



CreditBPO®
Your Rating Solution

Rating Summary and Strategic Profile for O*****S INC.

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SEC Company Reg. No.: CS*****
SEC Reg. Date: 06/29/2011
Company TIN: XXX-XXX-XXX-XXX
Business Address: -----
Telephone Number: *****
Company Email: ***@*****.com

Company Profile:

O*****S INC., was registered with SEC on June 29, 2011 with SEC Reg. No. *. Its primary purpose is to engage in supply of interior and exterior construction materials, and flooring services. The Company's registered address is # *****

VERIFICATION NOTES:

1. In view of your request for a credit investigation report of the above stated company, presented hereunder are the information. The informant of this particular report is Mr. Rakhan Sabater/Account Manager, who was contacted through his mobile number *, and can also be reached through his email address at rasabater.optimum@gmail.com, disclosed that the business registered address is *****

2. The company's nature of business is to engage in supply of interior and exterior construction materials, and flooring services. The business has been operating for ten (10) years. They have around sixty one (61) employees. eleven (11) were regular, and fifty (50) were contractual.

3. Overall, the customers, Chesneyvale Philippines Inc., Ragojos Heritage Construction Corporation, and KDDI Philippines Corporation, as well as their suppliers, Empol Corporation and ESY Corporation, said that the subject company has a good rating and services.

4. The company's major market location is nationwide, particularly in Pasay City and Makati City. They have no brochure. The particular business is not a member of the Board of Investor (BOI) or Philippine Export Zone Authority (PEZA).

5. CMAP verification: Company Name, Owner's name, shareholders and directors has "NO" derogatory records.

6. Ocular Checking: The Company office was found to be existing at the said area at *. Sabater/Account Manager, disclosed that the company's business entity is Corporation, engaged in supply of interior and exterior construction materials, and flooring services. He can be contacted at his mobile number *. The business started ten (10) years ago, and has been operating at the said address in * for three (3) years. Business operating hours are from Monday through Friday, 9am to 6pm. They have around sixty one (61) employees, a combination of regular, and contractual status. Six (6) employees were seen during the visit. Said premises in Unit ***** was leased by the company, monthly payment is PHP 60,000.00 which is paid to ***** Tower.

Informant Information:

*/Account Manager, Filipino National, can be contacted to his mobile number *, and email address at *****@*****.*.

Owners Information :

Mr. */Owner, Filipino national, married, residing in *****

City.

7. Third Party Informant: ***** and Neighbor, *****/Security Solution Specialist and Neighbor, confirmed th***** is existing at the said address, leased, and occupied by the company.

8. Barangay Hall Checking : As per verification of *****/Brgy Staff, *****, said that the company has updated 2024 records with them.

Philippine Standard Industrial Classification:

Industry Section: Construction
Industry Division : Specialized construction activities
Industry Group: Other Specialized Construction Activities

Asset Size: PHP 7,204,301.00 (Small)

Estimated Headcount : Small 10-99

Major Market Location:

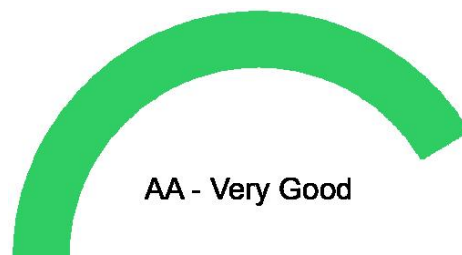
Customer Segment:

Construction and Industrial Company
Interior Design Company

Capital Details:

Authorized Capital (PHP)	Issued Capital (PHP)	Paid-up Capital (PHP)	Ordinary Shares	Par Value
10,000,000.00	2,500,000.00	625,000.00	100,000.00	100.00

Financial Condition (2020 - 2022)



Financial Position Rating: **AAA** Financial Performance Rating : **A**

Significance of Rating

Capacity to meet financial commitments on financial obligations are very strong.

Note: Probabilistic FS Earnings Manipulator

The Good

- The value of the non-current assets to net worth ratio equal to **0.00** is without doubt excellent.
- The debt-to-equity ratio and debt ratio demonstrate good values, but say about too cautious attitude of company to use of the borrowed capital, which is only **0.03%** of the total balance of the company
- Long-term resources of the financing of the company's activity are enough to form a normal amount of working capital which would cover the available inventories.
- The current ratio **29.61** completely corresponds to the standard criteria for this rate.
- An outstanding relationship between liquid assets (current assets minus inventories) and current liabilities (quick ratio is **15.79**)
- The cash ratio is **3.86** at the end of the period (a high cash at hand required for current payments).
- Return on equity (ROE) was **15.30%** per annum for the 2022 which came as a result of a low percentage of own capital (equity).
- Excellent return on assets, which was **14.70%** during the 2022.
- Net worth (net assets) of the company is much higher (by **11.14** times) than the share capital on 12/31/2022.
- The equity growth for the period analyzed (from 31 December, 2019 to 31 December, 2022) did not exceed the total rate of assets value growth.
- During the entire period reviewed, earnings before interest and taxes (EBIT) showed PHP **1,234,994.00**, at the same time, a positive change in comparison with the previous value.
- The income from financial and operational activities (comprehensive income) was PHP **987,995.00** during the year.

Recommendation

The next steps for the company strategist would be to evaluate the company's cautious attitude towards borrowing capital and explore opportunities for strategic investments to maximize growth potential. Additionally, the strategist should consider diversifying the company's assets to enhance overall financial performance and mitigate risks. It may also be beneficial to review the company's equity growth strategy to align with the assets growth rate and explore ways to increase return on equity. Finally, the strategist should monitor market trends in the Construction

industry in the NCR region to capitalize on potential opportunities for expansion and profitability.

Cashflow Analysis

Company is not servicing debt.

Cash Conversion Cycle

Turnover Ratio	Value, Days			Change, days Col.4 - Col.2
	2020	2021	2022	
1	2	3	4	4
Days Sales Outstanding	53	53	99	+46
Days Payable Outstanding	5	4	6	+1
Days Inventory Outstanding	11	32	114	+103
Cash Conversion Cycle	59	81	207	+148

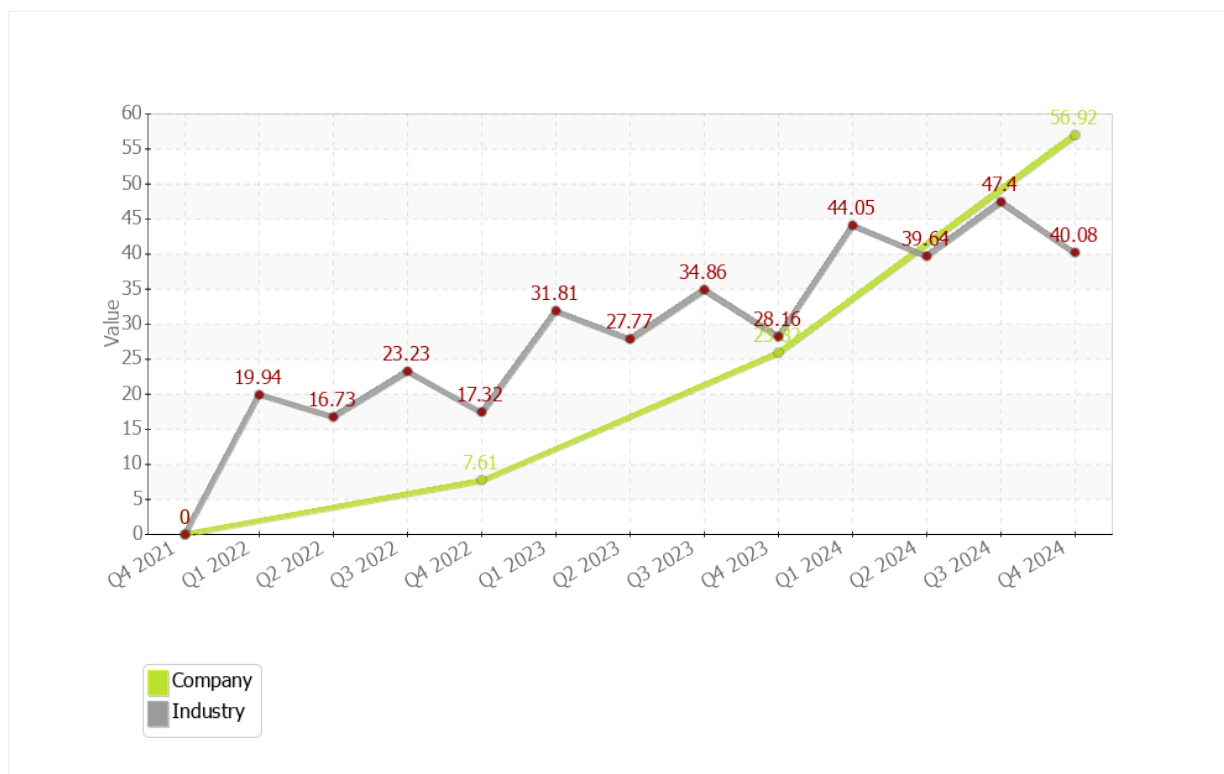
Insights on Company Cash Conversion Cycle:

The company in the Construction industry in NCR, Philippines, with significant assets, has experienced concerning trends in working capital efficiency. Over the past few years, there has been a noticeable increase in Days Sales Outstanding (DSO), Days Inventory Outstanding (DIO), and Cash Conversion Cycle (CCC), while Days Payable Outstanding (DPO) has remained relatively stable. This indicates potential issues with collections, inventory management, and cash flow optimization. To improve financial health and performance, the company should focus on accelerating collections, reducing inventory holding periods, and negotiating more favorable payment terms with suppliers. Additionally, the detection of a Probabilistic Financial Statement Earnings Manipulator warrants a thorough review of financial reporting practices to ensure transparency and accuracy.

Return on Equity Drivers

	2020	2021	2022
Net Income	PHP 759,962.00	PHP 973,610.00	PHP 987,995.00
Revenue	PHP 19,807,065.00	PHP 20,856,068.00	PHP 11,441,691.00
Profit Margin	3.84	4.67	8.64
Ave. Assets	PHP 5,042,250.00	PHP 5,811,036.00	PHP 6,739,425.50
Ave. Equity	PHP 4,619,704.00	PHP 5,486,489.50	PHP 6,467,291.50
Asset Turnover	3.94	3.58	1.70
Financial Leverage	0.07	0.05	0.03
Return on Equity	16.45%	17.75%	15.28%

Growth Forecast



The industry starts off with the industry gaining a boost.
Two years forward, markets are able to rise.
Three years on, there is an uptick in industry performance.

Overall Growth Forecast of the company is +56.9% over three years forward.

What am I looking at?

The Growth Forecast graph is meant to present CreditBPO's own forecast for expected industry growth alongside expected company growth 1, 2 and 3 years forward. Calculation emphasis was placed on keeping the base numbers used for both trendlines raw and pushing multivariable series analysis into the trend line itself.

The purpose of the Industry Comparison Graph is to compare the Industry and the Company using metrics that are calculated from current (as opposed to forecast) figures. This is important because the metrics used must be exactly the same in terms of both source and derivation. In perspective, it is a static measure of how the company of the data-specific period compares to the greater industry of the same period.

Given the aims for both graphs explained above, the figures used differ by their very nature. For example, Revenue Growth is used in both graphs but the Industry figure in Growth Forecast is very different from the one in Industry Comparison. This is because the Industry Comparison figure is averaged out over thousands of companies for which we have individual figures. The overall Growth Forecast is based on the entire Industry indicator which includes companies for which there is no sufficient granular data.

Industry Comparison

> Construction

>> Specialized construction activities

>>> Other Specialized Construction Activities

Gross Revenue Growth vs. Industry -42.23 vs 304.75

Business growth is lagging behind industry average.

Net Income Growth vs. Industry 30.01 vs 570.00

Final profit growth is underperforming industry average.

Gross Profit Margin vs. Industry 22.00 vs 40.75

The company's potential for growth is less than industry average.

Current Ratio vs. Industry 29.61 vs 1.16

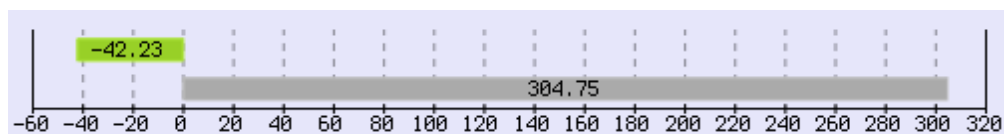
Company is better able to meet short term obligations than most competitors.

Debt-to-Equity vs. Industry 0.03 vs 3.68

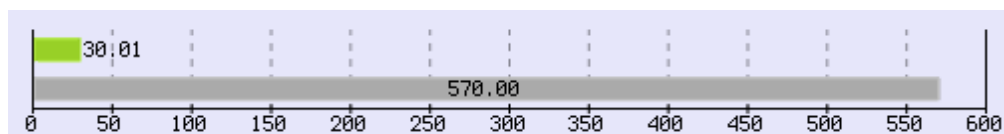
Shareholder equity is greater than business liabilities compared to industry standard. This is seen as favorable.

■ Company ■ Industry

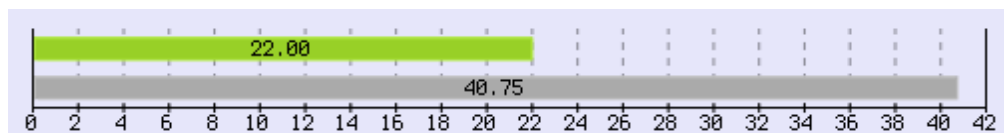
Gross Revenue Growth %



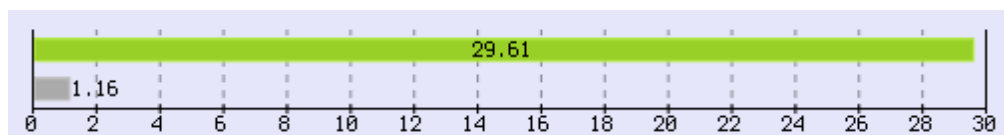
Net Income Growth %



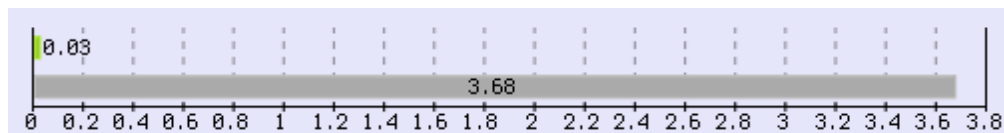
Gross Profit Margin %



Current Ratio



Debt-to-Equity



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Annex A: Associated Persons

Key Managers

Name	Address	Nationality	Position	% of Ownership
Rakhan A Sabater	-	Filipino	Account Manager	-

Shareholders

Name	Address	Nationality	TIN	% of Ownership
Johnny C Lim	#53 Sto Domingo Ave., Sta Mesa Heights, Quezon City	Filipino	117-947-344-000	50
Marie Sol C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	175-418-273-000	25
Giannina C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	434-340-000-000	5
Patricia Marie C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	272-111-032-000	5
Micaella Marie C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	771-694-132-000	15

Board of Directors

Name	Address	Nationality	TIN	% of Ownership
Johnny C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	117-947-344-000	50
Marie Sol C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	175-418-273-000	25
Giannina C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	434-340-000-000	5
Patricia Marie C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	272-111-032-000	5
Micaella Marie C Lim	#53 Sto Domingo Ave., Sta Mesa Heights Quezon City	Filipino	771-694-132-000	15

Annex B: Major Customers and Suppliers

Major Customer

Name	Address	Phone No.	Email Address
Chesneyvale Philippines Inc	Pasay City	09055790375	-
Ragojos Heritage Construction Corporation	Pasay City	09758492875	-
KDDI Philippines Corporation	Legaspi Village Makati City	09952191902	-

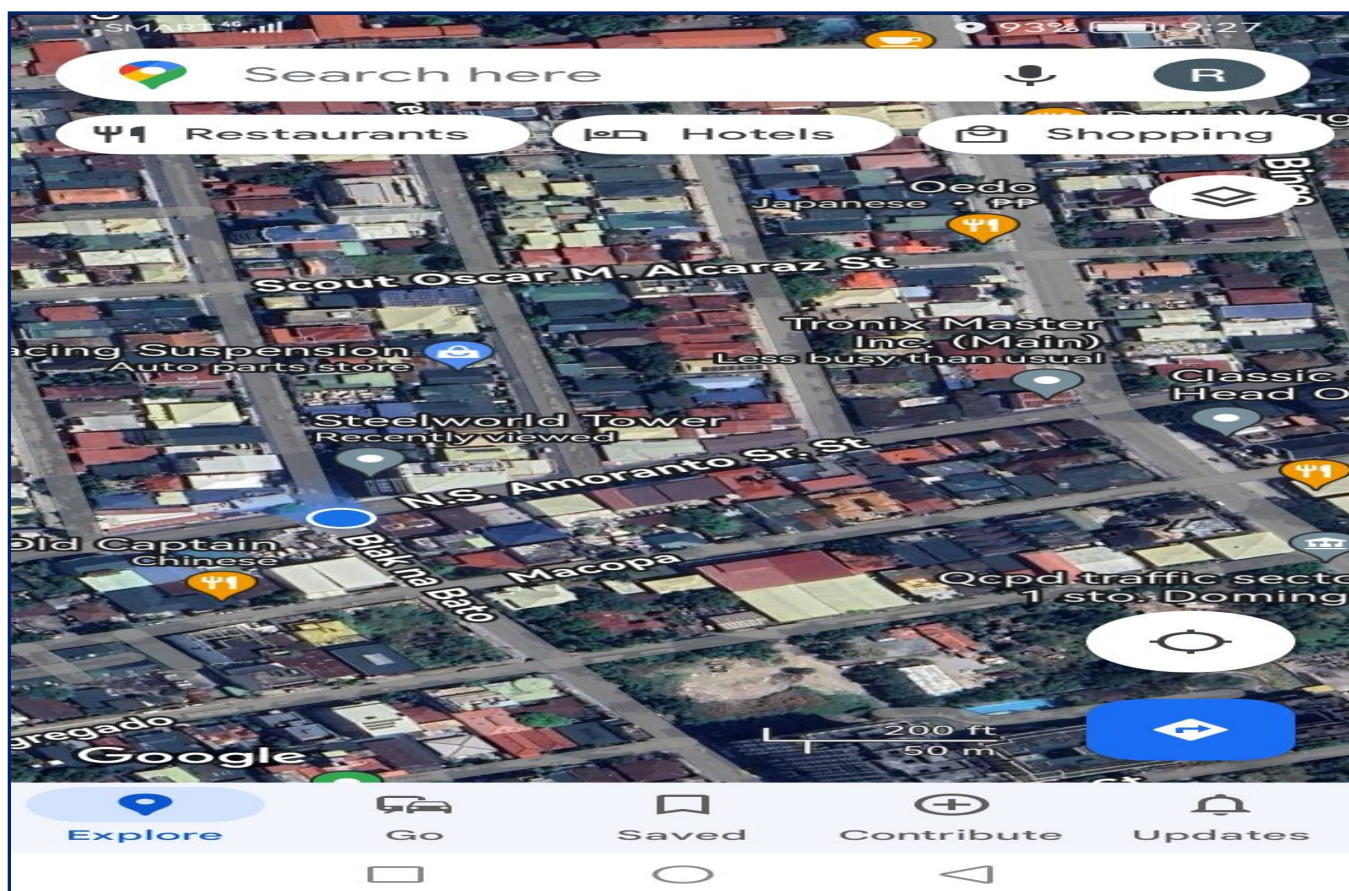
Major Supplier

Name	Address	Phone No.	Email Address
Empol Corporation	Taguig Metro Manila	09190958704	-
ESY Corporation	San Juan Metro Manila	09338135469	-

Annex C:Site Inspection

Main Location

Address	Size of Premises	No. of floors.	Premises Owned / Leased
Unit 803 Steelworld Tower 713 NS Amoranto Street, Quezon City	80 sq.m	12	Leased





The main office of O*****S INC..

O*****S INC.'s Financial Condition Analysis for the period of (01/01/2020) to (12/31/2022)

1. O*****S INC.'s Financial Position Analysis
 - 1.1. Structure of the Assets and Liabilities
 - 1.2. Net Assets (Net Worth)
 - 1.3. Financial Sustainability Analysis
 - 1.3.1. Key ratios of the company's financial sustainability
 - 1.3.2. Working capital analysis
 - 1.4. Liquidity Analysis
2. Financial Performance
 - 2.1. Overview of the Financial Results
 - 2.2. Profitability Ratios
 - 2.3. Analysis of the Business Activity (Turnover Ratios)
3. Conclusion
 - 3.1. Key Ratios Summary

1. O*****S INC.'s Financial Position Analysis

The following report analyzes O*****S INC.'s financial condition based on the financial statements data prepared according to International Financial Reporting Standards (IFRS) for the period from 01/01/2020 to 12/31/2022.

1.1 Structure of the Assets and Liabilities

Indicator	Value						Change for the period analyzed	
	in PHP				% of the balance total		PHP (col.5-col.2)	± % ((col.5-col.2) : col.2)
	12/31/2019	12/31/2020	12/31/2021	12/31/2022	at the beginning of the period analyzed (12/31/2019)	at the end of the period analyzed (12/31/2022)		
1	2	3	4	5	6	7	8	9
Assets								
1. Non-current assets	36,906	27,680	18,453	9,226	0.8	0.1	-27,680	-75.0
2. Current assets, total	4,700,072	5,319,842	6,256,097	7,195,075	99.2	99.9	+2,495,003	+53.1
Inventories	191,343	895,963	2,226,172	3,357,923	4.0	46.6	+3,166,580	+17.5 times
Trade and other current receivables	2,946,507	2,778,150	3,324,384	2,898,485	62.2	40.2	-48,022	-1.6
Cash and cash equivalents	1,562,222	1,645,729	705,541	938,667	33.0	13.0	-623,555	-39.9
Equity and Liabilities								
1. Equity	4,239,723	4,999,685	5,973,294	6,961,289	89.5	96.6	+2,721,566	+64.2
2. Non-current liabilities	-	-	-	-	-	-	-	-
3. Current liabilities	497,255	347,837	301,256	243,012	10.5	3.4	-254,243	-51.1
Assets; Equity and Liabilities	4,736,978	5,347,522	6,274,550	7,204,301	100	100	+2,467,323	+52.1

On the last day of the period analyzed, O*****S INC.'s assets were divided into 0.1% non-current assets and 99.9% current assets.

The assets underwent a sharp increase from PHP 4,736,978 to PHP 7,204,301 (by PHP 2,467,323 or by 52.1%) for the entire period reviewed.

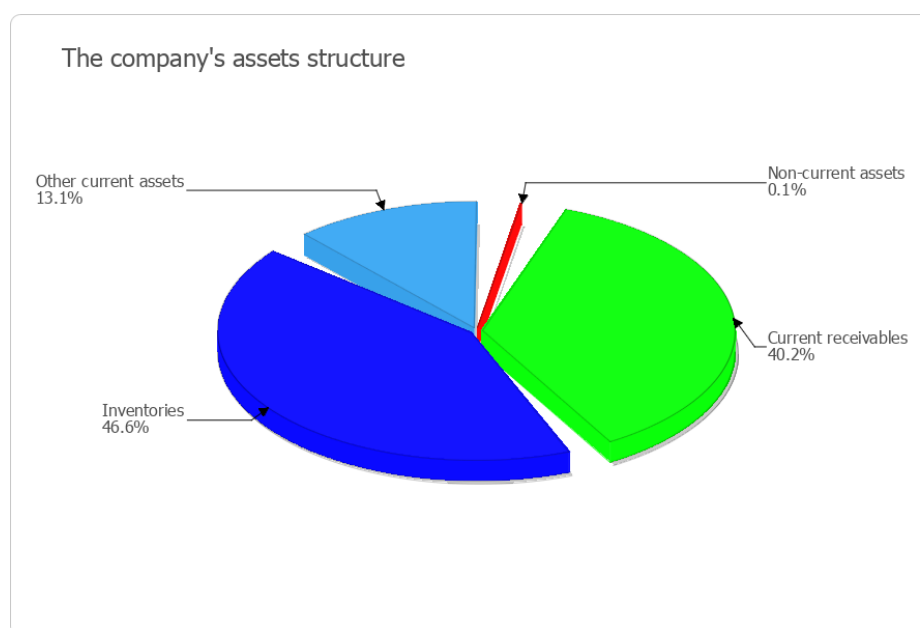
The company's assets grew simultaneously with equity (+64.2% for the entire period reviewed). The growth in equity value positively describes the dynamics of O*****S INC.'s financial state.

The increase in total assets of O*****S INC. occurred due to the growth in the item "Current inventories" by PHP 3,166,580, that was 1654.9% of all positively changed assets.

A growth in sources of finance is seen in the line "Retained earnings" by PHP 2,721,566, that was 100% of all positively changed sources.

Negative change in the items "Cash and cash equivalents" in assets and "Current tax liabilities, current" in finance, which were loss PHP -623,555 and PHP -170,875 respectively, did not allow the total assets of the company to increase to a greater degree.

In the chart below, you will see a correlation of the basic groups of the company's assets.



At the end of the period reviewed, the inventories equaled PHP were equal to PHP 3,357,923. The inventories grew by PHP 3,166,580, or by 17.5 times during the entire period analyzed.

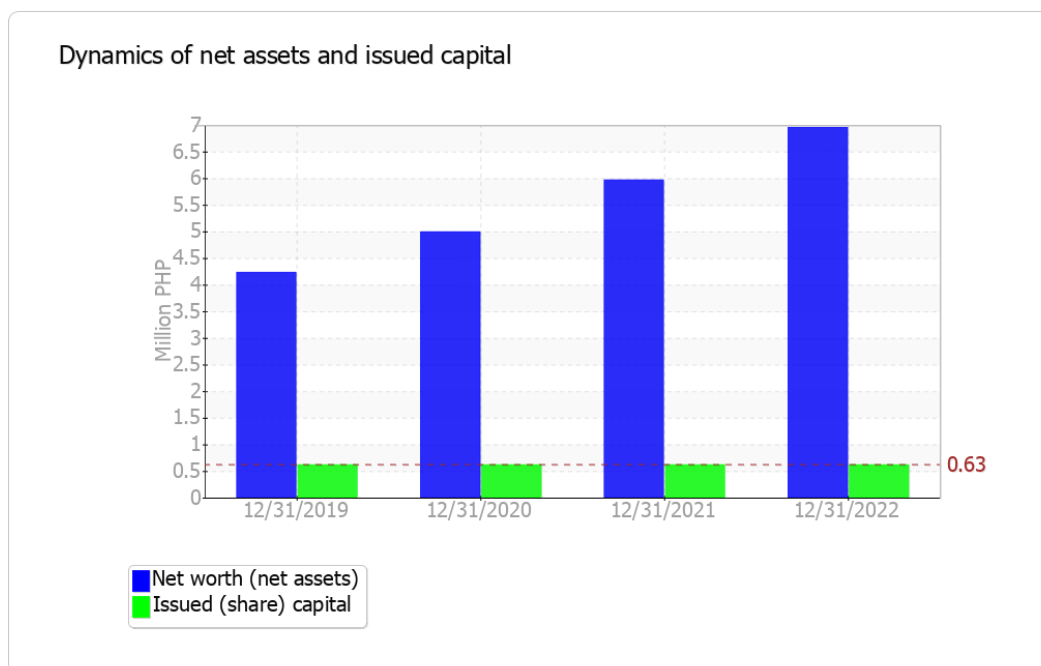
1.2. Net Assets (Net Worth)

Indicator	Value						Change	
	in PHP		% of the balance total				PHP (col.3-col.2)	% ((col.3-col.2) : col.2)
	at the beginning of the period analyzed (12/31/2019)	at the end of the period analyzed (12/31/2022)	12/31/2019	12/31/2020	12/31/2021	12/31/2022		
1	2	3	4	5	6	7	8	9
1. Net Tangible assets	4,239,723	6,961,289	89.5	93.5	95.2	96.6	+2,721,566	+64.2
2. Net assets (Net Worth)	4,239,723	6,961,289	89.5	93.5	95.2	96.6	+2,721,566	+64.2
3. Issued (share) capital	625,000	625,000	13.2	11.7	10	8.7	-	-

4. Difference between net assets and Issued (share) capital (line 2 - line 3)	3,614,723	6,336,289	76.3	81.8	85.2	88	+2,721,566	+75.3
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The net tangible assets were equal to PHP 6,961,289 at the end of the period reviewed. The net tangible assets sharply rose (PHP +2,721,566, or by 64.2%) during the period analyzed. In this case, O*****S INC. has no goodwill or other intangible assets. This is why amounts of net worth and net tangible assets are equal at the end of the period reviewed.

The net worth (net assets) of O*****S INC. was much higher (by 11.1 times) than the share capital on the last day of the period analyzed (12/31/2022). Such a ratio positively describes the company's financial position. Net worth is used as a measure of the company's book value (as opposed to a shareholder's value, the value based on expected earnings and other methods used to estimate the company's value). In this case, net worth remains a key value in the estimation of a company's financial condition.



The issued (share) capital did not change during the whole of the analyzed period.

1. 3 Financial Sustainability Analysis

1.3.1 Key Ratios of the Company's Financial Sustainability

Ratio	Value				Change (Col5-Col.2)	Description of the ratio and it's recommended value
	12/31/2019	12/31/2020	12/31/2021	12/31/2022		
1	2	3	4	5	6	7
Debt-to-equity ratio (financial leverage)	0.12	0.07	0.05	0.03	-0.09	A debt-to-equity ratio is calculated by taking the total liabilities and dividing it by shareholders' equity. It is the key financial ratio and used as a standard for judging a company's financial standing. Normal value: 1.5 or less (optimum 0.43-1).
Debt ratio (debt to assets ratio)	0.1	0.07	0.05	0.03	-0.07	A debt ratio is calculated by dividing total liabilities (i.e. long-term and short-term liabilities) by total assets. It shows how much the company relies on debt to finance assets (similar to debt-to-equity ratio). Normal value: 0.6 or less (optimum 0.3-0.5).
Long-term debt to Equity	0	0	0	0	-	This ratio is calculated by dividing long-term (non-current) liabilities by equity.

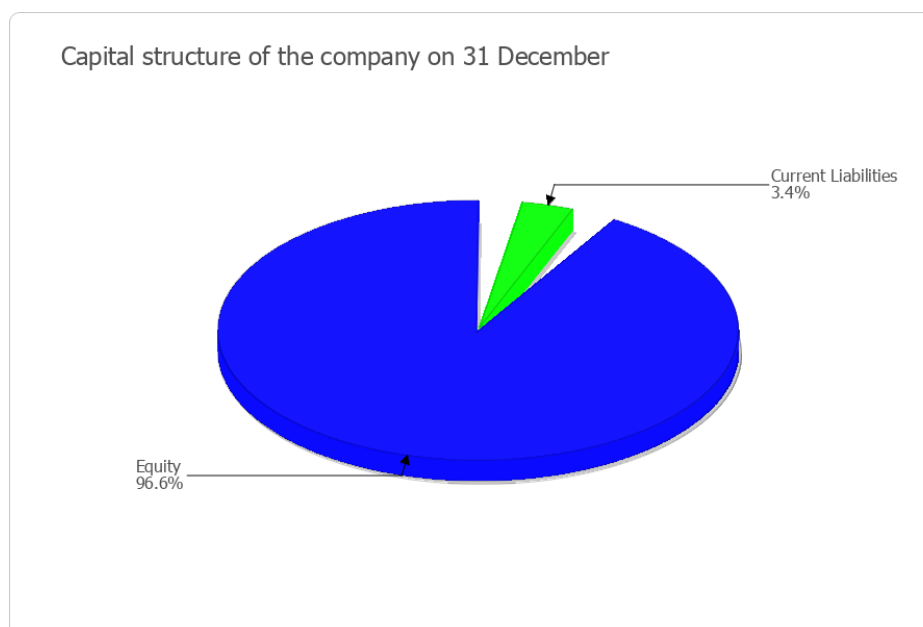
Non-current assets to Net worth	0.01	0.01	0	0	-0.01	This ratio is calculated by dividing long-term (non-current) liabilities by net worth (equity) and measures the extent of a company's investment in low-liquidity non-current assets. This ratio is important for comparison analysis because it's less dependent on industry (structure of company's assets) than debt ratio and debt-to-equity ratio. Normal value: no more than 1.25.
Capitalization ratio	0	0	0	0	-	Calculated by dividing non-current liabilities by the sum of equity and non-current liabilities.
Fixed assets to Net worth	0.01	0.01	0	0	-0.01	This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, investment property and non-current biological assets. Normal value: 0.75 or less.
Current Liability Ratio	1	1	1	1	-	Current liability ratio is calculated by dividing non-current liabilities by total (i.e. current and non-current) liabilities.

First, attention should be drawn to the debt-to-equity ratio and debt ratio as the ratios describing the capital structure. Both ratios have similar meaning and indicate if there is not enough capital (equity) for stable work for the company. Debt-to-equity ratio is calculated as a relationship of the borrowed capital (liabilities) to the equity, while debt ratio is calculated as a relationship of the liabilities to the overall capital (i.e. the sum of equity and liabilities).

On 31 December, 2022, the debt-to-equity amounted to 0.03. The debt ratio amounted to 0.03 at the end of the period analysed; it is 0.07 lower than the level of the debt ratio on the first day of the period analysed.

The debt ratio describes the financial position of O*****S INC. on 31 December, 2022 as a very good one, the percentage of liabilities is 3.4%. The maximum acceptable percentage of liabilities is deemed to be 60%. When sources to finance the company are planned, this percentage should be used as an upper limit of acceptable percentage of the borrowed capital. The debt ratio had an acceptable value during the whole of the analysed period.

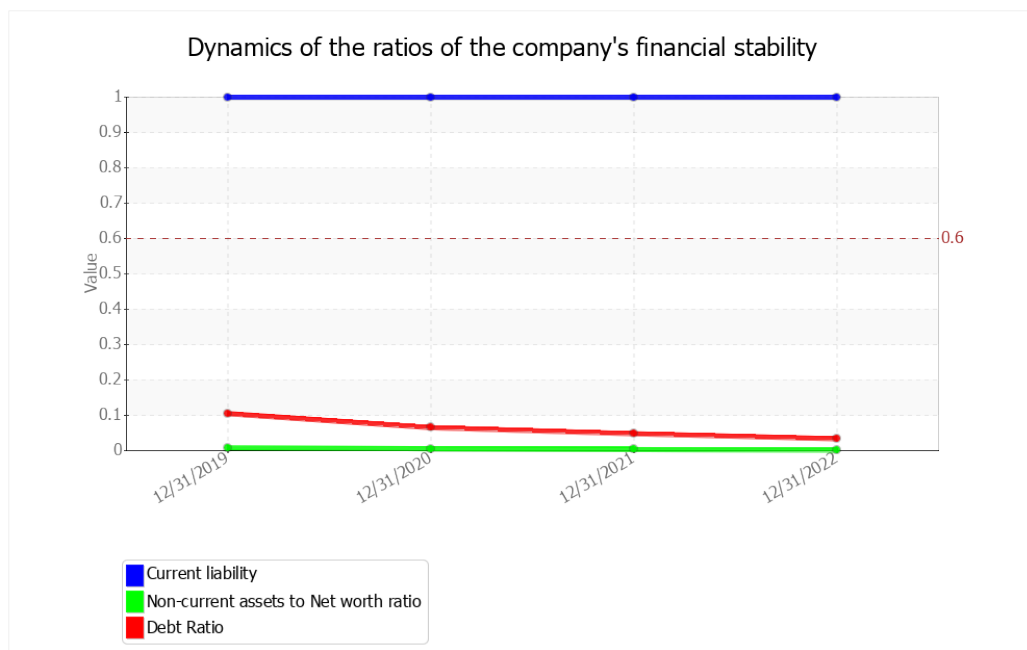
The structure of the company's capital is shown in the chart below:



According to well-known principles for stable company development, investments with the least liquid assets (non-current assets) should first be made with help from the most long-term sources of financing, i.e. with the help of own capital (equity). An indicator of this rule is the non-current assets to net worth ratio. The ratio amounted to 0 on the last day of the period analyzed. For the period reviewed, the ratio fell slightly (by 0.01). On the last day of the period analyzed, the ratio shows a very good value.

On 12/31/2022, O*****S INC. has no long-term liabilities so the current liability ratio was 1 on 12/31/2022. Non-current liabilities and equity are the main sources of long-term investments and investments in non-current assets. Use of only short-term liabilities can negatively influence the company's financial stability and solvency.

The following chart demonstrates the dynamics of the main ratios of financial stability of O*****S INC..

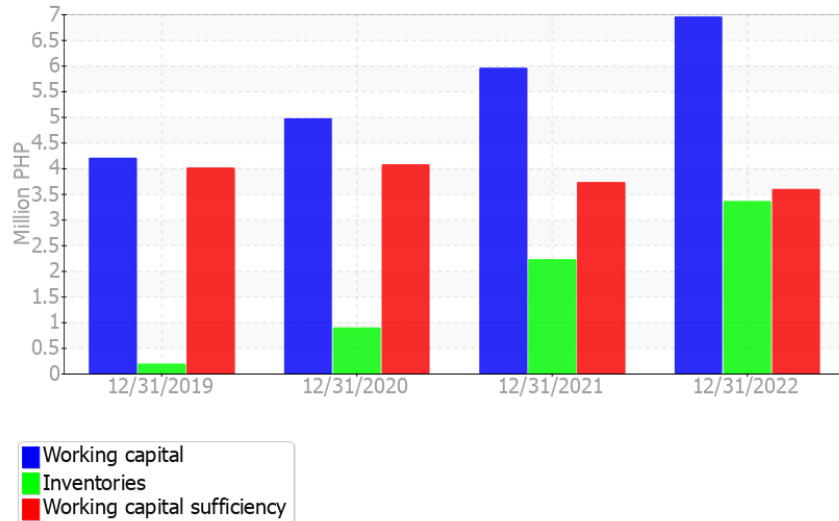


1.3.2 Working Capital Analysis

Indicator	Value				Change for the period analyzed	
	12/31/2019	12/31/2020	12/31/2021	12/31/2022	(Col.5-col.2)	((Col.5-col.2) : col.2)
1	2	3	4	5	6	7
1. Working capital (net working capital), PHP	+4,202,817	+4,972,005	+5,954,841	+6,952,063	+2,749,246	65.4
2. Inventories, PHP	+191,343	+895,963	+2,226,172	+3,357,923	+3,166,580	-
3. Working capital sufficiency (1-2), PHP	+4,011,474	+4,076,042	+3,728,669	+3,594,140	-417,334	-10.4
4. Inventory to working capital ratio (2:1) Acceptable value: no more than 1.	0.05	0.18	0.37	0.48	+0.43	x

The working capital equaled PHP 6,952,063 on the last day of the period analyzed. For the 4 years covered, there was a significant growth in the working capital of 65.41 times. Moreover, the growth tendency is also confirmed by a linear trend. The table above shows that the company inventories exceeds working capital by PHP 3,594,140. At the end of the period reviewed, the inventory to working capital ratio is 0.48 as seen in the table above. Such a correlation is deemed normal, although it can be achieved through warehouse inventories that are too low, but not through enough of long-term resources of financing in some cases.

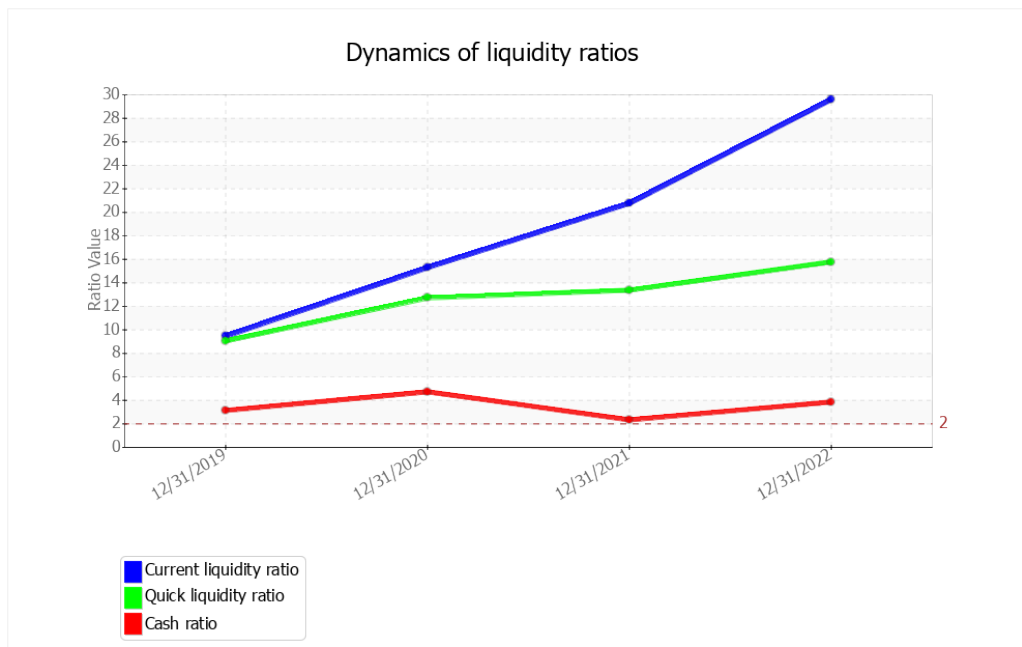
Working Capital



1.4. Liquidity Analysis

One of the most widespread indicators of a company's solvency are liquidity ratios. There are three liquidity related ratios: current ratio, quick ratio and cash ratio. Current ratio is one of the most widespread and shows to what degree the current assets of the company are meeting the current liabilities. The solvency of the company in the near future is described with the quick ratio which reflects if there are enough fund's for normal execution of current transactions with creditors. All three ratios for O*****S INC. are calculated in the following table.

Liquidity ratio	Value				Change (col.5 - col.2)	Description of the ratio and it's recommended value
	12/31/2019	12/31/2020	12/31/2021	12/31/2022		
1	2	3	4	5	6	7
1. Current ratio (working capital ratio)	9.45	15.29	20.77	29.61	+20.16	The current ratio is calculated by dividing current assets by current liabilities. It indicates a company's ability to meet short-term debt obligations. Acceptable value: 2 or more.
2. Quick ratio	9.07	12.72	13.38	15.79	+6.72	The quick ratio is calculated by dividing liquid assets (cash and cash equivalents, trade and other current receivables, other current financial assets) by current liabilities. It is a measure of a company's ability to meet its short-term obligations using its most liquid assets (near cash or quick assets). Normal value: 1 or more.
3. Cash ratio	3.14	4.73	2.34	3.86	+0.72	Cash ratio is calculated by dividing absolute liquid assets (cash and cash equivalents) by current liabilities. Normal value: 0.2 or more.



In summary, all three liquidity ratios say about a good financial position of O*****S INC. from the point of view of solvency.

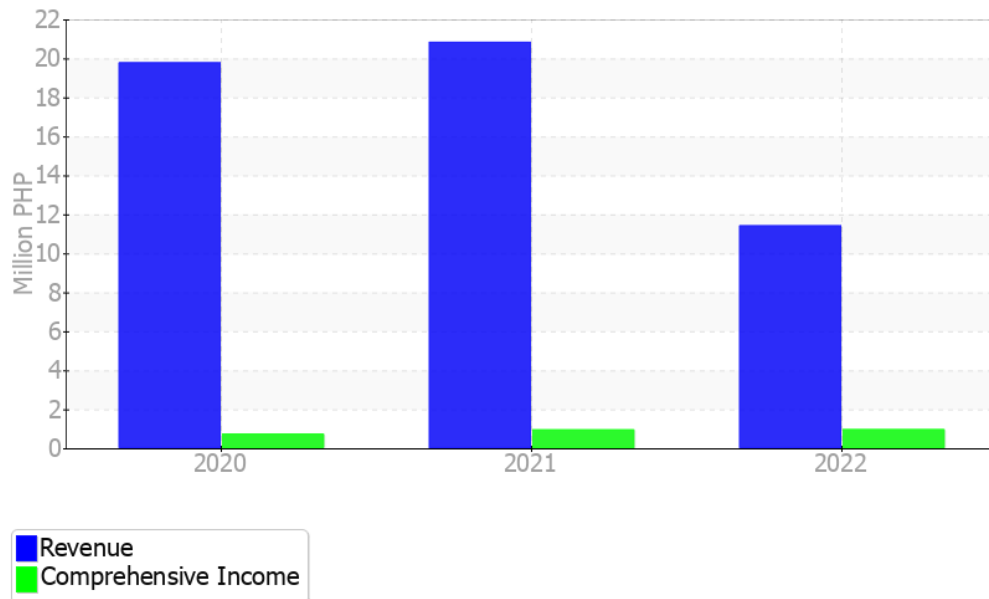
2.1 Overview of the Financial Results

Indicator	Value, PHP			Change		Average annual value, PHP
	2020	2021	2022	PHP (col.4 - col.2)	± % (4-2) : 2	
1	2	3	4	5	6	7
1. Revenue	19,807,065	20,856,068	11,441,691	-8,365,374	-42.23	17,368,275
2. Cost of sales	17,599,146	18,032,056	8,923,529	-8,675,617	-49.30	14,851,577
3. Gross profit (1-2)	2,207,919	2,824,012	2,518,162	+310,243	+14.05	2,516,698
4. Other income and expenses, except Finance costs	-1,159,696	-1,607,000	-1,283,168	-123,472	10.65	-1,349,955
5. EBIT (3+4)	1,048,223	1,217,012	1,234,994	+186,771	+17.82	1,166,743
5.1 EBITDA	1,048,223	1,217,012	1,234,994	+186,771	+17.82	1,166,743
6. Finance costs	-	-	-	-	-	-
7. Income tax expense (from continuing operations)	288,261	243,402	246,999	-41,262	-14.31	259,554
8. Profit (loss) from continuing operations (5-6-7)	759,962	973,610	987,995	+228,033	+30.01	907,189
9. Profit (loss) from discontinued operations	-	-	-	-	-	-
10. Profit (loss) (8+9)	759,962	973,610	987,995	+228,033	+30.01	907,189
11. Other comprehensive income	-	-	-	-	-	-
12. Comprehensive income (10+11)	759,962	973,610	987,995	+228,033	+30.01	907,189

The revenue equaled 11,441,691 for the last year, while the revenue was significantly lower and equaled PHP 20,856,068 for the year 0 (i.e. it grew by PHP -9,414,377). The change in revenue is demonstrated on the chart. The gross profit was equal to PHP 2,518,162 during the last year. For the last year in comparison with the same period of the prior financial year, it was observed that there was an outstanding increase in the gross profit amount (PHP 2,516,141).

For the last year, the company posted a gross profit PHP 2,518,162 and earnings before interest and taxes (EBIT), which was 1,234,994.00 . The comprehensive income of O*****S INC. was PHP 987,995 in total for the period from 01/01/2022 to 12/31/2022.

Dynamics of revenue and net profit



2.2 Profitability Ratios

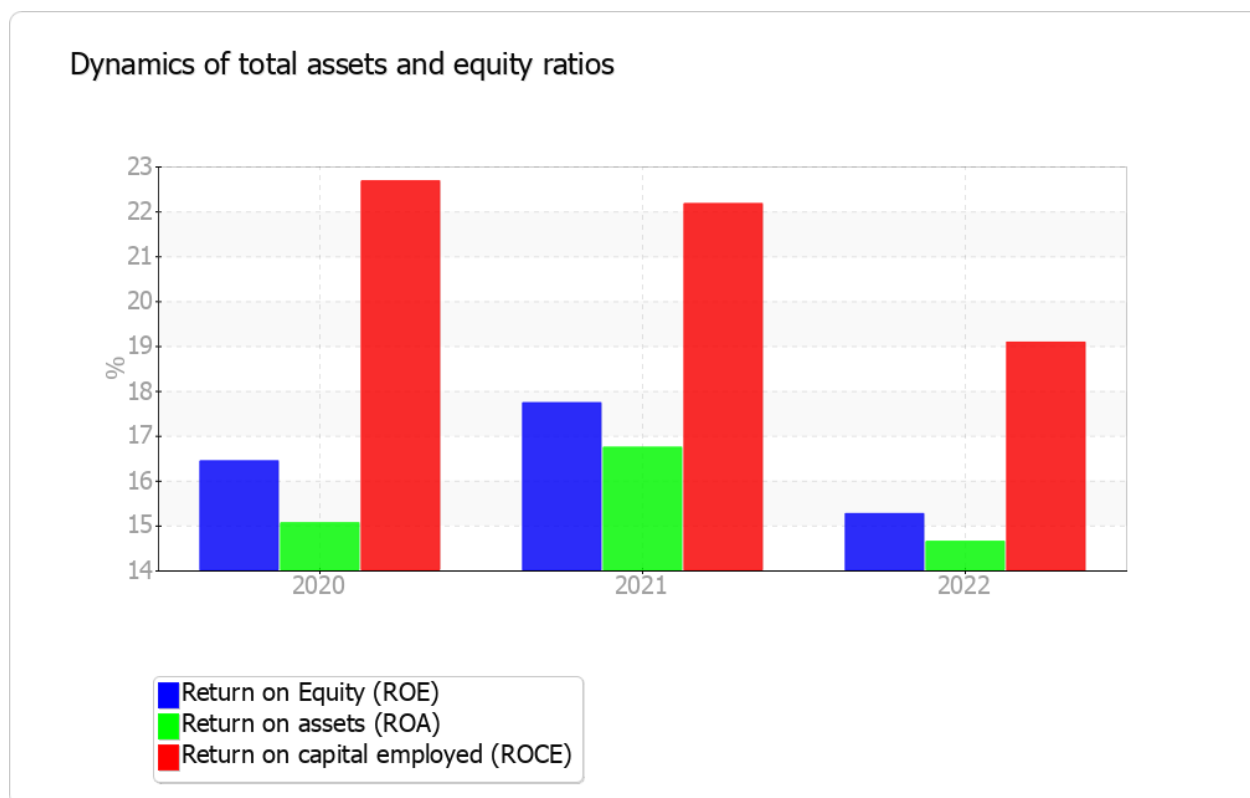
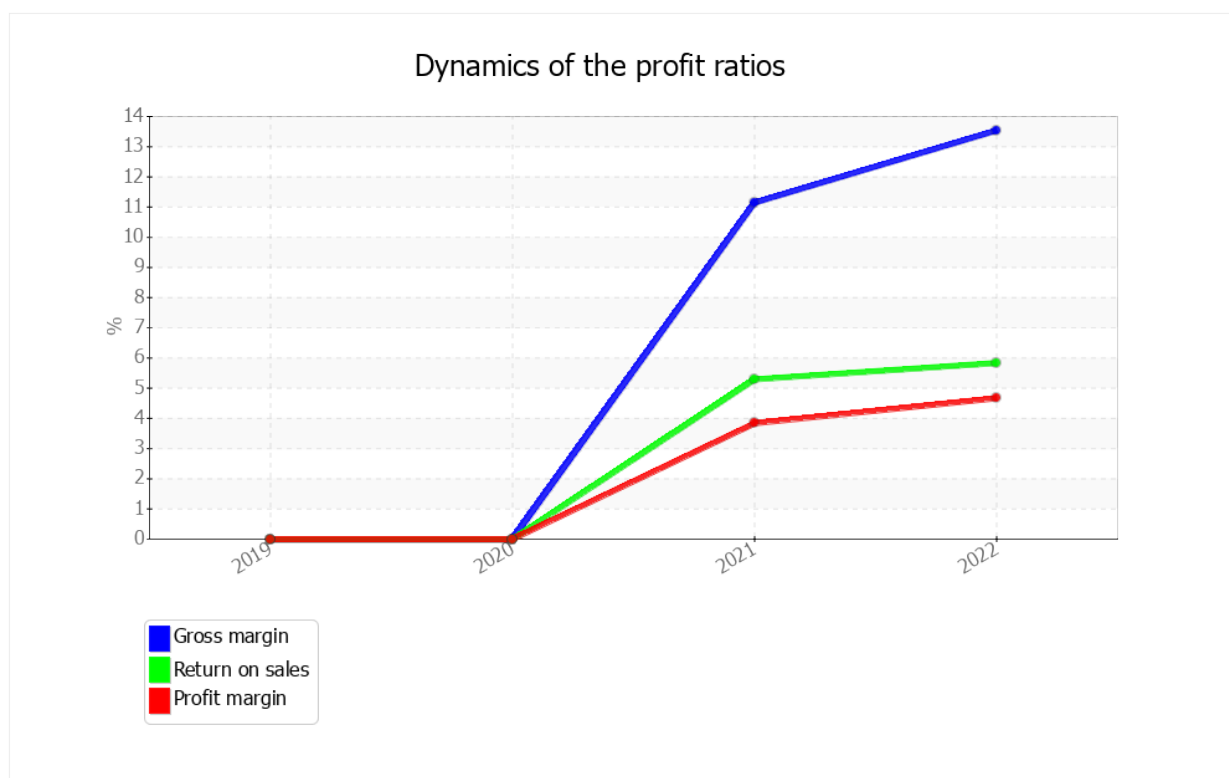
Profitability Ratios	Value in %			Change (col.4 - col.2)
	2020	2021	2022	
1	2	3	4	5
1. Gross margin.	11.1	13.5	22	10.9
2. Return on sales (operating margin).	5.3	5.8	10.8	5.5
3. Profit margin.	3.8	4.7	8.6	4.8
>Reference: Interest coverage ratio (ICR). Acceptable value: no less than 1.5.	0	0	0	0

The profitability ratios given in the table have positive values as a result of the profitability of O*****S INC.'s activities during the last year. The gross margin amounted to 22.0% during the year 2022. An alteration in the gross margin of +10.9% for the year 2022 in comparison with the same period of the prior financial year.

The profitability calculated by earnings before interest and taxes (Return on sales) is more important from a comparative analyzes point of view. For the period 01/012022 – 12/31/2022, the return on sales was 10.8% , and profitability calculated by net profit was 8.6% per annum.

Profitability Ratios	Value in %			Change (col.4 - col.2)	
	2020	2021	2022		
1	2	3	4	5	6
Return on equity (ROE)	16.4	17.7	15.3	-1.1	ROE is calculated by taking a year's worth of earnings (net profit) and dividing them by the average shareholder equity for that period and is expressed as a percentage. It is one of the most important financial ratios and profitability metrics. Acceptable value: 12% or more.
ROE, calculated using comprehensive income	16.4	17.7	15.3	-1.1	This ratio is similar to the previous one, but is calculated using comprehensive income instead of net profit. It shows the companies ability to generate profits before leverage, rather than by using leverage. Acceptable value: 12% or more.
Return on assets (ROA)	15	16.8	14.7	-0.3	ROA is calculated by dividing net income by total assets and displayed as a percentage. Acceptable value: 6% or more.
ROA, calculated using comprehensive income	15	16.8	14.7	-0.3	This ratio is similar to the previous one, but is calculated using comprehensive income instead of net profit. Normal value: 6% or more.
Return on capital employed (ROCE)	22.6	22.2	19.1	-3.5	ROCE is calculated by dividing EBIT by capital employed (equity plus non-current liabilities). It indicates the efficiency and profitability of a company's capital investments.

During the last year, the return on assets was equal to 14.7%. During the whole period reviewed, the return on assets was observed to spring up rapidly by 0.3%. Despite the fact that at the beginning of the considered period, the value of the return on assets did not correspond to the norm, later it became acceptable.



2. 3 Analysis of the Business Activity (Turnover Ratios)

Further in the table, the calculated rates of turnover of assets and liabilities describe how quickly prepaid assets and liabilities to suppliers, contractors and staff are affected. Turnover ratios have strong industry specifics and depend on activity. This is why an absolute value of the ratios does not permit making a qualitative assessment. When assets turnover ratios are analyzed, an increase in ratios (i.e. velocity of circulation) and a reduction in circulation days are deemed to be positive dynamics. There is no well-defined interaction for accounts payable and capital turnover. In any case, an accurate conclusion can only be made after the reasons that caused these changes are considered.

Turnover Ratio	Value, Days			Ratio 2020	Ratio 2022	Change, days Col.4 - Col.2
	2020	2021	2022			
1	2	3	4	5	6	7
Receivables turnover (days sales outstanding) (average trade and other current receivables divided by average daily revenue*)	53	53	99	6.9	3.7	+46
Accounts payable turnover (days payable outstanding) (average current payables divided by average daily purchases)	5	4	6	73.2	60.8	+1
Inventory turnover (days inventory outstanding) (average inventory divided by average daily cost of sales)	11	32	114	33.3	3.2	+103
Asset turnover (average total assets divided by average daily revenue)	93	102	215	3.9	1.7	+122
Current asset turnover (average current assets divided by average daily revenue)	93	101	215	3.9	1.7	+122
Capital turnover (average equity divided by average daily revenue)	85	96	206	4.3	1.8	+121
<i>Reference:</i> Cash conversion cycle (days sales outstanding + days inventory outstanding - days payable outstanding)	59	81	207	x	x	+148

During the last year, the average collection period (Days Sales Outstanding) was 99 days and the average days payable outstanding was 6 days as shown in the table. The rate of asset turnover means that O*****S INC. gains revenue equal to the sum of all the available assets every 137 days (on average during the period analyzed).

Conclusion

3.1 Key Ratios Summary

The main financial state indicator values and O*****S INC.'s activity results are classified by qualitative assessment according to the results of the analysis during the period reviewed (from 31 December, 2019 to 31 December, 2022) and are given below.

There are the following definitely good financial indicators:

- The value of the non-current assets to net worth ratio equal to 0.00 is without doubt excellent.
- The debt-to-equity ratio and debt ratio demonstrate good values, but say about too cautious attitude of company to use of the borrowed capital, which is only 0.03% of the total balance of the company
- Long-term resources of the financing of the company's activity are enough to form a normal amount of working capital which would cover the available inventories.

- The current ratio 29.61 completely corresponds to the standard criteria for this rate.
- An outstanding relationship between liquid assets (current assets minus inventories) and current liabilities (quick ratio is 15.79)
- The cash ratio is 3.86 at the end of the period (a high cash at hand required for current payments).
- Return on equity (ROE) was 15.30% per annum for the 2022 which came as a result of a low percentage of own capital (equity).
- Excellent return on assets, which was 14.70% during the 2022.
- Net worth (net assets) of the company is much higher (by 11.14 times) than the share capital on 12/31/2022.
- The equity growth for the period analyzed (from 31 December, 2019 to 31 December, 2022) did not exceed the total rate of assets value growth.
- During the entire period reviewed, earnings before interest and taxes (EBIT) showed PHP 1,234,994.00, at the same time, a positive change in comparison with the previous value.
- The income from financial and operational activities (comprehensive income) was PHP 987,995.00 during the year.