidiary: Landev Corporation, RCBC Realty Corporation Property Management Services	1. Sustainable Buildings 2. Affordable and clean energy – promotion of sustainable energy practices by endorsing use of renewable energy sources in managed properties like solar panels and energy-efficient lighting 3. Gender equality – promotion of gender equality in the real estate industry by ensuring fair and equal treatment of all genders in property management practices	1. Environmental and social disaster 2. Owner may not always prioritize environmental sustainability due to budget constraints 3. Generation of hazardous waste 4. Energy inefficiency	1. Trainings on and compliance with all mandatory and regulatory requirements and industry-related updates developments 2. Implementing environmentally-friendly practices in property management, like energy and water conservation, waste reduction, and sustainable purchasing 3. Engaging with stakeholders, understanding their needs and concerns,

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
			and incorporating their feedback into property management decisions
Subsidiary: Hi-Eisai Specialty Medicines	1. Health and well being 2. Support Patient Access Programs 3. Life preservation thru anti- cancer drugs 4. Promote quality of life	1. Potential product recall due to gaps in product development. 2. Health risk on drug disposal and destruction	1. Strengthen quality control. 2. Compliance to proper drug disposal and destruction
Subsidiary: PERC Renewable Energy	7.2 Increase in global percentage of renewable energy 7.B Expand and upgrade energy services for developing countries	1. Land use changes 2. Potential impacts to biodiversity 3. Competition with local community for freshwater sources	1. Environmental Impact Assessment EIA) for project sites 2. Site rehabilitation and protection through bioengineering measures 3. Partnership with PAMB, LGUs, NGOs, local community, and other stakeholders for biodiversity protection 4. Controlled usage of freshwater
Cars Division Seller of Vehicle and Vehicle Parts and Accessories	1. Provide self-employment / livelihood 2. Provide convenience to the commuting public when owning a car	1. Carbon footprint emission 2. Traffic congestion due to increased number of vehicles. Negative impact to environment of	1. Hybrid automotive units 2. Promote extended warranty to 5 years. 3. Provide service to keep the vehicles in

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
		emission of additional vehicles on the roads.	good condition to reduce emission.
Cars Division Provider of Automotive Services	1. Health and well-being - by providing regular maintenance services, safety inspections, and repairs for vehicles, ensuring safety and roadworthiness 2. Reduce negative impact to environmental by reducing emissions caused by poorly maintained vehicles 3. Responsible consumption and production - promoting responsible consumption by awareness campaigns, promoting maintenance and repair services to extend the lifespan of vehicles, facilitate responsible disposal and recycling of end-of-life vehicles.	1. Carbon footprint emission 2. Disposal of hazardous materials, such as used oil, batteries, and tires, servicing and repair activities 3. Air pollution and waste generation 4. Challenges related to labor practices and worker safety	1. Provide Quality Delivery Service to all customers. 2. Conduct telemarketing and text blasts to all UIO clients for on time PMS check-up. 3. Implement environmental management practices like energy-efficient facilities, waste reduction, and proper disposal of hazardous materials 4. Adoption of fair labor practices, safe working conditions 5. Digitization for operational efficiency

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

HOUSE OF INVESTMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

The management of House of Investments, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 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 or members.

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

HELEN Y. DEE
Chairman of the Board

LORENZO V. TAN
President and Chief Executive Officer

GEMA O. CHENG
EVP - COO/Chief Financial Officer & Treasurer

3 0 APR 2024

Signed this ______ day of ________ 2024

Doc. No. 172
Page No. 35
Book No. 43
Series of 2024

ATTY. JOSELINO N. SUCION CPA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2025
U-203 CARREON BLDG.
2746 ZENAIDA ST., POBLACION, MAKATI CITY
IBP NO.384449/01/01/2024
PTR NO. 10072076/01/02/2024
MCLE COMPLAINCE NO. VII-0013028/04-14-2025
ROLL NO. 60799
APPOINTMENT NO. M-018

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	3	9	3							

COMPANY NAME

HOUSE OF INVESTMENTS, INC.

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

9th Floor, Grepalife Building,
221 Sen. Gil J. Puyat Avenue,
Makati City, Metro Manila

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
compliance@hoi.com.ph	8815-9636 to 38	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
372	3rd Friday of July	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Teresa T. Bautista	mtbautista@hoi.com.ph	8815-9636	N/A

CONTACT PERSON's ADDRESS

9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

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

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

SGV
Building a better working world

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

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ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
House of Investments, Inc.
9th Floor, Grepalife Building
221 Sen. Gil J. Puyat Avenue
Makati City, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of House of Investments, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company 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.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 152010

The supplementary information required under Revenue Regulations No. 15-2010 is presented by management of House of Investments, Inc. in a separate schedule. Revenue Regulations No. 15-2010 requires the information to be presented in the notes to the parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Lloyd Kenneth S. Chua.

SYCIP GORRES VELAYO & CO.

Lloyd S Chua
Lloyd Kenneth S. Chua
Partner
CPA Certificate No. 109688
Tax Identification No. 223-270-891
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-115-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079919, January 5, 2024, Makati City

April 29, 2024

HOUSE OF INVESTMENTS, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱178,474,820**	₱154,506,222
Receivables (Note 7)	**651,711,446**	505,959,800
Inventories (Note 8)	**429,316,053**	336,850,317
Prepaid expenses and other current assets (Note 9)	**274,694,960**	356,990,211
Asset held for sale	**154,820,454**	–
Dividends receivable (Notes 14 and 18)	**86,715,000**	55,500,918
Total Current Assets	**1,775,732,733**	1,409,807,468
Noncurrent Assets		
Investments in subsidiaries and associates (Note 10)	**22,394,368,251**	7,134,156,703
Financial assets at fair value through other comprehensive income (FVOCI) (Note 11)	**1,261,334,016**	105,351,148
Property and equipment (Note 12)		
At revalued amount	**1,555,795,000**	1,431,623,000
At cost	**160,694,571**	141,028,990
Right-of-use assets (Note 29)	**62,665,714**	116,949,347
Investment properties (Note 13)	**1,760,027**	1,760,027
Computer software (Note 12)	**8,725,364**	7,079,881
Other noncurrent assets	**120,782,740**	21,175,736
Total Noncurrent Assets	**25,566,125,683**	8,959,124,832
TOTAL ASSETS	**₱27,341,858,416**	₱10,368,932,300
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 17)	**₱752,307,054**	₱585,651,311
Loans payable (Note 15)	**1,456,642,021**	1,852,000,000
Lease liabilities - current portion (Note 29)	**33,917,745**	7,707,640
Total Current Liabilities	**2,242,866,820**	2,445,358,951
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 29)	**72,060,463**	157,597,107
Retirement liability - net (Note 25)	**78,002,093**	62,739,422
Deferred tax liabilities - net (Note 26)	**284,296,866**	252,896,160
Other noncurrent liabilities (Note 16)	**10,669,551**	10,503,517
Total Noncurrent Liabilities	**445,028,973**	483,736,206
Total Liabilities	**2,687,895,793**	2,929,095,157
Equity		
Capital stock (Note 27)		
Preferred stock	**–**	–
Common stock	**2,201,795,750**	1,162,540,326
Additional paid-in capital	**14,808,241,606**	154,578,328
Other comprehensive income (Notes 11, 12 and 26)	**1,079,940,286**	984,588,449
Retained earnings (Note 31)		
Unappropriated	**1,363,984,981**	1,638,130,040
Appropriated	**5,200,000,000**	3,500,000,000
Total Equity	**24,653,962,623**	7,439,837,143
TOTAL LIABILITIES AND EQUITY	**₱27,341,858,416**	₱10,368,932,300

See accompanying Notes to Parent Company Financial Statements.

HOUSE OF INVESTMENTS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE (Note 18)			
Merchandise sales	**₱3,697,237,244**	₱3,394,045,413	₱2,603,754,576
Services	**482,520,881**	470,907,642	431,089,945
Commission	**131,866,683**	130,732,247	133,906,291
Management fees (Note 14)	**134,940,913**	119,987,887	67,375,685
Dealer's income	**175,034,673**	134,886,115	35,452,293
Others	**11,936,981**	6,704,043	7,373,273
	4,633,537,375	4,257,263,347	3,278,952,063
DIVIDEND INCOME (Note 18)	**262,249,062**	364,533,172	391,954,421
COSTS (Note 20)			
Merchandise sales	**3,580,094,522**	3,281,080,934	2,445,571,537
Services	**313,845,914**	304,880,098	288,403,418
	3,893,940,436	3,585,961,032	2,733,974,955
GROSS PROFIT	**1,001,846,001**	1,035,835,487	936,931,529
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(673,784,388)**	(659,979,356)	(531,459,193)
INTEREST AND FINANCE CHARGES (Note 22)	**(73,692,240)**	(66,329,463)	(83,067,670)
OTHER INCOME - Net (Note 19)	**1,187,959,481**	557,459,022	44,455,883
INCOME BEFORE INCOME TAX	**1,442,328,854**	866,985,690	366,860,549
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**15,525,472**	18,438,550	3,189,343
Deferred	**(101,896)**	(1,249,947)	474,197
	15,423,576	17,188,603	3,663,540
NET INCOME	**1,426,905,278**	849,797,087	363,197,009
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
Fair value reserve on equity investments at FVOCI (Note 11)	**839,244**	3,511,972	7,977,654
Revaluation increment on land (Note 12)	**124,172,000**	613,553,000	36,520,000
Income tax effect	**(31,043,000)**	(153,388,250)	21,387,850
Remeasurement loss on retirement (Note 25)	**1,844,791**	12,393,430	8,894,428
Income tax effect	**(461,198)**	(3,098,357)	(2,838,214)
	95,351,837	472,971,795	71,941,718
TOTAL COMPREHENSIVE INCOME	**₱1,522,257,115**	₱1,322,768,882	₱435,138,727
EARNINGS PER SHARE (Note 33)			
Basic	**₱0.9711**	₱1.0944	₱0.4678
Diluted	**₱0.9711**	₱1.0944	₱0.4678

See accompanying Notes to Parent Company Financial Statements.

HOUSE OF INVESTMENTS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 27)			Other Comprehensive Income				Retained Earnings		
	Preferred Stock	Common Stock	Additional Paid-in Capital	Fair value Reserve on Equity Investments at FVOCI (Note 11)	Revaluation Increment on Land (Note 12)	Remeasurement Gains (Losses) on Retirement Asset (Note 25)	Subtotal	Unappropriated (Note 31)	Appropriated (Note 31)	Total
Balance at January 1, 2021	**₱–**	**₱1,162,540,326**	**₱154,578,328**	**₱21,029,539**	**₱427,249,900**	**(₱8,604,503)**	**₱439,674,936**	**₱1,425,135,944**	**₱2,500,000,000**	**₱5,681,929,534**
Net income	–	–	–	–	–	–	–	363,197,009	–	363,197,009
Other comprehensive income	–	–	–	7,977,654	57,907,850	6,056,214	71,941,718	–	–	71,941,718
Total comprehensive income	–	–	–	7,977,654	57,907,850	6,056,214	71,941,718	363,197,009	–	435,138,727
Reversal of appropriation of retained earnings	–	–	–	–	–	–	–	2,500,000,000	(2,500,000,000)	–
Appropriation of retained earnings	–	–	–	–	–	–	–	(3,500,000,000)	3,500,000,000	–
Balance at December 31, 2021	**–**	**1,162,540,326**	**154,578,328**	**29,007,193**	**485,157,750**	**(2,548,289)**	**511,616,654**	**788,332,953**	**3,500,000,000**	**6,117,068,261**
Net income	–	–	–	–	–	–	–	849,797,087	–	849,797,087
Other comprehensive income	–	–	–	3,511,972	460,164,750	9,295,073	472,971,795	–	-	472,971,795
Total comprehensive income	–	–	–	3,511,972	460,164,750	9,295,073	472,971,795	849,797,087	–	1,322,768,882
Balance at December 31, 2022	**–**	**1,162,540,326**	**154,578,328**	**32,519,165**	**945,322,500**	**6,746,784**	**984,588,449**	**1,638,130,040**	**3,500,000,000**	**7,439,837,143**
Net income	–	–	–	–	–	–	–	1,426,905,278	–	1,426,905,278
Other comprehensive income	–	–	–	839,244	93,129,000	1,383,593	95,351,837	–	–	95,351,837
Total comprehensive income	–	–	–	839,244	93,129,000	1,383,593	95,351,837	1,426,905,278	–	1,522,257,115
Sale of FVOCI equity investments	–	–	–	–	–	–	–	37,772,927	–	37,772,927
Issuance of shares	–	1,039,255,424	14,653,663,278	–	–	–	–	–	–	15,692,918,702
Dividends to common shares	–	–	–	–	–	–	–	(38,823,264)	–	(38,823,264)
Appropriation of retained earnings	–	–	–	–	–	–	–	(1,700,000,000)	1,700,000,000	–
Balance at December 31, 2023	**₱–**	**₱2,201,795,750**	**₱14,808,241,606**	**₱33,358,409**	**₱1,038,451,500**	**₱8,130,377**	**₱1,079,940,286**	**₱1,363,984,981**	**₱5,200,000,000**	**₱24,653,962,623**

See accompanying Notes to Parent Company Financial Statements.

HOUSE OF INVESTMENTS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,442,328,854**	₱866,985,690	₱366,860,549
Adjustments for:			
Interest and finance charges (Note 22)	**73,692,240**	66,329,463	83,067,670
Depreciation and amortization (Note 24)	**62,352,864**	66,731,473	66,802,114
Movements in net retirement liability	**17,107,462**	23,106,507	9,053,382
Interest income (Note 19)	**(4,818,729)**	(1,964,690)	(1,044,484)
Provision (write-off) for inventory obsolescence	**651,221**	–	(2,682,376)
Unrealized foreign exchange loss (gain) - net	**(3,495,990)**	(4,387,936)	(3,050,787)
Dividend income (Note 18)	**(262,249,062)**	(364,533,172)	(391,954,421)
Recovery of impairment loss on investment in subs and associates (Note 10)	**(21,682,883)**	–	–
Gain on sale of: (Note 19)			
Investment in subsidiaries and associates (Note 10)	**(1,143,808,588)**	(389,175,738)	–
Property and equipment (Note 12)	**(2,964,666)**	(9,491,185)	(9,123,465)
Investment Properties	**–**	(2,020,000)	–
Equity investments at FVOCI (Note 11)	**–**	(870,000)	–
Operating income before working capital changes	**157,112,723**	250,710,412	117,928,182
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(145,751,646)**	(256,786,193)	262,334,270
Inventories	**(93,116,957)**	(45,705,975)	83,102,866
Prepaid expenses and other current assets	**82,295,251**	(68,164,275)	(8,928,569)
Increase (decrease) in accounts payable and other current liabilities	**165,513,669**	218,999,810	(401,114,392)
Net cash generated from operations	**(166,053,040)**	99,053,779	53,322,357
Interest received	**4,818,729**	1,964,690	1,044,484
Income tax paid, including applied creditable withholding taxes	**(15,525,472)**	(18,438,550)	(29,081,316)
Interest and finance charges paid	**(66,359,483)**	(63,372,000)	(67,201,145)
Net cash flows provided by (used in) operating activities	**88,986,814**	19,207,919	(41,915,620)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	**231,034,980**	360,110,024	424,627,255
Proceeds from sale of:			
Property and equipment	**7,775,211**	11,258,600	12,132,568
Investment properties	–	2,240,000	–
Equity investments in FVOCI	**38,029,303**	1,200,000	–
Investment in subsidiaries and associates (Note 10)	**2,325,555,360**	674,257,457	–
Net movement in subsidiaries and associates (Note 10)	–	(1,020,000,000)	10,691,871
Decrease (increase) in other noncurrent asset	**(99,607,004)**	(15,968,009)	(404,153)
Acquisition of:			
Computer software (Note 12)	**(6,244,583)**	(5,679,382)	(7,422,488)
Investment in subsidiaries and associates	**(882,177,459)**	–	–
FVOCI	**(1,155,400,000)**	–	–
Property and equipment (Note 12)	**(51,391,583)**	(34,037,023)	(56,406,525)
Net cash flows provided by (used in) investing activities	**407,574,495**	(26,618,333)	383,218,528

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable (Note 15)	**₱2,165,000,000**	₱ 1,158,100,000	₱187,700,000
Payments of:			
Dividends	**(37,866,867)**	–	–
Leases (Note 29)	**(43,029,890)**	(37,857,676)	(22,420,517)
Loans payable (Note 15)	**(2,560,357,979)**	(1,043,100,000)	(707,700,000)
Receipts (disbursements) from related party transactions	**166,035**	(134,670,741)	(44,790,984)
Net cash flows provided by (used in) financing activities	**(476,088,701)**	(57,528,417)	(587,211,501)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(3,495,990)**	4,387,936	3,050,787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,968,598**	(60,550,895)	(242,857,806)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**154,506,222**	215,057,117	457,914,923
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱178,474,820**	₱154,506,222	₱215,057,117

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information and Authorization for Issuance of Parent Company Financial Statements

Corporate Information

House of Investments, Inc. (the Parent Company) is a stock corporation incorporated under the laws of the Republic of the Philippines on May 21, 1959. As per Section 11 of Revised Corporation Code (RCC) enacted in 2020, a corporation shall have perpetual existence unless its articles of incorporation provide otherwise. Further explained in Securities and Exchange Commission (SEC) Memorandum Circular No. 22 Series of 2020, "the corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation." Thus, there is no need to amend or extend Parent Company's corporate life as it already enjoys perpetual existence.

The Parent Company undertook a portfolio realignment with a bias for recurring income and growth in 2023. As a result, the core business focus of the Company is organized into four segments, namely: Financial Services, Property and Property Services, Education and Automotive. The Company's portfolio investments are in, Energy, Healthcare, Deathcare and Construction.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on July 2, 1962, the Parent Company's initial public offering. The Parent Company's shares of stock are currently traded at the PSE. The ultimate parent company of the Group is Pan Malayan Management and Investment Corporation (PMMIC), a domestic corporation.

The registered office address and principal place of business of the Parent Company is at 9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

Authorization for Issuance of Parent Company Financial Statements

The parent company financial statements were approved and authorized for issue by the Board of Directors on April 29, 2024.

2. Basis of Preparation and Statement of Compliance

The parent company financial statements have been prepared under the historical cost basis, except for financial asset at fair value through other comprehensive income (FVOCI) which have been measured at fair value and land classified as property and equipment which have been measured using the revaluation method. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest peso.

Statement of Compliance

The parent company financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The parent company financial statements are the Parent Company's separate financial statements prepared in compliance with PAS 27, *Separate Financial Statements*. These parent company financial statements are prepared for submission to the Philippine Bureau of Internal Revenue (BIR). The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements in accordance with PFRSs. These may be obtained at the SEC Head Office, PICC, Roxas Boulevard, Pasay City or at the Parent Company's registered office address.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

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*

4. **Material Accounting Policies**

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

Financial Assets
Initial Recognition and Measurement
The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets - Initial recognition and measurement
Financial assets are classified, at initial recognition, as "subsequently measured at amortized cost"; fair value through other comprehensive income (FVOCI); and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or which the Parent Company has applied practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent 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.

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

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Parent Company's financial assets as of December 31, 2023 and 2022 are of the nature of financial assets at amortized cost and FVOCI. The Parent Company has no financial assets at FVTPL as of December 31, 2023 and 2022.

Financial Assets at Amortized Cost (Debt Instruments)
This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired. As of December 31, 2023 and 2022, the Parent Company's financial assets at amortized cost include Cash and cash equivalent, Receivables, Dividends receivable and Financial assets at FVOCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in the parent company statement of income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably all its equity investments under this category.

The Parent Company does not have any debt financial assets at fair value through OCI and financial assets at fair value through profit or loss as of December 31, 2023 and 2022.

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

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

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

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

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

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

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

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

The key inputs in the model include the Parent Company's definition of default and historical data of three years of the origination, maturity date and default date. The Parent Company considers receivables in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal and external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

The other financial instruments such as dividends receivable and refundable deposits, the Parent Company applies the general approach. Therefore, the Parent Company track changes in credit risk at every reporting date.

The Parent Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Loans and Borrowings

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

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

This category generally applies to interest-bearing loans and borrowings.

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

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

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

The Parent Company's other financial liabilities include "Accounts payable and other current liabilities", "Loans payable", "Lease liabilities" and "Other noncurrent liabilities".

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of inventories is generally determined primarily using the moving-average method, except for automotive units of the car dealerships, which are accounted for using the specific identification method. NRV is the selling price in the ordinary course of business, less the estimated costs of completion of inventories and the estimated costs necessary to sell.

Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost.

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets pertain to other resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company within the financial reporting date.

Investments in Subsidiaries and Associates

Investments in shares of stock of the subsidiaries and associates are carried at cost less accumulated impairment losses, if any.

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company's subsidiaries as of December 31, 2023 and 2022 are as follows:

				Percentage of Ownership			
	Place of			**2023**		2022	
	Incorporation	**Nature of Business**	**Functional Currency**	**Direct**	**Indirect**	Direct	Indirect
Investment Managers, Inc. (IMI)	Philippines	Insurance agent, financing, trading and real estate	Philippine Peso	**100.00**	**–**	100.00	–
Landev Corporation	Philippines	Property management	Philippine Peso	**100.00**	**–**	100.00	–
San Lorenzo Ruiz Investment Holdings and Services Inc. (SLRHSI)	Philippines	Holding company	Philippine Peso	**60.00**	**–**	60.00	–
RCBC Trust Corporation (RTust) [a]	Philippines	Trust	Philippine Peso	**40.00**	**–**	–	–
Tarlac Terra Ventures, Inc. [b]	Philippines	Property leasing	Philippine Peso	**100.00**	**–**	–	–
MICO Equities Inc. [c]	Philippines	Insurance	Philippine Peso	**77.33**	**–**	–	–
Malayan Securities Corporation [c]	Philippines	Investing	Philippine Peso	**100.00**	**–**	–	–
Malayan International Insurance Corporation Limited [c]	Bahamas	Investment	Philippine Peso	**100.00**	–	–	–
Malayan Insurance Company, Inc. [c]	Philippines	Insurance	Philippine Peso	**100.00**	**–**	–	–
Sun Life Grepa Financial Inc. [c]	Philippines	Insurance	Philippine Peso	**51.00**	**–**	–	–
Grepa Realty Holdings Corp. [c]	Philippines	Property leasing	Philippine Peso	**49.00**	**26.01**	–	–
ATYC, Inc. (ATYC) [d]	Philippines	Property leasing	Philippine Peso	**100.00**	**–**	–	–
Xamdu Motors, Inc. (XMI)	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
Zamboanga Carriers, Inc. (ZCI) [e]	Philippines	Transportation	Philippine Peso	**–**	**–**	100.00	–
Zambowood Realty and Development Corporation (ZRDC) [e]	Philippines	Real estate	Philippine Peso	**–**	**–**	100.00	–
Greyhounds Security and Investigation Agency Corp.	Philippines	Security agency	Philippine Peso	**–**	**100.00**	–	100.00
Hexagon Lounge, Inc.	Philippines	Restaurant	Philippine Peso	**–**	**100.00**	–	100.00
Secon Professional Security Training Academy Inc.	Philippines	Training service provider	Philippine Peso	**–**	**100.00**	–	100.00
HI Cars, Inc. (HCI)	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
La Funeraria Paz Sucat, Inc. (LFPSI)	Philippines	Memorial services	Philippine Peso	**50.00**	**13.00**	50.00	13.00
EEI Corporation (EEI) [f]	Philippines	Construction	Philippine Peso	**–**	**–**	55.34	–
EEI Limited [f]	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
Clear Jewel Investments, Ltd. [f]	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
Nimaridge Investments, Limited [f]	British Virgin Islands	Holding company	US Dollar	**–**	**–**	–	100.00
EEI (PNG), Ltd [e]	Papua New Guinea	Holding company	US Dollar	**–**	**–**	–	100.00
EEI Corporation (Guam), Inc. [f]	United States of America	Construction	US Dollar	**–**	**–**	–	100.00
EEI Construction and Marine, Inc. [f]	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
EEI Realty Corporation (EEI Realty) [f]	Philippines	Real estate	Philippine Peso	**–**	**–**	–	100.00
EEI Subic Corporation[e]	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
EEI Business Solutions, Inc. (formerly Equipment Engineers, Inc., EBSI) [f]	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
JP Systems Asia Inc. (JPSAI) [f]	Philippines	Rental of scaffolding and formworks	Philippine Peso	**–**	**–**	–	60.00
BiotechJP Corporation[f]	Philippines	Manufacturing food and therapeutic food	Philippine Peso	**–**	**–**	–	60.00
Learn JP Corp[f]	Philippines	Service for improvement in language proficiency	Philippine Peso	**–**	**–**	–	60.00
EEI Power Corporation (EPC) [f]	Philippines	Power generation	Philippine Peso	**–**	**–**	–	100.00
Gulf Asia International Corporation (GAIC) [f]	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
GAIC Professional Services, Inc. (GAPSI) [f]	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
GAIC Manpower Services, Inc. (GAMSI) [f]	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
Bagumbayan Equipment & Industrial Products, Inc. [f]	Philippines	Consultancy services	Philippine Peso	**–**	**–**	–	100.00
Philmark, Inc. [f]	Philippines	Construction	Philippine Peso	**–**	**–**	–	100.00
Philrock Construction and Services, Inc.	Philippines	Manpower services	Philippine Peso	**–**	**–**	–	100.00
EEI Energy Solutions Corporation (EESC) [f]	Philippines	Retail electricity supplier	Philippine Peso	**–**	**–**	–	100.00

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect
EEI Carga Digital Logistics Corporation (EEI Carga) [(f)]	Philippines	Digital logistics	Philippine Peso	–	–	–	100.00
iPeople, inc. (IPO)	Philippines	Education and Information Technology	Philippine Peso	**48.18**	–	48.18	–
Malayan Education System, Inc. (MESI) (Operating Under the Name of Mapua University)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Malayan High School of Science, Inc. (MHSSI)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Mapua Information Technology Center, Inc. (MITC)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Mapua Techserv, Inc. (MTI)	Philippines	Consultancy	Philippine Peso		**100.00**	–	100.00
Mapua Techpower Inc.	Philippines	Consultancy	Philippine Peso	–	**75.00**	–	75.00
People eServe Corporation	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Pan Pacific Computer Center, Incorporated (PPCCI)	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
Affordable Private Education Center, Inc doing business under the name of APEC Schools (APEC) [(g)]	Philippines	Education and Information Technology	Philippine Peso	–	–	–	100.00
National Teachers College doing business under the name/s and style/s of The National Teachers College	Philippines	Education and Information Technology	Philippine Peso	–	**99.79**	–	99.79
University of Nueva Caceres	Philippines	Education and Information Technology	Philippine Peso	–	**83.62**	–	83.62
AC College of Enterprise and Technology, Inc	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00
LINC Institute, Inc doing business under the Name and Style of LINC Academy	Philippines	Education and Information Technology	Philippine Peso	–	**100.00**	–	100.00

(a) On April 20, 2023, the Parent Company acquired 40% stake of RCBC Trust Corporation (RTrust).
(b) On December 28, 2023, the Parent Company acquired 8,000,000 common shares representing 100% ownership in TTVI.
(c) On December 29, 2023, the SEC approved the valuation of shares of stock in the amount of P10.74 billion to be applied as payment for the additional issuance of 472,836,249 common shares relative to the shares swap agreement with Pan Malayan Management & Investment Corporation (PMMIC) in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc.; and GPL Holdings, Inc. (GPLH) in exchange for 100% of GPLH's outstanding shareholdings in SunLife Grepa Financial, Inc.
(d) On September 1, 2022, the Parent Company acquired 5,000,000 common shares representing 100% ownership in ATYC.
(e) Corporate life of ZCI and ZRDC has ended effective January 1, 2023,
(f) On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of P1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% which signified loss of control over the subsidiary. This transaction resulted to deconsolidation of EEI and its subsidiaries.
(g) Last June 2023, APEC was merged under NTC.

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Parent Company's associates as of December 31, 2023 and 2022 are as follows:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2023	2022
Associates:					
EEI Corporation [(a)]	Philippines	Construction	Philippine peso	**21.00**	–
Hi-Eisai Pharmaceutical, Inc. (HEPI)	Philippines	Pharmaceutical	Philippine peso	**50.00**	50.00
Petroenergy Resources Corporation (PERC)	Philippines	Renewable energy	Philippine peso	**29.10**	29.10
PetroGreen Energy Corporation (PGEC) [(b)]	Philippines	Renewable energy	Philippine peso	–	8.55
Manila Memorial Park Cemetery, Inc. (MMPC)	Philippines	Funeral service	Philippine peso	**25.98**	25.98
Sojitz G Auto Philippines Corporation (SGAPC)	Philippines	Automotive distributor	Philippine peso	**20.00**	20.00
RCBC Realty Corporation (RRC)	Philippines	Realty	Philippine peso	**10.00**	10.00

(a) On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of P1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% which signifies loss of control over the subsidiary. The Parent company accounted for the retained holding in EEI as an investment in associate. Subsequently, on May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of which further reduced the holdings of the Parent Company to 21%.

(b) As of September 2023, indirect investment of the Parent Company in PGEC is at 19.64%, thus Parent Company no longer recognize PGEC as an associate.

Details of investment in subsidiaries and associates are disclosed further in Note 10.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value, except for land which is carried at revalued amount based on the latest appraisal conducted by an independent firm of appraisers. The appraisal increment resulting from the revaluation is treated as a separate component in the Parent Company's equity.

The initial cost of property and equipment consists of its purchase price, include import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period 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 are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives (EUL) of the related assets.

Category	Number of Years
Building and improvements	5 - 25
Transportation equipment	5
Furniture, fixtures and other equipment	3 - 5

Amortization of leasehold improvements is computed over the EUL of the improvement or remaining term of the lease, whichever is shorter.

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period of depreciation and amortization method are consistent with the expected patterns of economic benefit from items of property and equipment.

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent appraiser accredited by the Philippine SEC.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to the "Revaluation Increment on Land" account under the equity section of the parent company statement of financial position.

Upon disposal of land, any revaluation increment relating to the particular asset being sold is transferred to retained earnings.

Minor repairs and maintenance costs are charged as part of current operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the parent company statement of comprehensive income.

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 the parent company statement of comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial year-end.

Investment Properties
Investment properties are stated at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of comprehensive income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount of the investment property transferred at the date of change in use. If owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

For a transfer from owner-occupied property to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. Upon transfer of an asset accounted for under revaluation model to asset accounted for under cost model, any revaluation reserve relating to such particular asset is transferred to retained earnings.

Depreciation is computed using the straight-line method, except land.

Compute Software
Compute software are stated at cost less accumulated amortization and any impairment in value. Costs related to software purchased by the Parent Company for use in the operations are amortized on a straight-line basis over a period of three (3) years.

Costs associated with developing and maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with identifiable and unique software controlled by the Parent Company and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

Right-of-use Asset and Lease Liability
The Parent Company recognizes right-of-use asset and lease liability on contracts that qualify as leases under PFRS 16. The Parent Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use asset is subject to impairment. Refer to the accounting policies on Impairment of Nonfinancial Assets.

Lease liability is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space. It also applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Other Noncurrent Assets
Other noncurrent assets include creditable withholding taxes (CWTs) and value-added tax (VAT). CWTs are amounts from income subject to expanded withholding tax which can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

Input VAT pertains to the 12% indirect tax paid by the Parent Company on local purchase of goods or services.

Input VAT and CWTs that are not expected to be fully applied against the output VAT and income tax liability, respectively, of the succeeding year are presented as noncurrent asset.

Impairment of Nonfinancial Assets
For Investments in subsidiaries and associates, Property and equipment, Right-of-use asset, Investment properties and Computer software, the Parent Company assesses at the end of each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each end of the financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement comprehensive of income.

Impairment losses are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property and equipment previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of

shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Stock
When the Parent Company purchases its own shares of capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled or reissued of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Additional Paid-in Capital
Additional paid-in capital represents the portion of the paid in capital in excess over the par or stated value.

Retained Earnings
Retained Earnings represent accumulated earnings of the Parent Company and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively less dividends declared.

Revenue Recognition
The Parent Company primarily derives its revenue from sales of vehicles, parts and accessories and services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods and services. The Parent Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from merchandise sales
Revenue from sale of vehicles, parts and accessories is recognized at the point in time when the control of the asset is transferred to the customer. Revenue from sale of vehicles also includes revenue from the registration services and other free deliverables provided by the Parent Company.

The Parent Company has assessed that the registration services and other freebies included in the sale of vehicle are a separate performance obligation to which a portion of the transaction price needs to be allocated. The Parent Company allocates the transaction price of multiple performance obligation identified in one contract based on a relative stand-alone selling price of each of promised goods or services.

The Parent Company has generally concluded that it is principal in its revenue arrangements, except for its obligation to provide registration service and other freebies wherein the Parent Company’s role is only to arrange for another entity to provide the services. In addition, Parent Company is also not primarily responsible for fulfilling the promised services and has no discretion in establishing the price.

A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfer goods or services to a customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Parent Company performed under the contract.

Revenue from sales of services
Revenue from services and others include vehicle repairs, rust proofing and incentives from insurance. Revenue from sales of services are recognized overtime and payment is generally due upon completion of the units and acceptance of the customers.

Other Revenue and Income Recognition

Dividend income
Dividend income is recognized when the Parent Company's right to receive the payment is established.

Rent income
Rent income is accounted on a straight-line basis over the lease term.

Interest income
Interest income is recognized as interest accrues taking into account the effective yield of the asset.

Cost and Expenses
The Parent Company's costs and expenses are those that arise in the course of the ordinary operations of the Parent Company. The following specific recognition criteria must also be met before costs and expenses are recognized.

Cost of merchandise and services
This includes costs associated with specific sale of goods and services. Such costs are recognized when the related income have been recognized.

General and administrative expenses
The Parent Company's general and administrative expenses constitute costs of administering the business. General and administrative expenses are recognized as incurred.

Retirement Benefits
The net retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net pension asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the pension plans is actuarially determined using the projected unit credit method.

Pension expenses comprise the following:
a) Service cost
b) Net interest on the net pension liability or asset
c) Remeasurements of net pension liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss.

Past service costs are recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Parent Company recognizes related restructuring costs

These amounts are calculated periodically by independent qualified actuaries.
Net interest on the net pension liability or asset is the change during the period in the net pension liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net pension liability or asset. Net interest on the net pension liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

Income Taxes

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates, and interests in joint ventures. With respect to investments in foreign subsidiaries, associates and interest in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the financial reporting date.

Deferred tax relating to items directly recorded in the equity or other comprehensive income is recognized in other comprehensive income and not in the Parent Company statement of comprehensive income.

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

Interest and Financing Charges
Interest and financing charges is recognized as expense in the period in which it is incurred.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company adjusted for the after-tax amounts of dividends on preferred stock by the weighted average number of common stock outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits.

Diluted EPS is computed by adjusting the net income attributable to ordinary equity holders of the Parent Company to reflect any changes from dilutive potential shares divided by the weighted average number of common stock outstanding during the year after giving retroactive effect for any stock dividends, stock splits or reverse stock splits and adjusted for the effects of all dilutive potential common stock.

The calculation of diluted EPS does not assume conversion, redemption, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. As there are no potential dilutive ordinary shares, basic and diluted EPS are stated at the same amount.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 32.

Provisions
Provisions are recognized when: (a) the Parent Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Parent Company's situation at the end of the financial reporting date (adjusting events) are reflected in the parent company financial

statements, if any. Any post year-end events that are non-adjusting events are disclosed on the parent company financial statements when material.

5. Significant Accounting Judgments and Estimates

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

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

Judgment

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the parent company financial statements:

Determining control over an entity in which Parent Company holds less than majority of voting rights

The Parent Company holds 40% of interest in RCBC Trust Corporation (RTrust). The Parent Company exercise control over RTrust by virtue of its power to nominate executive positions such as President, and CEO, thereby, exercising control and supervision over RTrust operations as well as financing activities. As such, the Parent Company is able to exercise control even if ownership is less than 50%.

The Parent Company has determined that it is still the largest stockholder of IPO with 48.18% equity interest and continues to have control over IPO by virtue of its power to nominate majority of the members of the BOD of IPO thereby exercising control and supervision on IPO's operations as well as financing activities. Accordingly, the Parent Company assessed that IPO continues to be a subsidiary even though it owns less than 50% equity interest over IPO after the merger.

Determination of significant influence on investment in an associate if ownership is less than 20%

Holding of less than 20% of voting rights is presumed not to give rise to significant influence unless it can be clearly demonstrated that there is in fact significant influence. The Parent Company is able to exercise significant influence for ownership less than 20% because it has an active participation in the policy-making process including operating decisions of the investee.

As of December 31, 2023 and 2022, the Parent Company holds 10% of interest in RRC. The Parent Company exercises significant influence in RRC since the Parent Company's President is the concurrent president of RRC. The president is also a member of the BOD. As such, the president of the Parent Company effectively has a participation in the policy-making process of RRC. Hence, the Parent Company is able to exercise significant influence even if ownership is less than 20%.

Determination of lease term of contracts with renewal option - Company as a lessee

The Company has a lease contract that include renewal option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Company included the renewal period as part of the lease term as it assessed that it is reasonably certain to exercise its option to renew the lease (Note 29).

Revenue from contracts with customers: Timing of satisfaction of customization of vehicle
The Parent Company concluded that revenue for the sales of trucks undergoing customization is to be recognized at a point in time (i.e., delivery of the customized unit to the customer) since most of the customization done is not highly customized and therefore still has an alternative use for the Parent Company.

Distinguishing investment property from owner-occupied property
The Parent Company distinguishes between investment property, owner-occupied property and property held for sale in the ordinary course of business based on the actual use of the property (i.e. earn rentals or for capital appreciation, owner-occupation or commencement of development with a view to sale).

<u>Estimates</u>
Leases - Estimating the Incremental Borrowing Rate (IBR)
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the credit rating).

As of December 31, 2023 and 2022, the Parent Company's lease liabilities amounted to ₱105.98 million and ₱165.30 million, respectively (Note 29).

Estimating allowance for expected credit losses
Upon adoption of PFRS 9, allowance for expected credit losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on the Parent Company's historical credit loss experience and forward-looking factors specific to the debtors and the economic environment that may affect collectability. The Parent Company applies the simplified approach designed to identify potential charges to the allowance and is performed on a continuous basis throughout the period.

The collective assessment would require the Parent Company to group its receivables based on the credit risk characteristics of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile.

The methods and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2023 and 2022, allowance for expected credit losses amounted to ₱75.03 million and ₱77.99 million, respectively. As of December 31, 2023 and 2022, the carrying values of receivables amounted to ₱651.71 million and ₱505.96 million, respectively (Note 7).
Valuation of land under revaluation basis

The Parent Company's parcel of land are carried at revalued amounts. The valuations of these parcels of land were performed by SEC accredited independent appraisers and were determined using the market approach. Significant adjustments to inputs used in determining the fair value of land such as location and utility could affect the appraised value of the assets.

Land carried under revaluation basis amounted to ₱1,555.80 million and ₱1,431.62 million as of December 31, 2023 and 2022, respectively. The key assumptions used to determine the fair value of the parcels of land are disclosed in Note 12.

Estimation of retirement liability
The determination of cost of retirement is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions are discussed in Note 25, and include, among others, discount rates and salary increase rates.

As of December 31, 2023 and 2022, the retirement liability amounted to ₱78.0 million and ₱62.74 million, respectively (Note 25).

Realizability of deferred tax assets
The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces their carrying amounts 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.

Details of recognized and unrecognized deferred tax assets are disclosed further in Note 27.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱1,463,881**	₱302,198
Cash in banks	**93,399,017**	75,376,592
Short-term investments	**83,611,922**	78,827,432
	₱178,474,820	₱154,506,222

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Parent Company, and earns interest with annual rates ranging from 5.0% to 5.5% and 0.3% to 5.5% in 2023 and 2022, respectively.

Interest income from cash in banks and short-term investments amounted to ₱3.9 million, ₱1.5 million and ₱0.7 million in 2023, 2022, and 2021, respectively (Note 19).

There is no restriction on the Parent Company's cash and cash equivalents as of December 31, 2023 and 2022.

7. **Receivables**

This account consists of:

	2023	2022
Trade receivables	**₱382,803,649**	₱288,288,977
Due from related parties (Note 14)	**124,332,282**	165,755,551
Advances to suppliers	**88,406,030**	28,523,043
Receivables from plant	**43,409,549**	11,040,734
Accrued referral incentive	**18,575,090**	12,684,253
Loans to officers and employees	**5,898,781**	37,874,416
Insurance receivable	**3,815,311**	3,282,389
Other receivables	**59,500,995**	36,499,462
	726,741,687	583,948,825
Less allowance for expected credit losses	**75,030,241**	77,989,025
	₱651,711,446	₱505,959,800

Trade receivables are noninterest-bearing and are generally on a thirty (30)-day term.

Advances to officers and employees mainly pertain to interest-bearing advances and loans made by officers and employees. Annual interest is 6.0% and shall be liquidated on a monthly basis through salary deduction (Note 20).

Receivables from plant pertain to noninterest-bearing receivables for promotional subsidy and fleet discounts. Receivables from plant are collectible within one (1) year in the normal course of business.

Advances to suppliers pertain to the advances made to suppliers for the purchase of vehicles, parts, and accessories.

Accrued referral incentive pertains to income from accredited bank institutions earned by the Parent Company through referrals made to customers who obtained bank financing in the acquisition of vehicles.

Insurance receivable pertains to receivable from customers for the advance payment of car insurance made by the Parent Company in behalf of the customer.

The movements in allowance for expected credit losses on receivables for the years ended December 31 follow:

	2023				
	Trade Receivables			**Receivables**	
	Service	**Parts**	**Others**	**from plant**	**Total**
Balance at beginning of year	**₱9,980,718**	**₱1,590,330**	**₱49,080,214**	**₱17,337,763**	**₱77,989,025**
Provision	**15,882,234**	**899,444**	**4,765,294**	**1,155,898**	**22,702,870**
Recovery	–	–	**(7,524,400)**	**(18,137,254)**	**(25,661,654)**
Balance at end of year	**₱25,862,952**	**₱2,489,774**	**₱46,321,108**	**₱356,407**	**₱75,030,241**

	2022				
	Trade Receivables			Receivables	
	Service	Parts	Others	from plant	Total
Balance at end of year	₱9,980,718	₱1,590,330	₱49,080,214	₱17,337,763	₱77,989,025

No receivables were pledged as security to obligations as of December 31, 2023 and 2022.

8. Inventories

This account consists of:

	2023	2022
Automotive units (Note 20)	**₱365,825,126**	₱269,063,360
Parts, accessories and materials	**88,239,411**	91,884,220
	454,064,537	360,947,580
Less allowance for inventory obsolescence	**24,748,484**	24,097,263
	₱429,316,053	₱336,850,317

The cost of inventories sold for the years ended December 31, 2023, 2022 and 2021 amounted to ₱3,580.1 million, ₱3,281.1 million and ₱2,445.6 million, respectively (Note 20).

The Parent Company provided additional provision for inventory obsolescence in 2023 amounting ₱0.65 million. There was no additional provision made in 2022 and 2021.

The Parent Company has no items of inventories which were used as security to its obligations as of December 31, 2023 and 2022.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2023	2022
Creditable withholding taxes (CWT)	**₱182,196,003**	₱248,414,314
Input value-added taxes (VAT)	**48,669,676**	73,054,622
Prepaid expenses	**29,710,717**	25,850,234
Office supplies	**2,807,216**	3,198,964
Others	**11,311,348**	6,472,077
	₱274,694,960	₱356,990,211

CWT pertains to the tax withheld at source by the Parent Company’s customer and is creditable against the income tax liability of the Parent Company.

Input VAT will be used against future output VAT liabilities or will be claimed as tax credits.

10. **Investments in Subsidiaries and Associates**

This account consists of:

	2023	2022
Acquisition cost		
Balance at beginning of year	**₱7,300,247,128**	₱6,565,328,846
Acquisition	**840,000,000**	1,020,000,000
Disposal	**(1,181,747,042)**	(285,081,718)
Shares swap	**15,735,096,161**	–
Write-off	**(137,923,830)**	–
Reclassification	**(154,820,454)**	–
Balance at end of year	**22,400,851,963**	7,300,247,128
Accumulated impairment loss		
Balance at beginning of year	**166,090,425**	166,090,425
Write off	**(137,923,830)**	–
Recovery of impairment loss	**(21,682,883)**	–
	6,483,712	166,090,425
	₱22,394,368,251	₱7,134,156,703

On April 20, 2023, the Parent Company acquired 40% interest over RCBC Trust Corporation (RTrust) amounting to ₱40.0 million. The Parent Company, despite 40% ownership only shall have the management control over RCBC Trust.

On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of the outstanding shares of EEI Corporation (EEI) for a consideration of ₱1.25 billion. The sale has reduced the holdings of the Parent Company in EEI from 55.34% to 35.34% resulting to loss of control over EEI. The Parent Company accounted for the retained interest over EEI as an investment in associate. Gain from sale amounted to ₱0.56 billion.

On May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI. Proceed from the sale amounted to ₱1.08 billion. The sale which reduced the Parent Company's holdings of EEI to 21% is accounted as disposal of investment in an associate. The Parent Company recognized gain from sale amounting to ₱0.58 billion.

On December 28, 2023, the Parent Company acquired 8,000,000 common shares representing 100% ownership in TTVI at ₱0.80 billion accounted as investment in subsidiary.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's Articles of Incorporation for the increase in its authorized capital stock relative to the share swap agreement between the Parent Company and GPL Holdings, Inc. (GPLHI) and PMMIC. Under the share swap agreement with GPLHI, the Parent Company issued 221,716,590 common shares to GPLHI in exchange for the acquisition of GPLH's 51% ownership over SunLife Grepa Financial, Inc. (SGFI) and 73,416,558 common shares in exchange for a 49% stake in Grepa Realty Holdings Corporation. Under the share swap agreement with PMMIC, the Parent Company issued 397,703,801common shares to PMMIC in exchange for the acquisition of PMMIC's 77.33% ownership over MICO Equities, Inc. (MEI). As a result of the share swap agreements, the Parent Company recorded an increase in "Common Stock" and "Additional Paid-in Capital" amounting to ₱1.04 billion and ₱14.70 billion, respectively. The share swaps were accounted as noncash investing activities in the 2023 parent company statement of cash flows.

As at December 31, 2023, the Parent Company classified 4.5% interest in EEI amounting to ₱154.82 million as "Asset Held for Sale". The transaction was accounted as noncash investing activity in the 2023 parent company statement of cash flows. The assets were subsequently sold on January 5, 2024 at a selling price of ₱337.38 million.

On February 23, 2022, the Parent Company sold 1,612,759 common shares representing 14.64% ownership of SLRSHI to Sojitz Corporation for a selling price of ₱674.26 million resulting to a gain from sale amounting to ₱389.18 million (Note 20). Further, on November 15, 2022, Sojitz Corporation subscribed and paid for additional authorized capital stock applied for by SLRSHI. Accordingly, the ownership stake of the Parent Company decreased from 100% to 60% (Note 4).

On September 1, 2022, the Parent Company acquired 5,000,000 common shares of ATYC for ₱1.0 billion resulting to 100% ownership.

There were no movement in allowance for impairment losses for the years ended December 31, 2023 and 2022.

Summarized financial information of PERC, RRC, MMPCI, and SGAPC, significant associates, are as follows:

	2023			
	PERC	**RRC**	**MMPC**	**SGAPC**
Current assets	**₱5,123,846,606**	**₱1,070,974,157**	**₱2,543,206,907**	**₱2,583,331,211**
Noncurrent assets	**13,426,263,797**	**5,826,246,278**	**2,502,381,258**	**614,114,320**
Total assets	**₱18,550,110,403**	**₱6,897,220,435**	**₱5,045,588,165**	**₱3,197,445,531**
Current liabilities	**₱1,579,622,425**	**₱1,368,293,312**	**₱1,174,616,113**	**₱3,102,039,087**
Noncurrent liabilities	**3,982,619,501**	**2,470,117,726**	**537,931,084**	**164,506,656**
Total liabilities	**₱5,562,241,926**	**₱3,838,411,038**	**1,712,547,197**	**₱3,266,545,743**
Revenue	**₱2,389,414,425**	**₱2,161,119,524**	**₱1,112,072,094**	**₱ 5,548,190,607**
Cost	**(1,200,221,543)**	**-**	**(420,445,906)**	**(5,180,247,539)**
Gross margin	**1,189,192,882**	**2,161,119,524**	**691,626,188**	**367,943,068**
General and administrative, and other expenses	**(89,160,207)**	**(1,004,174,497)**	**(67,110,397)**	**(849,685,697)**
Pre-tax income	**₱1,100,032,675**	**₱1,156,945,027**	**624,515,791**	**(₱481,742,629)**

	2022			
	PERC	RRC	MMPC	SGAPC
Current assets	₱5,330,607,056	₱ 1,094,385,000	₱2,641,793,310	₱7,467,556,000
Noncurrent assets	11,497,877,003	5,890,203,000	1,852,020,043	598,298,000
Total assets	₱16,828,484,059	₱6,984,588,000	₱4,493,813,353	₱8,065,854,000
Current liabilities	₱1,500,041,773	₱ 1,613,703,000	₱1,077,718,732	₱7,464,427,000
Noncurrent liabilities	2,963,002,375	2,949,197,000	460,151,598	188,289,000
Total liabilities	₱4,463,044,148	₱4,562,900,000	1,537,870,330	₱7,652,716,000
Revenue	₱2,550,727,225	₱ 2,291,044,000	₱1,123,970,168	₱1,370,026,000
Cost	(1,303,267,397)	-	(411,866,262)	(1,293,664,000)
Gross margin	1,247,459,828	2,291,044,000	712,103,906	76,362,000
General and administrative, and other expenses	(371,937,475)	(1,025,037,000)	(82,431,806)	(62,977,000)
Pre-tax income	₱875,522,353	₱ 1,266,007,000	629,672,100	₱13,385,000

11. **Equity Investments at FVOCI**

This account consists of:

	2023	2022
Quoted	**₱193,243,614**	₱31,760,747
Unquoted	**1,068,090,402**	73,590,401
	₱1,261,334,016	₱105,351,148

The roll forward of equity investment at FVOCI for the years ended December 31 follows:

	2023	2022
Balance at beginning of year	**₱105,351,148**	₱102,169,176
Fair value changes	**38,612,171**	3,511,972
Disposal	**(256,377)**	(330,000)
Reclassification to retained earnings	**(37,772,927)**	–
Additions	**1,155,400,000**	–
Balance at end of year	**₱1,261,334,015**	₱105,351,148

Presented below are the movements in net accumulated unrealized gain on equity investment at FVOCI for the years ended December 31:

	2023	2022
Balance at beginning of year	**₱32,519,165**	₱29,007,193
Fair value changes taken to other comprehensive income	**839,244**	3,511,972
Balance at end of year	**₱33,358,409**	₱32,519,165

In May 2023, the Parent Company subscribed ATYC's 10,000,000 preferred shares amounting to ₱1.0 billion.

In October 2023, the Parent Company sold 8,545,911 Benguet Corp "A" shares for a selling price of ₱38.0 million, resulting to gain of ₱37.8 million which was reclassified to retained earnings.

In December 2023, the Parent Company purchase additional 7,000,000 RCBC shares amounting to ₱155.4 million.

In 2022, the Parent Company sold 1 share of Orchard Golf Club – C Class for a selling price of ₱1.2 million, resulting to a gain of ₱0.87 million (Note 19).

In 2021, RCBC Realty Corporation declared preferred stock dividend totaling ₱60.0 million.

In March 2021, the Parent Company sold 148 shares of Lopez Holdings Corporation at ₱3.85 per share.

Unquoted
The unquoted securities consist of non-listed shares amounting to ₱1,068.1 million and ₱73.6 million as of December 31, 2023 and 2022, respectively.

The Parent Company elected to present changes of all its equity investment in OCI because it does not intend to trade these investments.

12. Property and Equipment and Computer Software

Property and Equipment

Property and equipment at revalued amount

The Parent Company owns a parcel of 7,304 sqm land located in Quezon Avenue, Quezon City wherein the car dealership showroom was erected.

Movements in land carried at revalued amounts for the years ended December 31 are as follows:

	2023	2022
Land at cost:		
Balance at beginning and end of year	**₱171,193,000**	₱171,193,000
Revaluation increment on land:		
Balance at beginning of year	**1,260,430,000**	646,877,000
Additions	**124,172,000**	613,553,000
Balance at end of the year	**1,384,602,000**	1,260,430,000
	₱1,555,795,000	₱1,431,623,000

As of December 31, 2023 and 2022, the appraised value of the land in Quezon City was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, shape and terrain and location, among others. The significant unobservable valuation input is the price per square meter, which is ₱213,000 per square meter for 2023 and ₱196,000 per square meter for 2022 (Level 3 - Significant unobservable inputs). The land was valued in terms of its highest and best use. The valuation was performed by an independent SEC-accredited appraiser as of December 31, 2023.

In 2023, 2022 and 2021, the Parent Company revalued its land based on the appraisals made by SEC accredited independent appraiser. Movements in revaluation increment on land, net of deferred tax effect, for the years ended December 31 follow:

	2023	2022	2021
Balance at beginning of year	**₱945,322,500**	₱485,157,750	₱427,249,900
Revaluation increment	**93,129,000**	460,164,750	57,907,850
Balance at end of year	**₱1,038,451,500**	₱945,322,500	₱485,157,750

Property and equipment at cost
The roll forward analysis of property and equipment carried at cost follows:

	2023				
	Building and Improvements	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost					
Balances at beginning of year	**₱566,398,420**	**₱21,881,636**	**₱214,438,772**	**₱173,234,907**	**₱975,953,735**
Additions	**30,649,819**	**–**	**9,152,925**	**9,566,681**	**49,369,425**
Disposals	**–**	**–**	**(7,966,287)**	**(609,513)**	**(8,575,800)**
Balances at end of year	**597,048,239**	**21,881,636**	**215,625,410**	**182,192,075**	**1,016,747,360**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**492,483,117**	**21,881,636**	**179,181,275**	**156,811,172**	**850,892,875**
Depreciation and amortization (Note 24)	**8,419,088**	**–**	**11,076,071**	**7,420,298**	**26,915,457**
Disposals	**–**	**–**	**(3,662,872)**	**(102,384)**	**(3,765,256)**
Balances at end of year	**500,902,205**	**21,881,636**	**186,594,474**	**164,129,086**	**873,507,401**
Construction in Progress	**–**	**–**	**–**	**–**	**17,454,612**
Net Book Value	**₱96,146,034**	**₱–**	**₱29,030,936**	**₱18,062,989**	**₱160,694,571**

	2022				
	Building and Improvements	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost					
Balances at beginning of year	₱558,435,907	₱22,602,385	₱222,057,767	₱166,649,501	₱969,745,560
Additions	7,241,764	–	12,298,137	6,585,406	26,125,307
Disposals	–	–	(19,917,132)	–	(19,917,132)
Reclassifications/adjustments	720,749	(720,749)	–	–	–
Balances at end of year	566,398,420	21,881,636	214,438,772	173,234,907	975,953,735
Accumulated Depreciation and Amortization					
Balances at beginning of year	484,040,336	22,576,119	185,487,132	146,285,425	838,389,012
Depreciation and amortization (Note 24)	7,748,297	–	11,843,859	10,525,747	30,117,903
Disposals	–	–	(18,149,716)	–	(18,149,716)
Reclassifications/adjustments	694,483	(694,483)	–	–	–
Balances at end of year	492,483,116	21,881,636	179,181,275	156,811,172	850,357,199
Construction in Progress	15,432,454	–	–	–	15,432,454
Net Book Value	₱89,347,758	₱–	₱35,257,497	₱16,423,735	₱141,028,990

In 2023, 2022 and 2021, the Parent Company sold property and equipment with carrying values of ₱3.3 million, ₱1.7 million and ₱8.6 million which resulted to gain of ₱3.0 million, ₱9.5 million and ₱9.1 million, respectively (Note 19).

There are no property and equipment items that were pledged as security to liabilities as of December 31, 2023 and 2022.

Computer Software

This account consists of:

	2023	2022
Cost		
Balance at beginning of year	**₱52,872,973**	₱47,193,591
Additions	**6,244,584**	5,679,382
Balance at end of year	**59,117,557**	52,872,973
Accumulated Amortization		
Balance at beginning of year	**45,793,092**	40,168,155
Amortization (Note 24)	**4,599,101**	5,624,937
Balance at end of year	**50,392,193**	45,793,092
Net Book Value	**₱8,725,364**	₱7,079,881

Depreciation and Amortization

Depreciation and amortization are charged to "General and Administrative Expenses" amounting to ₱62.35 million, ₱66.73 million and ₱66.80 million for the years ended December 31, 2023, 2022 and 2021, respectively (Note 24).

13. Investment Properties

As of December 31, 2023 and 2022, the carrying value of parcels of land held for capital appreciation and classified as investment properties amounted to ₱1.76 million.

As of December 31, 2023 and 2022, the fair value of parcels of land amounted to ₱17.51 million which was determined based on valuation performed by an independent SEC accredited appraiser in 2020. The fair value of the investment properties was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences in economic characteristics of the properties (Level 3 - Significant unobservable inputs).

In 2022, the Parent Company sold its heritage lots located in Fort Bonifacio, Taguig City for a selling price of ₱2.24 million resulting to a gain from sale of ₱2.02 million (Note 20).

Allowance for impairment losses was ₱1.8 million for the years 2023 and 2022. No provision for impairment loss has been recognized in 2023 and 2022.

14. **Related Party Transactions**

The transactions and outstanding balances with related parties in 2023 and 2022 consist of the following:

	2023			
Category	Amount/ Transactions	Outstanding Receivable (Payable)	Terms	Conditions
Parent Company – PMMIC				
Accounts payable	**(₱1,033,348)**	**(₱1,093,867)**	Noninterest-bearing	Unsecured
Miscellaneous expense	**1,565,685**	–		
Dividends payable	**(14,737,978)**	–	Noninterest-bearing	Unsecured
Subsidiaries				
Due from related parties	**(₱33,218,769)**	**₱120,891,269**	Noninterest-bearing	Unsecured, unimpaired
Management Fee	**110,440,221**	–		
Audit Fees	**15,556,083**	–		
Dividends receivable	**164,788,762**	**59,200,000**	Noninterest-bearing	Unsecured, unimpaired
Due to related parties	–	**(87,895,120)**	Noninterest-bearing	Unsecured
Subscriptions payable	**-**	**(3,750,000)**	Noninterest-bearing	Unsecured
Associates				
Due from related parties	**(866,703)**	**2,772,825**	Noninterest-bearing	Unsecured, with impairment
Management and audit fees (Due from)	**8,674,609**	–		
Dividends receivable	**97,330,963**	**27,515,000**	Noninterest-bearing	Unsecured, unimpaired
Entities under common control of PMMIC				
Cash and cash equivalents		**162,993,554**	Interest at prevailing bank deposit rate	Unrestricted, unimpaired
Interest income	**3,507,351**	–	–	Unsecured, unimpaired
Loan payables	**(119,000,000)**	**(51,000,000)**	Interest at 7% principal payable at maturity	Unsecured, Unimpaired
Interest expense	**27,584,337**	–	–	Unsecured
Vehicle sales (Receivables)	**337,509,465**	**38,701,590**	Noninterest-bearing	Unsecured, no impairment
Due from related parties	**(382,350)**	**6,504**	Noninterest-bearing	Unsecured, no impairment
Management and audit fee income (Due from)	**30,000**	–		
Dividend receivable	**70,185**	–	Noninterest-bearing	Unsecured, unimpaired

Category	2022 Amount/ Transactions	Outstanding Receivable (Payable)	Terms	Conditions
Parent Company – PMMIC				
a. Accounts payable	**₱2,389,079**	**(₱60,519)**	Noninterest-bearing	Unsecured, unimpaired
Miscellaneous expense	**2,389,079**	–	–	–
b. Dividends payable	–	–	–	–
Subsidiaries	**58,967,113**	**163,258,948**	Noninterest-bearing	Unsecured, unimpaired
c. Due from related parties	**96,885,545**	–	-	-
Management and audit fee income	**20,205,020**	–	-	-
d. Dividends earned/ receivable	**260,001,982**	**48,000,000**	Noninterest-bearing	Unsecured, unimpaired
e. Due to related parties	–	**(10,935,754)**	Noninterest-bearing	Unsecured, unimpaired
Extension of advances	**15,000,000**	–	Interest at 1.53% principal payable at maturity	Unsecured, unimpaired
Interest Expense	**236,321**	–	-	-
Utilities and rent expenses	**20,336,116**	**(145,743)**	-	-
f. Subscriptions payable	–	**(3,750,000)**	Noninterest-bearing	Unsecured, unimpaired
Associates				
g. Due from related parties	**6,666,748**	**1,741,787**	Noninterest-bearing	Unsecured, with impairment
Management and audit fee income	**2,897,322**	–	-	-
h. Dividends receivable	**41,590,000**	**7,500,000**	Noninterest-bearing	Unsecured, unimpaired
i. Subscriptions payable				
Entities under common control of PMMIC				
j. Cash and cash equivalents	–	**135,229,338**	Interest at prevailing bank deposit rate	Unrestricted
Interest income	**1,231,231**	–	-	-
Loan payables	**312,000,000**	**330,000,000**	Interest at 3.50% principal payable at maturity	Unsecured, Unimpaired
Interest expense	**13,379,678**	–	-	-
k. Accounts receivable – trade				
Vehicle sales	**52,012,794**	**47,197,394**	Noninterest-bearing	Unsecured, no impairment
Due from related parties	**43,260**	**754,816**	Noninterest-bearing	Unsecured, no impairment
l. Management and audit fee income	–	–		
m. Dividends earned/receivable	–	–		

The Parent Company statements of financial position as of December 31, 2023 and 2022 include the following amounts resulting from transactions with related parties:

	2023	2022
Assets:		
Cash and cash equivalents	**₱162,993,554**	₱135,229,338
Trade receivable	**38,701,590**	47,197,394
Dividends receivable	**86,715,000**	55,500,918
Due from related parties	**123,670,598**	165,755,551
Liabilities:		
Accounts payable	**1,093,867**	60,519
Due to related parties (Note 17)	**87,897,408**	10,935,754
Subscription payable (Note 16)	**3,750,000**	3,750,000

Amounts due from subsidiaries, associates and other related parties represent mainly interest-bearing advances for working capital requirements and share in common overhead expenses. The Parent Company receives management fees from subsidiaries and associates, primarily for the latter's share in the costs of the internal audit, treasury and accounting departments. Due from related parties are collectible within one (1) year in the normal course of Parent Company's business.

The remuneration of the members of key management is as follows:

	2023	2022	2021
Salaries, wages and allowances	**₱117,655,722**	103,253,299	91,450,184
Short-term employee benefits	**1,900,000**	1,460,000	1,520,000
	119,555,722	104,713,299	92,970,184

The Retirement fund (Fund) of the Parent Company is being maintained and managed, in trust, by an affiliate financial institution, RCBC. Trust fee expenses incurred by the Fund in 2023, 2022 and 2021 amounted to ₱0.64 million, ₱0.73 million and ₱0.74 million, respectively (Note 26).

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest-free if paid when due, otherwise, interest bearing, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Parent Company has not recognized any expected credit losses on amounts due from related parties for the years ended December 31, 2023 and 2022. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Identification, review and approval of related party transactions
Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Parent Company's total assets based on its latest audited financial statements.

All material related party transactions shall be reviewed by the Parent Company's Corporate Governance Committee and approved by the BOD with at least 2/3 votes of BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

15. Loans Payable

As of December 31, 2023 and 2022, the Parent Company has unsecured bank loans with terms of up to three (3) months bearing annual interest rates ranging from 6.15% to 7.15% and 3.25% to 7.20% in 2023 and 2022, respectively.

Rollforward analysis of loans payable as follows:

	2023	2022
Beginning of year	**₱1,852,000,000**	₱1,737,000,000
Availments	**2,165,000,000**	1,158,100,000
Payments	**(2,560,357,979)**	(1,043,100,000)
End of year	**₱1,456,642,021**	₱1,852,000,000

Interest expense incurred on these loans amounted to ₱66.54 million, ₱57.23 million and ₱72.85 million in 2023, 2022 and 2021, respectively (Note 22).

16. Other Noncurrent Liabilities

This account consists of:

	2023	2022
Subscriptions payable (Note 14)	**₱3,750,000**	₱3,750,000
Others	**6,919,551**	6,753,517
	₱10,669,551	₱10,503,517

Subscription payable consists of unpaid subscriptions to shares of stock of ZRDC (Note 14).

Others consist of dividend payables, noncurrent portion of payables that are expected to be settled beyond one (1) year from the end of the reporting period, among others. In 2022, long-outstanding payables amounting to ₱119.57 million were reversed as management assessed that no future payables are to be claimed against the Parent Company. The reversals were charged and recorded under "Other income - net" account in the parent company statements of comprehensive income (Note 20)

17. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Trade payable	**₱559,584,726**	₱438,632,472
Withholding tax and other payables to government agencies	**95,787,868**	121,012,336
Due to related parties (Note 14)	**87,897,408**	10,935,754
Accrued expenses	**9,037,052**	15,070,749
	₱752,307,054	₱585,651,311

Trade payables are non-interest bearing and are generally settled on 30-60 days' term.

Accrued expenses consist of:

	2023	2022
Accrued interest	**₱2,774,712**	₱2,590,631
Accrued salaries and wages	**2,129,759**	1,899,697
Others	**4,132,581**	10,580,421
	₱9,037,052	₱15,070,749

Other accrued expenses comprise of accruals for Social Security System premium, Home Development Mutual Fund, Philippine Health Insurance Corporation payables, among others.

Both accounts payable and other current liabilities are expected to be settled in the next twelve (12) months.

18. Revenue and Dividend Income

Disaggregated revenue information
Set out below is the disaggregation of the Company's revenue:

	2023	2022	2021
Timing of revenue recognition			
Point in time	**₱4,151,016,494**	₱3,786,355,705	₱2,847,862,118
Overtime	**482,520,881**	470,907,642	431,089,945
	₱4,633,537,375	₱4,257,263,347	₱3,278,952,063

Dividend Income
Dividends were earned from the following during the years ended December 31:

	2023	2022	2021
Subsidiaries and associates	**₱260,019,725**	₱363,011,797	₱331,300,136
Others	**2,229,337**	1,521,375	60,624,285
	₱262,249,062	₱364,533,172	₱391,954,421

Dividends receivable amounted to ₱86.7 million and ₱55.5 million as of December 31, 2023 and 2022, respectively.

19. **Other Income - net**

This account consists of:

	2023	2022	2021
Gain on sale of:			
Investments (Notes 10 and 13)	**₱1,143,808,588**	₱392,062,338	₱–
Property and equipment (Note 12)	**2,964,666**	9,491,185	9,123,465
Income from reversal of payable (Note 16)	–	119,568,427	–
Rent income	**8,772,557**	3,610,807	7,345,802
Foreign exchange gain (loss)	**(3,492,759)**	4,387,936	3,050,787
Interest income	**4,818,729**	1,964,690	1,044,484
Miscellaneous	**31,087,700**	26,373,639	23,891,345
	₱1,187,959,481	₱557,459,022	₱44,455,883

Interest income consists of interest on:

	2023	2022	2021
Savings deposit (Note 6)	**₱3,874,016**	₱1,500,984	₱687,531
Others	**944,713**	463,706	356,953
	₱4,818,729	₱1,964,690	₱1,044,484

Miscellaneous income mainly pertains to various incentives received from Honda Cars Philippines, Inc., proceeds from sale of scrap materials, among others.

20. **Costs**

This account consists of:

	2023	2022	2021
Cost of merchandise sales			
Vehicles	**₱3,349,729,819**	₱3,082,887,177	₱2,302,399,611
Parts and accessories	**230,364,703**	198,193,757	143,171,926
	3,580,094,522	3,281,080,934	2,445,571,537
Cost of services (Note 23)			
Mechanical (general repair)	**192,319,172**	192,552,668	183,534,455
Body and paint	**85,908,534**	77,573,660	72,522,229
Labor	**35,618,208**	34,753,770	32,346,734
	313,845,914	304,880,098	288,403,418
	₱3,893,940,436	₱3,585,961,032	₱2,733,974,955

	2023	2022	2021
Inventory, beginning (Note 8)	**₱269,063,360**	₱230,104,115	₱298,512,469
Purchases	**3,446,491,585**	3,121,846,422	2,233,991,257
Total goods available for sale	**3,715,554,945**	3,351,950,537	2,532,503,726
Less inventory end (Note 8)	**365,825,126**	269,063,360	230,104,115
	₱3,349,729,819	₱3,082,887,177	₱2,302,399,611

21. **General and Administrative Expenses**

General and administrative expenses consist of the following:

	2023	2022	2021
Personnel (Note 23)	**₱270,097,471**	₱250,167,293	₱226,819,871
Taxes and licenses	**76,940,847**	115,942,846	47,374,454
Depreciation and amortization (Note 24)	**62,352,864**	66,731,473	66,802,114
Advertising and promotions	**70,539,014**	49,783,034	43,928,705
Commissions	**38,093,042**	32,807,602	22,537,922
Security services	**30,954,783**	28,885,709	24,118,442
Communication, light and water	**22,901,599**	21,353,487	18,170,876
Entertainment, amusement and recreation	**19,559,844**	17,372,907	13,805,175
Professional and consultancy fees	**20,029,924**	13,551,524	14,845,597
Transportation and travel	**11,259,195**	11,320,718	13,466,791
Selling expenses	**7,624,774**	8,004,535	4,680,946
Insurance	**8,288,152**	7,079,574	8,212,504
Rent	**5,354,837**	4,979,209	5,304,848
Repairs and maintenance	**3,624,598**	3,592,118	3,558,869
Supplies	**4,021,318**	3,297,857	1,983,962
Provision for (write-off):			
Investment in subsidiaries and associates	**(21,682,883)**	–	–
Receivables	**(2,958,784)**	–	–
Inventory obsolescence (Note 8)	**651,221**	–	–
Miscellaneous	**46,132,572**	25,109,470	15,848,117
	₱673,784,388	₱659,979,356	₱531,459,193

Miscellaneous expenses include association dues and subscriptions, accrued rent expenses, IT expenses, and bank charges, among others.

22. Interest and Finance Charges

This account consists of interest expense on loans and finance lease:

	2023	2022	2021
Loans payable (Note 15)	**₱66,543,563**	₱57,227,343	₱72,854,997
Lease liabilities (Note 29)	**7,148,677**	9,102,120	10,212,673
	₱73,692,240	₱66,329,463	₱83,067,670

23. Personnel Expenses

This account consists of (Notes 20 and 21):

	2023	2022	2021
Salaries and wages	**₱238,664,901**	₱223,455,867	₱203,211,791
Employee benefits	**67,050,778**	61,465,196	55,954,814
	₱305,715,679	₱284,921,063	₱259,166,605

The distribution of the personnel costs follows:

	2023	2022	2021
Cost of services (Note 20)	**₱ 35,618,208**	₱34,753,770	₱32,346,734
General and administrative expenses (Note 21)	**270,097,471**	250,167,293	226,819,871
	₱305,715,679	₱284,921,063	₱259,166,605

24. Depreciation and Amortization

This account consists of depreciation and amortization of property and equipment, right-of-use assets and computer software:

	2023	2022	2021
Property and equipment (Note 12)	**₱26,915,457**	₱30,117,903	₱33,665,091
Right-of-use assets (Note 30)	**30,838,306**	30,988,633	29,644,497
Computer software (Note 12)	**4,599,101**	5,624,937	3,492,526
	₱62,352,864	₱66,731,473	66,802,114

Depreciation and amortization is charged to "General and Administrative Expenses" in the parent company's statement of comprehensive income.

25. **Retirement Plan**

The Parent Company has a funded, noncontributory retirement plan (the Plan) for all of its regular employees. The Plan provides for normal, early retirement, death and disability benefits.

The most recent actuarial valuation was carried out on February 22, 2024 for the retirement plan of the Parent Company as of December 31, 2023.

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 employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the retirement expense recognized in the parent company statements of comprehensive income and amounts recognized in the parent company statements of financial position for the retirement plan.

Based on the actuarial valuation as of December 31, 2023 and 2022 computed using the PUC method, the Parent Company's retirement liability and expenses are summarized as follows:

	2023	2022
Retirement liability	**₱78,002,093**	₱62,739,422
Retirement expense	**21,280,996**	22,930,547

The retirement expense recognized by the Parent Company under general and administrative expense in 2023, 2022 and 2021 are as follows:

	2023	2022
Current service cost	**₱16,865,600**	₱20,366,269
Net interest expense	**4,415,396**	2,564,278
Retirement expense	**₱21,280,996**	₱22,930,547

The net retirement liability recognized in the parent company statements of financial position follow:

	2023	2022
Present value of defined benefit obligation	**₱186,664,656**	₱164,659,782
Fair value of plan assets	**(108,662,563)**	(101,920,360)
	₱78,002,093	₱62,739,422

The movements in the net retirement liability follow:

	2023	2022
Balance at beginning of year	**₱62,739,422**	₱52,026,345
Retirement expense	**21,280,996**	22,930,547
Remeasurement gain	**(1,821,866)**	(12,393,430)
Transfers	**–**	175,960
Contributions	**(4,196,459)**	–
Balance at end of year	**₱78,002,093**	₱62,739,422

The movements in the present value of defined obligation follow:

	2023	2022
Balance at beginning of year	**₱164,659,782**	₱164,857,169
Current service cost	**16,865,600**	20,366,269
Interest cost	**11,602,510**	8,134,152
Transfers	**–**	175,960
Benefits paid	**(11,419,466)**	(6,291,808)
Remeasurement losses (gains) on:		
Experience adjustments	**9,063,220**	(1,657,186)
Changes in financial assumptions	**(4,106,990)**	(20,924,774)
Balance at end of year	**₱186,664,656**	₱164,659,782

The movements in the fair value of the plan asset follow:

	2023	2022
Balance at beginning of year	**₱101,920,360**	₱112,830,824
Contributions	**4,152,709**	–
Interest income	**7,187,114**	5,569,874
Benefits paid	**(11,375,716)**	(6,291,808)
Remeasurement loss on plan assets	**6,778,096**	(10,188,530)
Balance at end of year	**₱108,662,563**	₱101,920,360

The major categories and fair value of the plan assets are as follows:

	2023	2022
Investments in:		
Equity securities	**₱72,336,344**	₱61,618,184
Government securities	**20,999,463**	20,741,119
Cash and cash equivalents	**15,120,081**	19,523,890
Receivables	**270,691**	233,601
Accrued trust fees	**(64,016)**	(196,434)
	₱108,662,563	₱101,920,360

The Parent Company expects to contribute ₱29.60 million to its defined benefit retirement plans in 2024.

The Retirement fund (Fund) of the Parent Company is being maintained and managed, in trust, by RCBC Trust and Investment Group (TIG), an affiliate financial institution. The voting rights of the above securities are assigned to RCBC TIG, being the investment manager who manages and administers the investments and reinvestments of the Fund.

Trust fee expenses incurred in relation to the trust role of RCBC in the Fund amounted to ₱636,936 ₱731,549, and ₱740,270 for the years ended December 31, 2023, 2022 and 2021, respectively.

Cash and cash equivalents - includes savings and time deposit with affiliated bank and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).

Equity investments - include investment in common shares traded in the Philippine Stock Exchange.

Investments in government securities - includes investment in Philippine Retail Treasury Bonds (RTBs) and Fixed Rate Treasury Notes (FXTNs).

Investments in other securities and debt instruments - includes investment in retail bonds from an affiliate financial institution.

Receivables - includes interest receivable from BSP SDA, time deposit, government securities and investments in other securities and debt instruments, and dividends receivable from equity investments

As of December 31, the Parent Company's retirement plan assets include investments in equity securities of the following related parties:

	2023	2022
IPO	**₱47,571,853**	₱44,853,462
PERC	**17,526,317**	14,371,518
Seafront Resources Corporation	**118,086**	142,373
Others	**2,316,730**	2,536,358
	₱67,532,986	₱61,903,711

The Parent Company recognized ₱3.6 million gain in 2023, while ₱0.7 million and ₱12.2 million loss in 2022 and 2021 arising from investments in the shares of stocks of the aforementioned companies.

Based on the actuarial valuation report, the retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

Mortality table used for actuarial assumptions was derived from 1994 US Group Annuity Mortality (GAM) Table. Disability table used for actuarial assumptions was derived from 1952 Disability Table.

The principal actuarial assumptions used in determining net retirement asset are as follows:

	2023	2022
Discount rate at end of the year		
Beginning	**7.02%**	4.96%
End	**6.06%**	7.02%
Salary increase rate at end of the year		
Beginning	**6.00%**	6.00%
End	**6.00%**	6.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of financial reporting date, assuming all other assumptions were held constant.

	2023		2022	
	Increase (decrease)	**Effect on defined benefit obligation (in millions)**	Increase (decrease)	Effect on defined benefit obligation (in millions)
Discount rates	**+50bps**	**(4,465,077)**	+50bps	(3,781,165)
	-50bps	**5,087,114**	-50bps	4,133,824
Salary increase rates	**+100bps**	**10,329,465**	+100bps	8,400,146
	-100bps	**(8,499,563)**	-100bps	(7,145,567)

The average duration of the defined benefit obligation as of December 31, 2023 is 21 years.

The maturity analysis of the undiscounted benefit payments as of December 31, 2023 and 2022 follow:

	2023	2022
Within one (1) year	**₱60,019,185**	₱57,328,450
After one (1) year but not more than five (5) years	**24,991,896**	23,413,615
More than five (5) years	**1,538,866,339**	1,527,917,626
	₱1,623,877,420	₱1,608,659,691

26. **Income Taxes**

Provision for income tax consists of:

	2023	2022	2021
Current	**₱15,525,472**	**₱18,438,550**	₱3,189,343
Deferred	**(101,896)**	**(1,249,947)**	474,197
	₱15,423,576	**₱17,188,603**	₱3,663,540

The provision for current income tax represents regular corporate income tax in 2023 and minimum corporate income tax in 2022 and 2021.

The components of the Parent Company's net deferred tax liabilities are as follows:

	2023	2022
Deferred tax assets (liabilities) recognized in profit or loss:		
Allowance for expected credit losses and inventory obsolescence	**₱24,944,681**	₱24,750,460
Retirement	**22,210,649**	19,089,435
Excess MCIT over RCIT	**–**	4,737,672
Lease	**10,828,124**	4,385,020
Unamortized portion of past service cost	**1,470,571**	1,785,536
Unrealized foreign exchange losses	**873,190**	–
Others	**4,236,544**	9,712,144
	64,563,759	64,460,267
Deferred tax liabilities recognized in other comprehensive income:		
Remeasurement gain on defined benefit plan	**(2,710,125)**	(2,248,927)
Revaluation increment on land	**(346,150,500)**	(315,107,500)
	(348,860,625)	(317,356,427)
	(₱284,296,866)	(₱252,896,160)

	2023	2022
Reconciliation of net deferred tax liabilities:		
Balance at beginning of year	**(₱252,896,160)**	(₱93,764,367)
Application of MCIT	**(4,737,672)**	(18,438,550)
Tax income (expense) recognized in:		
Profit and loss	**4,841,164**	15,793,364
Other comprehensive income	**(31,504,198)**	(156,486,607)
Balance at end of year	**(₱284,296,866)**	(₱252,896,160)

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

As of December 31, 2023, the Company's NOLCO which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2021	₱112,471,212	₱112,471,212	₱–	₱–	2026
2020	734,590	734,590	–	–	2025
	₱113,205,802	₱113,205,802	₱–	₱–	

As of December 31, the Parent Company's MCIT and the years in which it can be claimed as deduction from future taxable income are as follows.

Period of Recognition	Availment Period	Amount	Applied	Expired	Balance
2021	2022-2024	₱5,886,929	(₱5,886,929)	₱–	₱–
2020	2021-2023	8,092,922	(8,092,922)	–	–
2019	2020-2022	9,196,371	(9,196,371)	–	–
		₱23,176,222	(₱23,176,222)	₱–	₱–

The temporary differences to which no deferred tax assets were recognized in 2022 were recognized in 2023.

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

	2023	2022	2021
Income tax at statutory rate	**25.00%**	25.00%	25.00%
Adjustments for:			
Movement in DTA	**2.18**	(4.37)	(0.56)
Gain on sale of investment in subjected to capital gains tax	–	(9.62)	–
Dividend income exempted from income tax	**18.18**	(10.51)	(26.71)
CREATE impact	–	–	2.80
Others	–	1.48	0.08
Effective income tax rate	**1.07%**	1.98%	1.73%

27. **Capital Stock**

Preferred stock
The authorized preferred stock is 2,500,000,000 shares at ₱0.40 par value. There are no preferred shares outstanding as at December 31, 2023, 2022 and 2021 follows:

Common stock
Details of the Parent Company's authorized common stock. as at December 31, 2023, 2022 and 2021 follows:

	2023	2022	2021
Authorized common stock - ₱1.50 par value	**1,470,000,000**	1,250,000,000	1,250,000,000

A reconciliation of the number of common shares outstanding as at December 31, 2023, 2022 and 2021 follows:

	2023		2022		2021	
	Amount	**Shares**	Amount	Shares	Amount	Shares
Balance at beginning and end of year	**₱1,165,147,926**	**776,765,281**	₱1,165,147,926	776,765,281	₱1,165,147,926	776,765,281
Issuance	**1,039,255,424**	**692,836,949**	-	-	-	-
Treasury stock	**(2,607,600)**	**(300,000)**	(2,607,600)	(300,000)	(2,607,600)	(300,000)
	₱2,201,795,750	**1,469,302,230**	₱1,162,540,326	776,465,281	₱1,162,540,326	776,465,281

On April 25, 2023, the BOD of the Parent Company approved the resolution to increase the authorized capital stock of the Parent Company from ₱2,875 million divided into 1,250,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share to ₱3,205 million divided into 1,470,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share.

As disclosed in Note 10, the SEC approved the application for increase in authorized capital stock and the valuation of 619,420,391 common shares issued by the Parent Company in relation to the share swap agreement between the Parent Company and GPLHI and PMMIC. As a result of the share swap agreements, the Parent Company recorded an increase in “Common Stock” and “Additional Paid-in Capital” amounting to ₱1.04 billion and ₱14.70 billion, respectively.

On May 24, 2013, the Parent Company repurchased 300,000 shares held as treasury stock at ₱8.69 per share for ₱2.61 million.

Details of the capital redemption and conversion follow:

Date of Redemption	Amount		Record Date	Payment Date
March 30, 2020	₱6,710,402	₱0.40	April 27, 2020	May 20, 2020
April 6, 2018	₱6,343,953	₱0.40	May 3, 2018	May 30, 2018
March 31, 2017	₱7,020,070	₱0.40	April 28, 2017	May 21, 2017
July 21, 2017	6,844,569	0.40	August 18, 2017	September 12, 2017
September 29, 2017	6,673,454	0.40	October 27, 2017	November 24, 2017
December 8, 2017	6,506,618	0.40	January 4, 2018	January 30, 2018
	₱27,044,711			

Date of Redemption	Amount		Record Date	Payment Date
March 31, 2016	₱7,768,247	₱0.40	April 28, 2016	May 24, 2016
July 15, 2016	7,574,040	0.40	August 12, 2016	September 8, 2016
September 30, 2016	7,384,690	0.40	October 28, 2016	November 24, 2016
December 2, 2016	7,200,072	0.40	December 29, 2016	January 23, 2017
	₱29,927,049			

On March 30, 2020, after the declaration of cash dividends (Note 32), the BOD approved the redemption of 16,766,001 preferred shares at par value with a total amount of ₱6.71 million to the stockholders of the Parent Company’s preferred shares on record as of April 27, 2020, payable on May 20, 2020.

In 2019 and prior years, the Parent Company’s preferred shares have the following features:

a) Entitled to dividends at the rate of average 91-day T-Bill plus two percent;
b) Fully participating as to distribution of dividends;
   - Convertible into common shares at the option of the holders thereof from the date of issue at the conversion rate of 3 and 3/4 preferred shares to 1 common share for a price of ₱1.50 per common share subject to adjustments;
c) Redeemable at any one time or from time to time, at the option of the BOD of the Parent Company, subject to availability of funds; and

d) With voting rights and preferences as to assets upon dissolution of the Parent Company over common shareholders.

Below is the summary of the outstanding number of shares and holders of security as at December 31, 2023:

Common Shares:		
January 1, 2021	776,465,281	384
Movement	–	–
December 31, 2021	776,465,281	384
Movement	–	(7)
December 31, 2022	776,465,281	377
Movement	692,836,949	(5)
December 31, 2023	**1,469,302,230**	**372**

SEC approved the registration of the Parent Company’s authorized capital stock before its listing date with the PSE, which was on July 2, 1962. The actual number of shares initially listed were 584,085 at an offer price of ₱10.0 per share. Total number common shareholders is 371 and 377 as of December 31, 2023 and 2022, respectively

28. Fair Value of Financial Instruments and Financial Risk Management Objectives and Policies

Fair Value of Financial Instruments

The carrying values of the Parent Company’s financial instruments approximate their fair values due to short-term maturities and demand feature except for equity investments at FVOCI and long-term debt as discussed below:

Equity investments at FVOCI

Fair values of investments in equity shares listed with Philippine Stock Exchange amounting to ₱170.2 million and ₱22.2 million as of December 31, 2023 and 2022, respectively, were determined by reference to the quoted price in the stock exchange at the end of the reporting period (Level 1 - Quoted prices in active market).

Fair values of investments in club/golf shares amounting to ₱23.0 million and ₱15.0 million as of December 31, 2023 and 2022, respectively, were determined by reference to the price of the most recent transaction at the end of the reporting period (Level 2 - Significant observable inputs). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Financial Risk Management Objectives and Policies

The Parent Company manages and maintains its own portfolio of financial instruments in order to fund its operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, equity price, foreign currency and credit.

The Parent Company's risk management policies are summarized below:

a. *Liquidity risk*
The Parent Company seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Parent Company intends to use internally generated funds and available short-term and long-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD. As at December 31, 2023 and 2022, the Parent Company has available credit facilities with banks aggregating ₱11.5 billion and ₱10.5 billion, respectively.

The tables below summarize the maturity profile of the Parent Company's financial liabilities as of December 31 based on contractual undiscounted payments.

			2023		
	On demand	**Less than 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Accounts payable and other current liabilities:					
Accounts payable, accrued expenses and others*	**₱484,508,665**	₱ –	₱ –	₱ –	₱484,508,665
Accrued interest	**2,774,712**	–	–	–	2,774,712
Due to related parties	**87,897,408**	–	–	–	87,897,408
Loans payable	**1,456,642,021**	–	–	–	1,456,642,021
Lease liabilities	–	–	33,917,745	72,060,463	105,978,208
	₱2,031,822,806	₱ –	₱ 33,917,745	₱72,060,463	₱2,031,822,806

**Excludes statutory liabilities*

			2022		
	On demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Accounts payable and other current liabilities:					
Accounts payable, accrued expenses and others*	₱441,434,303	₱–	₱–	₱–	₱441,434,303
Accrued interest	–	2,590,631	–	–	2,590,631
Due to related parties	10,935,754	–	–	–	10,935,754
Loans payable	–	1,852,000,000	–	–	1,852,000,000
Lease liabilities	–	3,853,820	3,853,820	157,597,107	165,304,747
	₱452,370,057	₱1,858,444,451	₱3,853,820	₱157,597,107	₱2,472,265,435

**Excludes statutory liabilities*

The tables below summarize the maturity profile of the Parent Company's financial assets used to manage liquidity risk.

		2023	
	On demand	**Less than 1 year**	**Total**
Cash and cash equivalents	**₱178,474,820**	**₱–**	**₱178,474,820**
Receivables			
Trade	**166,935,483**	**215,868,166**	**382,803,649**
Due from related parties	**124,332,282**		**124,332,282**
Receivables from plant	**29,810,947**	**13,598,602**	**43,409,549**
Accrued referral incentive	**18,575,090**	**–**	**18,575,090**
Others	**82,433,028**	**–**	**82,433,028**
Dividends receivable	**–**	**86,715,000**	**86,715,000**
	₱600,561,650	**₱316,181,768**	**₱916,743,418**

	2022		
	On demand	Less than 1 year	Total
Cash and cash equivalents	₱154,506,222	₱–	₱154,506,222
Receivables			
Trade	223,382,915	64,906,062	288,288,977
Due from related parties	165,858,926	–	165,858,926
Receivables from plant	11,040,734	–	11,040,734
Accrued referral incentive	12,684,253	–	12,684,253
Others	106,179,310	–	106,179,310
Dividends receivable	–	55,500,918	55,500,918
	₱673,652,360	₱120,406,980	₱794,059,340

b. *Market risk*
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Equity price risk
The Parent Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity investments at FVOCI.

Equity investments at FVOCI are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The analysis below is performed for reasonably possible movements in the market index with all other variables held constant, showing the impact on equity.

	2023		2022	
Market Index	**Change in variable**	**Effect on equity**	Change in variable	Effect on equity
PSE	**18.28%**	**4,069,020**	23.15%	6,107,555
	(18.28%)	**(4,069,020)**	(23.15%)	(6,107,555)
Others	**20.51%**	**1,948,004**	35.18%	2,392,586
	(20.51%)	**(1,948,004)**	(35.18%)	(2,392,586)

The percentage of increase and decrease in market price is based on the movement in the PSE Index and other market index from beginning to end of the year.

Foreign currency risk
The Parent Company's foreign exchange risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the United States Dollar (USD). The revenues and the operating expenses of the Parent Company are denominated in PHP. However, the Parent Company maintains certain deposits with banks which are denominated in USD.

The Parent Company's foreign currency denominated financial instruments (translated in Philippine Peso) as of December 31 is as follows:

	2023		2022	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Cash and cash equivalents	**$1,177,600**	**₱65,435,689**	$1,151,751	₱64,636,266

The prevailing exchange rates used as of December 31, 2023 and 2022 were ₱55.37 to $1 and ₱56.12 to $1, respectively.

The Parent Company closely monitors the daily movements in the USD/PHP exchange rate and makes regular assessments of future foreign exchange movements, based also, in part, on its analysis of other macroeconomic indicators. The Parent Company then manages the balance of its USD-denominated deposits based on this assessment.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar rate, with all variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of the foreign currency denominated monetary assets) as of December 31, 2023 and 2022.

Effect on profit before tax	**2023**
USD strengthens by 5.31%	**₱3,476,627**
USD weakens by 5.31%	**(3,476,627)**

Effect on profit before tax	2022
USD strengthens by 5.66%	₱3,658,935
USD weakens by 5.66%	(3,658,935)

Interest rate risk

The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's short-term and long-term obligations.

In order to effectively manage its interest rate risk and its financing costs, the Parent Company closely monitors the movements of interest rates, as well as, economic factors affecting the trends of these movements. In certain cases, depending on its assessment of future movements of interest rates, the Parent Company would pre-terminate its debt and obtain a new loan facility which provides for either floating or fixed interest rates. This is intended to minimize its financing costs.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings):

	2023		2022	
	Increase/decrease in basis points	**Effect on profit before tax**	Increase/decrease in basis points	Effect on profit before tax
Peso floating rate borrowing	**+1,140**	**18,445,736**	+772	24,658,512
	-1,140	**(18,445,736)**	-772	(24,658,512)

The sensitivity analyses shown above for peso floating borrowings are based on the assumption that interest rate movements will be more likely be limited to a one thousand one hundred forty (1,140) and seven hundred seventy two (772) basis points upward or downward fluctuation in 2023 and 2022, respectively. The forecasted movements in percentages of interest rates used were sourced by management from an affiliated bank. These are forecasted movements in the next twelve (12) months. The effect on the Parent Company's income statement before tax is computed on the carrying value of the Parent Company's floating rate payables as at December 31, 2023 and 2022.

c. *Credit risk*
The Parent Company's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Parent Company. The Parent Company manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Parent Company's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Parent Company does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from receivables, the Parent Company's exposure to credit risk arises from default of the counterparty, with a gross maximum exposure equal to the carrying amount of this financial asset.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for various customer segments. With similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit quality of the Parent Company's financial assets as of December 31:

	2023		
	Neither past due nor impaired		
	High Grade	**Standard Grade**	**Total**
Cash and cash equivalents			
Cash in banks	**₱93,399,017**	**₱–**	**₱93,399,017**
Short-term investments	**83,611,922**	**–**	**83,611,922**
Accounts receivable:			
Receivables from:			
Trade	**382,803,649**	**–**	**382,803,649**
Due from related parties	**124,332,282**	**–**	**124,332,282**
Advances to officers and employees	**5,898,781**	**–**	**5,898,781**
Advances to suppliers	**88,406,030**	**–**	**88,406,030**
Insurance receivable	**3,815,311**	**–**	**3,815,311**
Other receivables:	**59,500,994**	**–**	**59,500,994**
Dividend receivable	**86,715,000**	**–**	**86,715,000**
	₱ 928,482,986	**₱–**	**₱ 928,482,986**

	2022		
	Neither past due nor impaired		
	High Grade	Standard Grade	Total
Cash and cash equivalents			
Cash in banks	₱75,376,592	₱–	₱75,376,592
Short-term investments	78,827,432	–	78,827,432
Accounts receivable:			
Receivables from:			
Trade	288,288,977	–	288,288,977
Due from related parties	165,858,926	–	165,858,926
Advances to officers and employees	37,874,416	–	37,874,416
Advances to suppliers	28,523,043	–	28,523,043
Accrued referral incentive	12,684,253	–	12,684,253
Insurance receivable	3,282,389	–	3,282,389
Other receivables:	36,499,462	–	36,499,462
Dividend receivable	55,500,918	–	55,500,918
	₱782,716,408	₱–	₱782,716,408

The Company sets financial assets as 'high grade' based on the Company's positive collection experience. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. On the other hand, 'standard grade' are those which have credit history of default in payments.

Credit Quality

Cash in banks and cash equivalents
Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Parent Company's policy. No expected credit losses were recognized in 2023 and 2022.

Receivables
The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Cash and cash equivalents - are composed of bank deposits and money market placements made with reputable financial institutions duly approved by the BOD and hence, graded as "high grade".

Receivables:
Trade - high grade pertains to receivables from fleet customers and financing companies and standard grade pertains to receivables from individuals and other small and medium-sized entities.

Due from related parties and dividends receivables - pertain to receivables from profitable related parties with good payment record with the Parent Company and hence, graded as “high grade”.

Other receivables - high grade pertains to receivables with no default on payment while standard grade pertains to receivables with more than one (1) default on payment.

Capital management

The main thrust of the Parent Company’s capital management policy is to ensure that the Parent Company maintains a good credit standing and a sound capital ratio to be able to support its business and maximize the value of its shareholders equity.

The Parent Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Parent Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2023 and 2022.

The Parent Company monitors its use of capital and capital adequacy by using leverage ratios, specifically, debt ratio (total debt/total equity and total debt), debt-to-equity ratio (total debt/total equity) and net debt-to-equity (net debt/total equity). Included as debt are the Parent Company’s total liabilities while equity pertains to total equity as shown in the parent company statement of financial position.

The table below shows the leverage ratios of the Parent Company as of December 31:

	2023	2022
Loans payable	**₱1,456,642,021**	₱1,852,000,000
Other noncurrent liabilities	**10,669,551**	10,503,517
Total debt	**1,467,311,572**	1,862,503,517
Less cash and cash equivalents	**178,474,820**	154,506,222
Net debt	**1,288,836,752**	1,707,997,295
Total Equity	**₱24,653,962,623**	₱7,439,837,143
Debt to equity	**0.06:1**	0.25:1
Net debt to equity	**0.05:1**	0.23:1

There were no changes made in the Parent Company’s capital management, objectives, policies or processes in 2023 and 2022.

29. **Leases**

The Parent Company’s car divisions lease parcels of land where their respective sales office, administrative and warehouse buildings were constructed and are currently located. The leases are non-cancellable which have terms cover lease periods of between three (3) to ten (10) years with escalation rates ranging from 3.0% to 10%.

Future minimum lease payments of lease agreements as of December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Within one year	**₱40,443,048**	₱7,707,640	₱27,023,245
After one year but not more than five years	**82,341,276**	110,177,361	112,525,375
More than five years	–	47,419,746	54,511,683
	₱122,784,324	₱165,304,747	₱194,060,303

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Balance at beginning of year	**₱116,949,347**	₱147,937,980	₱161,586,230
Amortization of right-of-use asset (Note 24)	**(30,838,306)**	(30,988,633)	(29,644,497)
Effect of lease modification	**(23,445,326)**	–	–
Addition (derecognition)	–	–	15,996,247
	₱62,665,714	₱116,949,347	₱147,937,980

The following are the amounts recognized in the parent company statement of comprehensive income for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Amortization of right-of-use asset (Note 24)	**₱30,838,306**	₱30,988,633	₱29,644,497
Interest expense on lease liabilities (Note 24)	**7,148,677**	9,102,120	10,212,673
	₱37,986,983	₱40,090,753	₱39,857,170

Amortization in 2023 and 2022 is charged to the following accounts (Note 24):

	2023	2022
Cost of sales and services	**₱–**	₱–
Selling and administrative expenses	**30,838,306**	30,988,633
	₱30,838,306	₱30,988,633

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	**₱165,304,747**	₱194,060,303
Interest expense	**7,148,677**	9,102,120
Payments	**(43,029,890)**	(37,857,676)
Effect of lease modification	**(23,445,326)**	-
Total lease liability	**105,978,208**	165,304,747
Less current portion of lease liability	**33,917,745**	7,707,640
Lease liability - net of current portion	**₱72,060,463**	₱157,597,107

The Parent Company's lease contract includes renewal option. Management exercises significant judgement in determining whether the renewal option is reasonably certain to be exercised (Note 5).

Rent expenses pertaining to lease agreements recognized in profit or loss in 2023, 2022 and 2021, amounted to ₱36.46 million, ₱38.12 million and ₱32.45 million, respectively.

30. Contingent Liabilities

The Parent Company has no contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. The information required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed until final settlement, on the ground that it might prejudice the Parent Company's position.

31. Retained Earnings

The BOD declared cash dividends in 2023 as follows:

		Amount per share			
Date of BOD Approval	**Amount**	**Preferred Shares**	**Common Shares**	**Record Date**	**Payment Date**
July 21, 2023	₱38,823,264	₱–	₱0.05	August 3, 2023	September 1, 2023

On November 24, 2023, the Parent Company's BOD approved additional appropriation of retained earnings amounting to ₱1.2 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next three years.

On April 12, 2023, the Parent Company's BOD approved additional appropriation of retained earnings amounting to ₱0.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next three years.

On December 31, 2021, the Parent Company's BOD approved appropriation of retained earnings amounting to ₱3.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next 2-3 years. On the same date, the Parent Company approved the reversal of ₱2.5 billion appropriation made in 2019 and 2018 following the completion of its previous planned investment and business expansion.

Retained earnings include ₱5,267 million and ₱3,567 million as of December 31, 2023 and 2022, respectively, representing treasury shares, appropriated retained earnings and deferred tax assets that are not available for dividend declaration. After reconciling items, the retained earnings of the Parent Company that are available for dividend declaration amounted to ₱1,076.4 million and ₱1,419.74 million as of December 31, 2023 and 2022, respectively.

Under the Tax Code, publicly held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

32. **Operating Segment Information**

For management purposes, the Parent Company is organized into business units based on the products and services it provides, which comprise of two main groups as follows:

Cars Division - consists of revenues mainly from Honda Cars Quezon City, Honda Cars Manila, Honda Cars Tandang Sora, Isuzu Manila, Isuzu Commonwealth, and Isuzu Tacloban (Note 30).

Head Office - represents operations of the Parent Company.

Segment assets and liabilities exclude deferred income tax assets and liabilities. Inter-segment income arises from transactions that were made on terms equivalent to those that prevail in arms-length transactions.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Parent Company's internal organization that will cause the composition of its reportable segment to change.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Parent Company has no significant external customer which contributes 10.0% or more to the revenue of the Parent Company

(Amounts in Millions)

	Cars Division			Head Office			Elimination			Combined		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Revenue												
Income from external customers	**₱4,366**	₱4,007	₱3,072	**₱267**	₱251	₱201	**₱–**	₱–	₱–	**₱4,634**	₱4,257	₱3,273
Intersegment sales	–	–	6	–	–	1	–	–	(1)	–	–	6
Total Revenue	**₱4,366**	₱4,007	₱3,078	**₱267**	₱251	₱202	**₱–**	₱–	(₱1)	**₱4,634**	₱4,257	₱3,279
Provision for income tax	**(₱19)**	(₱4)	₱–	**₱4**	(₱13)	(₱4)	**(₱–)**	(₱–)	₱–	**(₱15)**	(₱17)	(₱4)
Net Income (Loss)	**₱37**	₱53	₱27	**₱1,370**	₱797	₱336	**₱–**	₱–	₱–	**₱1,427**	₱850	₱363
Other Information												
Segment assets	**₱3,065**	₱2,717	₱1,886	**₱24,277**	₱7,637	₱6,878	**₱–**	₱15	(₱48)	**₱27,342**	₱10,369	₱8,716
Segment liabilities	**753**	665	528	**1,651**	1,948	1,981	–	–	(4)	**2,404**	2,692	2,505
Deferred tax liabilities	**341**	309	155	**(57)**	(56)	(75)	–	–	14	**284**	253	94
Cash flows arising from:												
Operating activities	**(119)**	5	21	**103**	14	(63)	–	–	–	**(16)**	19	(42)
Investing activities	**(703)**	(8)	27	**520**	(19)	356	–	–	–	**(183)**	(27)	383
Financing activities	**814**	529	(133)	**(477)**	(587)	(454)	–	–	–	**337**	(58)	(587)
Interest expense	**36**	22	27	**67**	56	74	**(29)**	(12)	(18)	**74**	66	83
Capital expenditures	–	–	–	**1,995**	–	–	–	–	–	**1,995**	–	–
Depreciation and amortization	**53**	57	59	**9**	10	8	–	–	–	**62**	67	67

**Segment liabilities exclude deferred tax liabilities*

33. **Earnings Per Share**

Basic earnings per share

	2023	2022	2021
Net income	**₱1,426,905,279**	₱849,797,087	₱363,197,009
Less dividends attributable to preferred shares	–	–	–
Net income applicable to common shares	**1,426,905,279**	849,797,087	363,197,009
Divided by the weighted average number of common shares (Note 28)	**1,469,302,230**	776,465,281	776,465,281
Basic earnings per share	**₱0.09711**	₱1.0944	₱0.4678

Diluted earnings per share

	2023	2022	2021
Net income applicable to common stockholders for basic earnings per share	**₱1,426,905,279**	₱849,797,087	₱363,197,009
Net income applicable to common stockholders for diluted earnings per share	**1,426,905,279**	849,797,087	363,197,009
Weighted average number of shares of common stock	**1,469,302,230**	776,465,281	776,465,281
Weighted average number of shares of common stock for diluted earnings per share	**1,469,302,230**	776,465,281	776,465,281
Diluted earnings per share	**₱0.09711**	₱1.0944	₱0.4678

In 2023, 2022 and 2021, the preferred stock conversion to common share has significantly reduced the number of potential common stock outstanding as of December 31, 2023, 2022 and 2021making the options anti-dilutive, hence, no diluted earnings per share calculated. Thus, basic and diluted EPS are stated at the same amount.

The weighted average number of shares of common stock is computed as follows:

	2023	2022	2021
Number of shares of common stock issued	**1,469,602,230**	776,765,281	776,765,281
Less treasury shares	**300,000**	300,000	300,000
	1,469,302,230	776,465,281	776,465,281

34. **Other Matters**

Changes in Liabilities Arising from Financing Activities

2023

	January 1, 2023	**Net cash flows**	**Non-cash movement**	**December 31, 2023**
Loans payable (Note 15)	**₱1,852,000,000**	**₱395,357,979**	**₱–**	**₱2,247,357,979**
Lease liabilities (Note 29)	**165,304,747**	**(35,881,213)**	**(23,445,326)**	**105,978,208**
	₱2,017,304,747	**₱359,476,766**	**(₱23,445,326)**	**₱2,353,336,187**

2022

	January 1, 2022	Net cash flows	Non-cash movement	December 31, 2022
Loans payable (Note 15)	₱1,737,000,000	₱115,000,000	₱–	₱1,852,000,000
Lease liabilities (Note 29)	194,060,303	(28,755,556)	–	165,304,747
	₱1,931,060,303	₱86,244,444	₱–	₱2,017,304,747

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Board of Directors and the Stockholders
House of Investments, Inc.
9th Floor, Grepalife Building
221 Sen. Gil J. Puyat Avenue
Makati City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of House of Investments, Inc. (the Parent Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Lloyd S Chua

Lloyd Kenneth S. Chua
Partner
CPA Certificate No. 109688
Tax Identification No. 223-270-891
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-115-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079919, January 5, 2024, Makati City

April 29, 2024

HOUSE OF INVESTMENTS, INC.
HONDA CARS QUEZON CITY GROUP DIVISION

SUPPLEMENTARY STATEMENTS OF ASSETS, LIABILITIES AND HOME OFFICE ACCOUNT

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	**28,618,846**	₱36,815,027
Receivables	**189,079,059**	73,117,647
Inventories	**175,146,865**	87,303,753
Prepaid expense and other current assets	**133,876,165**	145,835,953
Total Current Assets	**526,720,935**	343,072,380
Noncurrent Assets		
Property and equipment		
At revalued amount	**1,555,795,000**	1,431,623,000
At cost	**73,739,976**	60,840,035
Right-of-use assets	**31,786,268**	61,732,833
Computer software	**2,882,968**	1,668,862
Total Noncurrent Assets	**1,664,204,212**	1,555,864,730
	₱2,190,925,147	₱1,898,937,110
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**376,213,207**	₱271,011,316
Lease liabilities - current portion	**16,075,927**	1,032,488
Total Current Liabilities	**392,289,134**	272,043,804
Noncurrent Liabilities		
Lease liabilities - net of current portion	**45,448,721**	90,508,114
Retirement liability - net	**9,467,224**	10,804,727
Deferred tax liabilities - net	**341,293,421**	307,488,310
Total Noncurrent Liabilities	**396,209,366**	408,801,151
Total Liabilities	**788,498,500**	680,844,955
Equity		
Home office account	**377,474,491**	287,618,841
Revaluation increment on land	**1,038,451,500**	945,322,500
Remeasurement loss on retirement benefit obligation	**(13,499,344)**	(14,849,186)
Total Equity	**1,402,426,647**	1,218,092,155
	₱2,190,925,147	₱1,898,937,110

HOUSE OF INVESTMENTS, INC.
HONDA CARS QUEZON CITY GROUP DIVISION
SUPPLEMENTARY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	**2022**	2021
REVENUE			
Merchandise sales	**1,946,646,995**	₱1,532,674,050	₱1,267,041,014
Services	**347,627,091**	346,696,440	321,329,751
Dealer's income	**36,433,902**	23,121,209	19,315,486
Others	**22,694,643**	23,539,430	4,376,109
	2,353,402,631	1,926,031,129	1,926,031,129
OTHER INCOME			
Gain on sale of property and equipment	**-**	7,449,335	7,398,496
Rent	**-**	3,610,807	3,693,278
Interest	**123,763**	263,488	130,206
Miscellaneous	**14,859,861**	4,528,990	2,346,981
	14,983,624	15,852,620	13,568,961
COSTS AND EXPENSES			
Costs			
Merchandise sales	**1,879,655,208**	1,479,129,802	1,209,793,674
Services	**223,488,457**	220,566,610	211,805,580
	2,103,143,665	1,699,696,412	1,421,599,254
Operating expenses			
Personnel	**75,361,998**	74,069,505	69,743,426
Depreciation	**24,022,064**	26,118,863	29,154,405
Advertising	**35,772,137**	23,551,255	22,592,802
Taxes and licenses	**23,936,645**	23,718,606	21,044,760
Commissions	**16,632,841**	15,999,498	14,376,799
Utilities	**13,559,123**	12,936,695	11,470,892
Communication, light and water	**11,561,088**	10,533,146	9,235,387
Insurance	**2,049,252**	1,637,154	2,843,127
Professional fees	**3,315,188**	3,048,196	2,728,404
Repairs and maintenance	**2,819,222**	2,120,795	1,977,826
Direct selling expenses	**2,458,268**	2,610,219	1,809,321
Transportation and travel	**528,102**	639,644	1,613,801
Office supplies	**2,405,371**	1,794,524	821,799
Entertainment, amusement and recreation			49,886
Provision (recovery) for inventory and ECL	**(17,862,349)**	–	–
Rent	**–**	–	–
Miscellaneous	**3,027,925**	2,685,038	2,005,871
	199,586,875	201,463,138	191,468,506
Interest and finance charges	**22,720,382**	12,566,807	17,389,689
	2,325,450,922	1,913,726,357	1,630,457,449
DIVISION LOSS	**42,935,333**	28,157,392	(4,826,128)
OTHER DIVISION COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment on land	**93,129,000**	460,164,750	36,520,000
Remeasurement gain (loss) on retirement benefit obligation	**1,799,790**	3,216,349	15,927,176
Income tax effect	**(449,947)**		-11,023,286
	94,478,843	463,381,099	41,423,890
TOTAL DIVISION COMPREHENSIVE INCOME (LOSS)	**137,414,176**	₱491,538,491	7,398,496

HOUSE OF INVESTMENTS, INC.
HONDA CARS QUEZON CITY GROUP DIVISION

SUPPLEMENTARY STATEMENTS OF CHANGES IN HOME OFFICE ACCOUNT

	Years Ended December 31		
	2023	2022	2021
HOME OFFICE ACCOUNT			
Balance at beginning of year	**₱287,618,841**	₱413,815,015	₱636,935,190
Remittance to head office - net	**(47,558,523)**	(617,734,665)	(273,154,401)
Division income (loss)	**137,414,173**	491,538,491	50,034,226
BALANCE AT END OF YEAR	**₱377,474,491**	₱287,618,841	₱413,815,015

HOUSE OF INVESTMENTS, INC.
ISUZU GROUP DIVISION

SUPPLEMENTARY STATEMENTS OF ASSETS, LIABILITY AND HOME OFFICE ACCOUNT

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	**₱25,805,567**	₱28,525,659
Receivables	**164,114,922**	164,343,937
Inventories	**183,910,230**	184,109,248
Prepaid expenses and other current assets	**59,447,013**	26,793,500
Total Current Assets	**433,277,732**	403,772,344
Noncurrent Assets		
Property and equipment	**47,253,638**	34,408,035
Right-of-use assets	**30,879,447**	55,216,514
Computer software	**782,391**	988,076
Other noncurrent assets	**468,838**	653,655
Total Noncurrent Assets	**79,384,314**	91,266,280
	₱512,662,046	₱495,038,624
LIABILITY AND HOME OFFICE ACCOUNT		
Current Liabilities		
Accounts payable and other current liabilities	**179,813,985**	₱117,547,460
Lease liabilities - current portion	**17,841,818**	6,675,152
Total Current Liabilities	**197,655,803**	124,222,612
Noncurrent Liabilities		
Lease liabilities - net of current portion	**26,611,740**	67,088,992
Retirement liability - net	**3,830,689**	2,337,850
Deferred tax liability	**1,822,035**	1,753,206
Total Noncurrent Liabilities	**32,264,464**	71,180,048
Total Liabilities	**229,920,267**	195,402,660
Home office account	**282,741,779**	299,635,964
	₱512,662,046	₱495,038,624

HOUSE OF INVESTMENTS, INC.
ISUZU GROUP DIVISION
SUPPLEMENTARY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Merchandise sales	**1,561,529,167**	₱1,505,126,091	₱1,109,146,178
Services	**125,908,601**	119,699,346	109,456,690
Dealer's income	**39,679,879**	15,442,191	13,935,809
Others	**79,413,492**	71,757,297	2,864,386
	1,806,531,139	1,712,024,925	1,235,403,063
OTHER INCOME			
Rent	**4,464**	2,806,950	3,652,525
Gain on sale of property and equipment	-	1,950,529	1,662,616
Interest income	**686,571**	332,645	171,417
Miscellaneous	**5,051,008**	3,481,229	10,629,695
	5,742,043	8,571,353	16,116,253
COSTS AND EXPENSES			
Costs			
Merchandise sales	**1,515,730,079**	1,467,346,716	1,026,464,216
Services	**85,310,699**	81,335,176	75,130,677
	1,601,040,778	1,548,681,892	1,101,594,893
Operating expenses			
Personnel	**32,954,127**	31,022,671	24,895,985
Depreciation	**26,018,822**	25,494,581	26,882,971
Direct selling expenses	**31,465,125**	21,302,236	18,200,710
Taxes and licenses	**23,407,078**	19,966,782	9,924,220
Commissions	**17,468,046**	15,137,662	7,104,157
Securities and utilities	**13,712,084**	12,375,803	10,375,966
Communication, light and water	**5,854,393**	5,857,036	4,932,021
Insurance	**1,863,094**	1,676,060	1,538,837
Professional fees	**1,162,687**	1,243,422	1,141,992
Supplies	**1,027,444**	895,164	704,889
Transportation and travel	**242,008**	455,070	1,383,163
Provision	**17,025,446**	–	–
Rent	**–**	–	–
Entertainment, amusement and recreation	**–**	–	–
Miscellaneous	**6,303,986**	4,563,136	6,543,826
	178,504,340	139,989,623	113,628,737
Interest and finance charges	**5,732,270**	4,271,866	5,209,853
	1,785,277,388	1,692,943,381	1,220,433,483
DIVISION INCOME (LOSS)	**26,995,794**	27,652,898	31,085,833
OTHER DIVISION COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on retirement benefit obligation	**275,318**	972,025	4,311,588
Income tax effect	**(68,830)**	(243,006)	(1,077,485)
	206,488	729,019	3,234,103
TOTAL DIVISION COMPREHENSIVE INCOME (LOSS)	**27,202,282**	₱28,381,917	₱34,319,936

HOUSE OF INVESTMENTS, INC.
ISUZU GROUP DIVISION

SUPPLEMENTARY STATEMENTS OF CHANGES IN HOME OFFICE ACCOUNT

	Years Ended December 31		
	2023	2022	2021
HOME OFFICE ACCOUNT			
Balance at beginning of year	**₱299,635,964**	**₱193,478,806**	₱201,644,468
Additions (Remittances) to head office - net	**(44,096,469)**	**77,775,241**	(42,485,598)
Division income (loss)	**27,202,284**	**28,381,917**	34,319,936
BALANCE AT END OF YEAR	**₱282,741,779**	**₱299,635,964**	₱193,478,806

HOUSE OF INVESTMENTS, INC.
GEELYS GROUP DIVISION

SUPPLEMENTARY STATEMENT OF ASSETS, LIABILITY AND HOME OFFICE ACCOUNT

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	**₱7,924,104**	₱4,690,212
Receivables	**15,727,352**	64,359,172
Inventories	**68,858,959**	65,437,316
Prepaid expenses and other current assets	**12,655,219**	51,346,780
Total Current Assets	**105,165,634**	185,833,480
Noncurrent Assets		
Property and equipment	**25,801,544**	28,380,589
Computer software	**145,852**	111,973
Other noncurrent assets	**100,320**	145,320
Total Noncurrent Assets	**26,047,716**	28,637,882
	₱131,213,350	₱214,471,362

LIABILITY AND HOME OFFICE ACCOUNT		
Current Liabilities		
Accounts payable and other current liabilities	**(₱12,620,660)**	₱111,585,722
Total Liabilities	**(12,620,660)**	111,585,722
Home office account	**143,834,010**	102,885,640
	₱131,213,350	₱214,471,362

HOUSE OF INVESTMENTS, INC.
GEELYS GROUP DIVISION

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Merchandise sales	**₱189,061,082**	₱356,245,273	₱227,567,384
Dealer's income	**7,600,377**	6,022,035	2,200,998
Services	**8,985,189**	4,511,857	1,455,280
Others	**3,993,559**	1,707,995	132,778
	209,640,207	368,487,160	231,356,440
OTHER INCOME			
Interest income	**40,655**	75,490	19,513
Miscellaneous	**476,547**	1,222,018	109,271
	517,202	1,297,508	128,784
COSTS AND EXPENSES			
Costs			
Merchandise sales	**183,266,214**	333,895,507	209,313,648
Services	**6,489,778**	3,687,221	1,467,161
	189,755,992	337,582,728	210,780,809
Operating expenses			
Direct selling expenses	**7,511,122**	8,723,346	2,917,838
Personnel	**6,630,865**	5,732,958	2,828,517
Depreciation	**3,224,280**	4,344,054	3,393,102
Utilities	**1,798,287**	1,825,731	699,483
Taxes and licenses	**1,439,013**	1,309,425	1,203,546
Commissions	**1,106,903**	1,230,977	1,056,967
Communication, light and water	**1,076,192**	971,631	348,919
Advertising	**476,292**	561,692	753,157
Professional fees	**320,619**	277,862	121,043
Transportation and travel	**87,477**	168,707	618,231
Supplies	**120,712**	130,451	43,651
Insurance	**922,906**	67,346	40,618
Repairs and maintenance	**700,318**	26,396	32,077
Provisions	**1,608,372**		
Miscellaneous	**1,569,209**	456,100	855,898
	28,592,567	25,826,676	14,913,047
Interest and finance charges	**7,718,814**	5,605,003	4,636,802
DIVISION INCOME	**(₱15,909,965)**	₱770,261	₱1,154,567

HOUSE OF INVESTMENTS, INC.
GEELYS GROUP DIVISION

SUPPLEMENTARY STATEMENTS OF CHANGES IN HOME OFFICE ACCOUNT

	Years Ended December 31		
	2023	2022	2021
HOME OFFICE ACCOUNT			
Balance at beginning of year	**₱102,885,640**	₱137,245,165	₱79,924,713
Additions from head office - net	**56,858,335**	(35,129,786)	56,165,885
Division income	**(15,909,965)**	770,261	1,154,567
BALANCE AT END OF YEAR	**₱143,834,010**	₱102,885,640	₱137,245,165

HOUSE OF INVESTMENTS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		Amount
Unappropriated retained earnings, beginning		1,419,741,924
Add (Category A): Items that are directly credited to unappropriated retained earnings		–
Reversal of Retained Earnings Appropriation/s		–
Effect of restatements of prior-period adjustments		–
Others (sale of FVOCI shares)		37,772,927
		1,457,514,851
Less (Category B): Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		(38,823,264)
Retained Earnings appropriated during the period		(1,700,000,000)
Effect of restatements of prior-period adjustments		–
Others (describe nature)		–
Unappropriated retained earnings as adjusted, beginning		(281,308,413)
Net income for the year		1,426,905,279
Less (Category C.1): Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–	
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–
Add (Category C.2): Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain on investment property	–	
Other realized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		–

		Amount
Add (Category C.3): Unrealized income recognized in prior periods but reversed in the current reporting period (net of tax)	–	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain on investment property	–	
Reversal of other unrealized gain or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted Net Income/Loss		1,145,596,866
Add (Category D): Non-actual losses recognized in the profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add/Less (Category E): Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of the reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others (describe nature)	–	
Subtotal		–
Add/Less (Category F): Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset and deferred tax liabilities related to same transaction	(103,492)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		(103,492)
Total Retained Earnings, end of the reporting period available for dividend		1,145,493,373

BUREAU OF INTERNAL REVENUE
Large Taxpayers Service
LT-Document Processing and Quality Assurance Division
Quezon City

TAXPAYER COPY

FORM 1702/1702Q/2550Q **Quarter:**

RDO Code: 125 TIN: 000 463 069 000

Name of Taxpayer (Company): HOUSE OF INVESTMENTS INC.

Name of Authorized Representative: SHARON FABI

Contact # of Authorized Representative: 0918 992 9186

Email Address of Authorized Representative: sofabi@hoi.com.ph

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 30 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Stamp of Receiving Officer / Date Received

- [x] BIR Form No. 1709
- [ ] Payment Confirmation from EFPS
- [x] e-Submission Validation Report
- [x] Sworn Declaration RR 2-2015 (2307)
- [x] BIR Form 2307 (DVD-R/USB)
- [ ] BIR Form 2306 (Hard Copy)
- [ ] Statement of Management Responsibility
- [x] Financial Statements
  - [x] Balance Sheet
  - [x] Income Statements
  - [ ] Independent Auditor's Report
- [ ] BIR Form 2316 (DVD-R/USB)
- [ ] Sworn Declaration RR 2-2015 (2316)
- [ ] Annex "F" – Cert. List of Employees (2316) RR11-2018

INVENTORY LIST. RMC- 57-2015/8-2023

- [ ] Inventory List (DVD-R/USB)
- [ ] Sworn Declaration

INCOME PAYOR, RR-11-2018

- [ ] Annex "C" - Income Payor/Withholding Agent Sworn Dec
- [ ] Annex "B-1, B-2, B-3" - Income Payee's Sworn Dec.

OTHERS (Please Specify):

- [ ]

Re: HOUSE OF INVESTMENTS, INC._2023 Audited Financial Statements (December 31, 2023)

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Tue 4/30/2024 10:53 PM
To:Sharon Fabi <sofabi@hoi.com.ph>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

--- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.