PRYCE CORPORATION
website: www.pryce.com.ph

PHILIPPINE DAILY INQUIRER GROWTH CHAMPION 2022 statista

CERTIFICATION

I, Jose Ma. C. Ordenes, Corporate Information & Compliance Officer, is a duly authorized representative of Pryce Corporation with SEC registration number 168063 and with principal office at 17th Floor Pryce Center, 1179 Chino Roces Ave., Makati City, do hereby certify and state that:

1. On behalf of Pryce Corporation, I have caused the preparation of the company's Information Statement in relation to the Annual Stockholders' Meeting to be held on June 23, 2023 at the The City Club Ballroom, Alphaland Makati Place, 7232 Ayala Avenue Ext., Makati City.
2. I have read and understood its content which are true and correct, of my own personal knowledge and/or based on true records;
3. Pryce Corporation hereby complies with the requirements and guidelines set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports, and/or documents through electronic mail;
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee, if applicable.

IN WITNESS WHEREOF, I have hereunto set my hands this 18 MAY 2023 ____ day of ________________, 2023.

Jose Ma. C. Ordenes
Corporate Information & Compliance Officer

SUBSCRIBED AND SWORN to before me, a notary public, in the City of MAKATI, this ____ day of 18 MAY 2023, ______. Affiant personally came and appeared with government issued LTO ID No N26-08-001284, known to me as the same person who personally signed the foregoing instrument before me.

Doc. No. 200;
Page No. 41;
Book No. XVI;
Series of 2023.

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

April 4, 2023

NOTICE OF ANNUAL STOCK HOLDERS' MEETING

To the Stockholders:

Please be notified that the Annual Stockholders' Meeting of the Corporation will be held on Friday, **June 23, 2023**, at 4:00 p.m. at The City Club Ballroom, Alphaland Makati Place, 7232 Ayala Avenue Ext., Makati City, to take up the following:

AGENDA

1. Call to Order and Determination of Quorum
2. Approval of Minutes of Previous Meeting
3. President's Report and its approval
4. Approval of Annual Report and Audited Financial Statements
5. Ratification of Acts of the Board of Directors and Management
6. Election of Board of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only shareholders of record as of June 8, 2023 shall be entitled to attend and vote in this meeting.

The Corporation is NOT SOLICITING ANY PROXIES. However, those who cannot attend and wish to send a representative/proxy, please send proxy letter to the Corporate Secretary on or before **June 13, 2023** at 17th flr. Pryce Center, 1179 Chino Roces Ave. cor. Bagtikan St., Makati City for recording and verification.

The requirements and procedure for the nomination and election of the Board of Directors are stated in the Definitive Information Statement.[1]

Shareholders are put on notice that the Information Statement for 2022, SEC Form 17-A (Annual Report), Audited Financial Statements (2022), and SEC 17-Q (1st Quarterly Report as of March 31, 2023) can be viewed/read at and downloaded from the:

1) Company's website (https://www.pryce.com.ph/company-disclosures/other-disclosures/); and

2) PSE Edge portal website (https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=150).

By the Chairman.

FELICIANO B. HATUD
Corporate Secretary
feliciano.hatud@prycegases.com
(02) 8-899-4401

[1] In the election of Directors, voting shall be cumulative. Thus, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. The top seven (7) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the votes shall be cast in favor of the nominees.

Shares are traditionally voted by verbal motion and duly seconded during the meeting, unless otherwise required by law. A matter is approved when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The Corporate Secretary is normally designated to count the votes to be cast.

REPUBLIC OF THE PHILIPPINES)
City of Makati) SS.

SECRETARY'S CERTIFICATE

I, **FELICIANO B. HATUD**, of legal age, Filipino and Corporate Secretary of **PRYCE CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine laws with principal office address at 17TH Floor, Pryce Center, 1179 Chino Roces Avenue corner Bagtikan Street, Makati City, do hereby certify that:

At the Special Meeting of the Board of Directors held on April 3, 2023, the following resolutions, among others, were unanimously adopted and approved, and shall remain in full force and effect, to wit:

"RESOLVED, as it is hereby resolved, that the regular Annual Stockholders' Meeting of the Corporation for the taxable year 2022, supposedly set on the fourth (4th) week of May, which is May 24, 2023, shall be postponed and moved to June 23, 2023 at 4:00PM. This meeting shall be held in person, and not via remote communication, at The City Club Ballroom, Alphaland Makati Place, 7232 Ayala Avenue Ext., Makati City.

"RESOLVED FURTHER, that the agenda for the aforesaid meeting are as follows:

1. Call to Order and Determination of Quorum
2. Approval of Minutes of Previous Meeting
3. President's Report and its approval
4. Approval of Annual Report and Audited Financial Statements
5. Ratification of Acts of the Board of Directors and Management
6. Election of Board of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment"

"RESOLVED FURTHER, that the stockholders of record as of June 8, 2023 (the record date as had been decided in a previous Board meeting on April 3, 2023), are entitled to attend, participate and vote at such meeting."

The above resolutions and appointment or authorization are in full force and effect unless subsequently modified or rescinded in writing.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 04 APR 2023 at Makati City.

FELICIANO B. HATUD
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 04 APR 2023 at Makati City, affiant having exhibited to me his Driver's License No. NO3-97-239404 valid until Novembre 11, 2032.

Doc. No. 386;
Page No. 79;
Book No. XIII;
Series of 2023.

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

COVER SHEET

1 6 8 0 6 3

S.E.C. Registration Number

P R Y C E

C O R P O R A T I O N

(Company's Full Name)

1 7 / F P R Y C E C E N T E R C H I N O

R O C E S A V E N U E M A K A T I C I T Y

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

Jose Ma. C. Ordenes / Earl Christian L. Lerio

Contact Person

(02) 8 899-4401

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

2 0 - I S

FORM TYPE

0 5 | 2 7

Month *Day*

ANNUAL MEETING

Secondary License Type, if Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

366 (as of Apr. 30, 2023)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [√] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PRYCE CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **168063**

5. BIR Tax Identification Number: **000-065-142-000**

6. Address of principal office:
   17th Floor PRYCE CENTER
   1179 Chino Roces Avenue corner Bagtikan Street
   Makati City 1203

7. Registrant's telephone number, including area code: **(+632) 8899-4401**

8. Date, time and place of the meeting of security holders:
   Date: **June 23, 2023**
   Time: 4 o'clock in the afternoon
   Place: **The City Club Ballroom, 4th flr., Alphaland Makati Place, 7232 Ayala Avenue Ext., Makati City**

9. Approximate date on which the definitive Information Statement is first to be sent or given to security holders: **June 1, 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA as of May 18, 2023**:**

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	1,895,690,169
Treasury	128,809,831

11. Are any or all of registrant's securities listed in a Stock Exchange? Yes [√] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange – Common Shares

PRYCE CORPORATION
INFORMATION STATEMENT

This preliminary Information Statement is dated **May 18, 2023** and to be furnished to stockholders of record of Pryce Corporation as of **June 8, 2023** in connection with the company's Annual Stockholders' Meeting on **June 23, 2023**.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

GENERAL INFORMATION

Date, time and place of meeting of security holders

The Annual Stockholders' Meeting of Pryce Corporation (the "Company") for the year 2022 will be held in person, and not via remote communication, on **June 23, 2023** at 4 o' clock in the afternoon at the **The City Club Ballroom, 4th flr., Alphaland Makati Place, 7232 Ayala Avenue Ext., Makati**.[1] The complete mailing address of the registrant is:

PRYCE CORPORATION
17th Floor Pryce Center
1179 Chino Roces Avenue corner Bagtikan Street
Makati City

The definitive issue of this information statement will be sent to the security holders approximately on **June 1, 2023.**

Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair market value of his shares: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) in case of merger or consolidation; and, (iv) in case of an investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized under Section 41 of the Revised Corporation Code.

There are no matters or proposed corporate actions that may give rise to a possible exercise by

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1 Per the Company's by-laws, stockholders' meetings shall be held in the principal office of the corporation or at any place designated by the Board in the city where the principal office of the Company is located. For purposes of Section 51 of the Corporation Code and Rule 20 of the Rules and Regulations implementing the Securities Regulation Code on the place of stockholders' meetings, Metro Manila is considered a city.

security holders of their appraisal rights. Should an action which may give rise to the right of appraisal be proposed at any time after this information statement is sent or at the meeting, any stockholder who *voted against* the proposed corporate action may exercise the right of appraisal by making a written demand within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. Failure on the part of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right. Upon payment to the stockholder, the stockholder shall transfer his shares to the Corporation. No payment however shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Within ten (10) days after demanding payment for his shares, the dissenting stockholder shall submit his certificates of stock to the Corporation for notation that the shares represented are dissenting shares. All other matters respecting a stockholder's right of appraisal shall be governed by Title X of the Corporation Code.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election to office, no person who has been director or executive officer of the Company at any time since the beginning of the last fiscal year, or who is a nominee for election as director, or who is an associate of any of the foregoing, has a direct or indirect substantial interest, by security holdings or otherwise in any matter to be acted upon.

No Director has informed the Company of his intention to oppose any action to be acted upon.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

The Company has 1,895,690,169 subscribed and outstanding common shares as of December 31, 2022; and the same number as of March 31, 2023. Every stockholder shall be entitled to one vote for each share of stock held as of the record date.

All stockholders of record as of June 8, 2023 are entitled to notice of, and to vote at, the Company's Annual Stockholders' Meeting.

With respect to the election of directors, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. There are no conditions precedent to the exercise of the cumulative voting rights. The Company is not soliciting discretionary authority to cumulate votes.

Security Ownership of Certain Record and Beneficial Owners

Based on the records of the Company's Stock Transfer Agent, BDO Unibank, Inc. (Trust Banking Group), the Company knows of no other person who is directly or indirectly the record and/or beneficial owner of more than 5% of the Company's voting securities as of March 31, 2023, except as set forth hereafter:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner[2]	Citizenship	No. of Shares Held	Percent to Total of Class
Common	Guild Securities, Inc. 1215, Tower I Exchange Plaza, Makati City	Various[3]	Filipino	1,017,140,468	50.24%
	PCD Nominee Corporation 37/F Tower I, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City	Various[4]	Filipino	404,883,711	20.00%
		Josefina Multi-Ventures Corporation[5] 17th Floor Pryce Center, 1179 Chino Roces Avenue, Makati City Client of PDTC Participant	Filipino	133,114,512	6.57%
	Hinundayan Holdings Corporation 17th Floor Pryce Center, 1179 Chino Roces Avenue, Makati City Affiliate of the Issuer	Hinundayan Holdings Corporation is also the beneficial owner[6]	Filipino	160,708,000	7.94%

2 The Company knows of no right of any owner, director, or officer herein named to acquire beneficial ownership of any number of shares within thirty (30) days from the date of this statement or thereafter.

3 Guild Securities, Inc. is a stock brokerage firm and a trading participant in the Philippine Depository and Trust Corporation (PDTC), holding shares for the account of its various clients.

4 PCD Nominee Corporation, a corporation owned by the Philippine Depository and Trust Corporation (PDTC), acts as the legal owner of all shares lodged in the PDTC. The beneficial owners are the PDTC participants and their clients. The Company knows of no other single participant who has beneficial ownership of more than 5% of the Company's shares other than as stated above.

5 The Board of Directors of Josefina Multi-Ventures Corp. has the power to decide how its shares will be voted and has authorized Mr. Salvador P. Escaño to vote the shares of Josefina Multi-Ventures Corp.

6 The Board of Directors of Hinundayan Holdings Corporation has the power to decide how its shares will be voted and has authorized Mr. Salvador P. Escaño to vote the shares of Hinundayan Holdings Corporation.

Security Ownership of Management (as of March 31, 2023)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (see footnote 2)		Citizenship	Percent to Total of Class
		Direct	Indirect		
Common	Salvador P. Escaño	33,492,660	26,513,250*	Filipino	3.17%*
	Efren A. Palma	100	100,000	Filipino	0.01%
	Ramon R. Torralba, Jr.	218,806	0	Filipino	0.01%
	Xerxes Emmanuel F. Escaño	0	26,513,250**	Filipino	1.40%**
	Ray W. Jovanovich	0	1,000	American	0.00%
	Gener T. Mendoza	20,000	82,600	Filipino	0.01%
	Thomas G. Aquino	0	500	Filipino	0.00%
	Feliciano B. Hatud	0	25,000	Filipino	0.00%
	Sonito N. Mole	0	0	Filipino	-
	Jose Ma. C. Ordenes	1,449	0	Filipino	0.00%
	Paul Vincent M. Casilla		1,800	Filipino	0.00%
	Rhoda A. Marshburn	0	0	Filipino	-
	Earl Christian L. Lerio	0	0	Filipino	-
	Valentina S. Palma	0	0	Filipino	-

** Indirect shares in a joint account with Xerxes Emmanuel F. Escaño*

*** Indirect shares in a joint account with Salvador P. Escaño*

The following table furthermore shows direct/record ownership of its directors in the Company, with beneficial ownership, including without limitation, the power to vote the shares and to dispose of the same, being retained by the beneficial owner corporations through their respective Boards:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Amount and Nature of Record Ownership	Citizenship	Percent to Total of Class
Common	Salvador P. Escaño	Pryce Development Corporation	1,684,450	Filipino	0.089%
	Ramon R. Torralba, Jr.	Pryce Development Corporation	90,000	Filipino	0.005%

Voting Trust Holders of 5% or More

The Company knows of no shareholder holding more than 5% of the Company's shares under a voting trust or similar agreement.

Changes in Control

The Company knows of no arrangement that may result in a change in its control, or of any change in control of the Company that had occurred since the beginning of its last fiscal year.

Directors and Executive Officers

Directors/Independent Directors, and Executive Officers

The following are certain information on the incumbent Directors and Independent Directors, and the Executive Officers of the Company as at March 31, 2023:

Name	Age	Citizenship	Position		
			Board	**Executive Officer**	**Corporate Governance Committee Membership/s**
Salvador P. Escaño	71	Filipino	Director – Chairman of the Board	Chief Executive Officer	*Chair,* Nomination; *Chair,* Compensation and Remuneration.
Efren A. Palma	57	Filipino	Director	President	*Member*, Audit
Ramon R. Torralba, Jr. [deceased – Jan. 30, 2023]	78	Filipino	Director	---	*Member,* Compensation and Remuneration.
Xerxes Emmanuel F. Escaño	32	Filipino	Director	---	*Member,* Nomination.
Ray W. Jovanovich	60	American	Director	---	---
Gener T. Mendoza [deceased – Jul. 31, 2022]	64	Filipino	Independent Director	---	*Chair,* Audit; *Member,* Compensation and Remuneration.
Thomas G. Aquino	74	Filipino	Independent Director	---	*Member,* Nomination & Audit
Feliciano B. Hatud	65	Filipino	---	Corporate Secretary; VP-Finance	---
Albertson S. Cajayon [resigned - Dec. 9, 2022]	40	Filipino	---	Chief Legal Counsel; VP	---
Jose Ma. C. Ordenes	64	Filipino	---	Treasurer; SVP – Operations Monitoring; Corporate Information and Compliance Officer	---
Earl Christian L. Lerio	33	Filipino	---	OIC – Office of the Chairman; Alternate Compliance Officer	---
Sonito N. Mole	65	Filipino	---	Regional Head – Southern Mindanao Operations	---
Rhoda A. Marshburn	41	Filipino	---	Regional Head – Northern Mindanao Operations	---
Valentina S. Palma	61	Filipino	---	Asst. Corporate Secretary	---

Salvador P. Escaño is Chairman & CEO of Pryce Corporation. Mr. Escaño is also a director of Crown Equities, Inc., the latter an issuer of securities. He also served as Director of Basic Petroleum & Minerals, Inc. until 1989. He was previously General Manager of Anselmo Trinidad and Co., (HK) Ltd., a Hongkong-based stockbrokerage firm from 1978 to 1981 and a member of the Board of Governors of the Makati Stock Exchange from 1989 to 1991. Mr. Escaño holds a Master's degree in Business Administration from the University of the Philippines.

Efren A. Palma is a Certified Public Accountant. He joined SGV & Co. in 1986, after which he worked for the Alcantara Group of Companies in 1989 as senior internal auditor. He was later promoted as Finance Manager for one of the construction companies of the Alcantaras in Iligan City before joining Pryce Gases, Inc. in 1996. He holds a Bachelor's Degree in Commerce from Immaculate Concepcion College in Ozamiz City.

Ramon R. Torralba was formerly a director and chief legal counsel of the Company. He previously served as president of Tower Securities, Inc., a stockbrokerage firm, from 1989 to 1992. Atty. Torralba is a law graduate from Ateneo de Manila University and a member of the Integrated Bar of the Philippines.

Xerxes Emmanuel F. Escaño is an incumbent director and the son of Mr. Escaño, the Chairman. He has also been Managing Director of Pryce Pharma., Inc. Prior to this, he was connected with Teach for the Philippines before becoming Procurement Manager for Procter & Gamble. In the latter capacity, his functions included overseeing the entire end-to-end procurement process for all marketing, sales, research and administrative orders for the company's regional headquarters in Singapore and Malaysia. He holds a Bachelor's Degree in Management from the Ateneo de Manila University.

Ray W. Jovanovich began his investment career in 1988 in Hong Kong and spent 25 years managing portfolios on behalf of global institutions. A pioneer in Asia's emerging markets, he developed the first investment funds for Thailand, Indonesia, the Philippines, and India in the late 1980s. In the final decade of his career, Mr. Jovanovich served as Chief Investment Officer—Asia for Amundi. He retired at the end of 2011 in order to focus on educational initiatives and philanthropy, and now lectures on a variety of Asian topics at universities in both America and Asia. He also continues to do project work for the International Monetary Fund on China-related issues.

Gener T. Mendoza was formerly an independent director. He was the president of GNCA Holdings, Inc., which provided business consultancy services, with focus on corporate financial advisory. He had more than 35 years of experience, among others, in banking, financial management, and business development. Mr. Mendoza was a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering (Summa Cum Laude) and had a Master of Business Administration degree from Harvard Business School.

Thomas G. Aquino is a Director in the Board of NOW Corporation. He is an Independent Director in the publicly listed firms ACR Corporation, A. Brown Company and Holcim Philippines Inc. He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines.

Sonito N. Mole joined the Pryce Group thru PGI in 1987 as an area sales manager. He later moved to PC in 1990 as operations head for the company's southern Mindanao operations. He is a graduate of the University of Visayas with a Bachelor's Degree in Marine Transportation.

Rhoda A. Marshburn began working in Pryce Corporation in 2007 as a Park Business Manager of Pryce Gardens Memorial Park Malaybalay branch and on 2019 was promoted as Region Head for Northern Mindanao Operations. She has a Bachelor's degree in Human Resources Development obtained at Liceo de Cagayan University, Cagayan de Oro City. She is a licensed professional teacher and a licensed real estate broker.

Jose Ma. C. Ordenes has been connected with the Company since 1993. He is the company's Treasurer and Senior Vice President for Operations Monitoring. He holds a Bachelor's degree in Mechanical Engineering from the University of Santo Tomas. Before joining the Pryce Group, his work experience included teaching math and engineering subjects. Subsequently, he worked as an engineering foreman at Batangas Bay Carries, Inc. (which provided the marine transport services of Pilipinas Shell Petroleum Corporation).

Feliciano B. Hatud first joined Pryce Securities Inc. (PSI) in 1987 as a stock trader, in charge of buying and selling shares, and remained with PSI for 14 years. In December 2001, he was transferred to PGI as Assistant Vice President for Purchasing. He was thereafter promoted as Vice President of the same department and later on assumed the same position concurrently in PC. Mr. Hatud is a graduate of Southwestern University in Cebu with a Bachelor's Degree in Commerce major in Accounting.

Earl Christian L. Lerio, Officer-in-Charge for the Office of the Chairman, joined Pryce Group in 2018. Concurrently, he is an Alternate Corporate Information and Compliance Officer for Pryce Corporation. He obtained his Bachelor's Degree from the University of the Philippines Los Baños and Juris Doctor Degree from the University of Cebu School of Law. He is a member of the Integrated Bar of the Philippines.

Albertson S. Cajayon was a Chief Legal Counsel of Pryce Gases, Inc. with a rank of Vice President. He was previously an Associate of Siguion Reyna, Montecillo and Ongsiako Law Offices. He was admitted to the Philippine Bar in 2018 and joined SRMO in May of the same year. His practice areas include litigation, corporate, and labor law.

Xavier Salvador F. Escano is a director of Josefina Multi-Ventures Corporation (JMVC). Since 2015, he has been an area manager for several LPG refilling plants under the company Oro Oxygen Corporation (OOC). JMVC is an affiliate of Pryce Corporation, whereas OOC is a wholly-owned subsidiary of Pryce Gases, Inc. He obtained a bachelor's degree in biology and took a master’s degree course at the Ateneo de Manila University; he also took some courses on entrepreneurship at the Ateneo Graduates’ School for Business.

Julio D. Climaco, Jr. has more than 40 years of solid work experience in commercial banking, management consulting, strategic planning, and macro-economic research. He was formerly an executive vice president at the Branch Banking Sector of the Land Bank of the Philippines. Mr. Climaco completed a bachelor’s degree in Commerce at the De La Salle University and took masteral units in economic research at the University of Asia and the Pacific.

Nominees and Term of Office

Per the Company’s By-Laws, the members of the Board of Directors shall be elected during the regular meeting of the stockholders and shall hold office for (1) year and until their successors are elected and qualified.

The following are nominated for election to the Board of Directors for the year 2022:

Salvador P. Escaño
Efren A. Palma
Xerxes Emmanuel F. Escaño
Xavier Salvador F. Escaño
Ray W. Jovanovich
Thomas G. Aquino (Independent Director)
Julio D. Climaco, Jr. (Independent Director)

All of the above nominees are incumbent directors, except for Xavier Salvador F. Escaño and Julio D. Climaco, Jr. Information on the incumbent directors are shown above in the immediately preceding section (on

'*Directors/Independent Directors, and Executive Officers').*

All, including the independent directors, were nominated by Hinundayan Holdings Corporation (HHC). HHC, beneficial owner of 8.34% of the Company, is a firm of which Mr. Salvador P. Escaño holds 64.92% of the total outstanding capital stock. HHC and the independent directors have no existing relationship,[7] apart from the directorship herein disclosed, and the Company and the independent directors have no existing relationship. The Board of Directors of HHC has the power to decide how its shares in the Company are to be voted. Pursuant to the Company's Revised Manual on Corporate Governance, these nominees passed through the Nomination Committee for pre-screening and evaluation and have been evaluated to have all of the qualifications and none of the disqualifications of a director/independent director.

Significant Employees

The Company recognizes the contributions of all its employees as significant to achieve the purposes and objectives of the Company.

Family Relationships

Messrs. Xerxes Emmanuel F. Escaño and Xavier Salvador F. Escaño are sons of Mr. Salvador P. Escaño.

Involvement in Certain Legal Proceedings

The following are the cases pending against the directors and officers of the Company or Pryce Corporation (PC). The disclosure hereunder notwithstanding, it must be emphasized that these cases were filed due to alleged malfeasance by the said directors/officers in their capacity as such and in connection with the performance of their official functions.

1. **Pryce Corporation vs. Vicente Ponce.**
   Case No. G.R. No. 206863
   Supreme Court, Third Division

Nature: This is an action for quieting of title filed by Vicente Ponce, whose title overlaps with that of PC over a 4.8 hectare portion of property in Iligan City, over which PC operates and maintains the Maria Cristina Gardens Memorial Park. Ponce obtained his title from Solosa, whose title was derived from an alleged Homestead Patent that was administratively reconstituted. PC meanwhile obtained

7 The independent directors are persons who, apart from their fees and shareholdings, are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors in the Company. The independent directors are not directors, officers or substantial stockholders of the Company, HHC or its related companies or any of its substantial shareholders (other than as independent director of any of the foregoing), nor a relative or nominee of any of the foregoing. They do not own more than two percent (2%) of the Company, HHC, or its related companies or its substantial shareholders. They have not been employed in any executive capacity or as professional adviser by the Company, HHC, or any of its related companies or by any of its substantial shareholders within the last five (5) years nor are they retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through their firms. They had not engaged and do not engage in any transaction whether by themselves or with other persons or through a firm of which they are partners or companies of which they is director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

its title from the Quidlat sisters, whose title was adjudged by a cadastral court. The RTC ruled in favor of Ponce, upholding his title over the contested portion. On appeal, the CA sustained the trial court's ruling. PC filed a Petition for Review on Certiorari with the Supreme Court, to which Ponce filed his Comment.

Status: On May 5, 2023, PC received a Notice of Judgment from the First Division of the Supreme Court, the Court declared:

- Grant of PC's Petition for Review on Certiorari;
- Reversed and set aside the prior Decision and Resolution of the Court of Appeals;
- Dismissed Ponce's previous Complaint for Quieting of Title or Reconveyance, and Damages;
- Grant of PC's counterclaim: (a) declaring PC's Transfer Certificate of Title ("TCT") as valid and binding; (b) declaring Original Certificate Title Nos. 21 and RP-62(21), and all titles derived therefrom as null and void ab initio; and (c) ordering the Register of Deeds to cancel TCT No. 17,464 (a.f.) in the name of Vicente Ponce and all titles prior thereto.

2. **Republic vs. Pryce Corp.**
G.R. No. 243133 – Supreme Court *En Banc*

Nature: PC is asking the Court to render an interpretation of Section 4 (a) 9 of Republic Act no. 7432 (also known as "Senior Citizens' Act", as amended Republic Act no. 9257 and as further amended by Republic Act No. 9994 to the effect that it does not include interment services as being covered by the 20% discount to be availed of by the deceased senior citizen or his/her heir(s).

Status: On March 16, 2023, the Supreme Court *en banc* released an announcement on its ruling that interment services are covered by the provision of RA 7432, as amended by RA 9257 and RA 9994, which grants a 20% discount on the funeral and burial services for the death of senior citizens. It held that it follows that burial services necessarily include interment services, and hence, a senior citizen can avail of the 20% discount on the cost of interment services

3. **National Grid Corporation of the Philippines vs. Pryce Corporation**
Special Civil Action No. 7 69
Regional Trial Court, Zamboanga City, Branch 14

Nature: This is an EMINENT DOMAIN case filed by NGCP pertaining to a portion of the property of the PRYCE CORPORATION (PC) located in Zamboanga City known as lot no. 3353 covered by Transfer Certificate of Title no. T-134,567 of the Registry of Deeds of Zamboanga City and developed by the herein defendant corporation into a Memorial Park. The aforementioned case has been docketed as Civil Case no. 769 pending before the Branch 14, Regional Trial Court, Zamboanga City. After postponements made by both parties due to their inability to attend for reasonable causes, the Court set the pre-trial date to January 18, 2018.

Status: The Regional Trial Court proceeded to the second stage of the action, which is the determination of just compensation. The Court ruled that a Board of Commissioners be constituted to assist the court to fairly determine the just compensation for the property taken. Parties have submitted their respective nominees to which the court ordered that they take their oath on June 1, 2023.

Cases involving directors and officers of Pryce Corporation:

The disclosure hereunder notwithstanding, it must be emphasized that these cases were filed due to alleged malfeasance by the said directors/officers in their capacity as such and allegedly in connection with the performance of their official functions.

The following are the cases pending against the directors and officers of the Company.

Pilipinas Shell Petroleum Corporation versus Pryce Gases, Inc. (PGI), et al.
I.S. No. 2005-56 for Trademark Infringement, Unfair
Competition, Violation of BP 33, Theft and Estafa.
Department of Justice, Manila.

Nature: The directors and officers of Pryce Gases, Inc. were implicated in this case because of the alleged existence of conspiracy. Neither the directors nor the officers issued any directive whatsoever, much less, passive acquiescence to commit fraud or crime for that matter. There is no basis, therefore, for the allegation of conspiracy.

Status: The matter is still pending for resolution of the Department of Justice (DOJ) on the Motion for Reconsideration (MR) of Pilipinas Shell.

LPGIA versus the Directors and Officers of Pryce Gases, Inc. and/or Oro Oxygen Corporation
Provincial Prosecution Office of Rizal
NPS Docket No. XV-18M-INV-15H-03386

For: Trademark Infringement, and Violation of BP 33 and RA 623
Department of Justice
OSEC-PR-RZL-2-051216-001

City Prosecution Office of Taguig
Trademark Infringement, and Violation of BP 33 and RA 623

Nature: The Complaints were filed indiscriminately against all the directors and officers of PGI and OOC because of presumed consent and acquiescence to commit the offenses. There is no allegation in the Complaints however that alleges with particularity the identity of offenders or how the offender is connected with the companies, much less the actual personal participation its board of directors and officers in the alleged commission of the offenses. Complainant further bases its Complaint, among others, on noticeably intercalated invoices, for which countercharges of falsification have been filed.

Status: The matter is still pending for resolution of the DOJ on the Motion for Partial Reconsideration of PGI Officers and LPGIA. However, the criminal case filed against Rudy T. Abuyog, et. al. is pending before the Taytay MTC. (*See* People v. Abuyog)

People of the Philippines vs. Rudy T. Abuyog, et al.
For: Violation of Sec. 2(a) in rel. to Sec. 3 (c) and Sec. 4, B. P. 33 as amended by PD 1865
Criminal Case No. 16-0186, Criminal Case No. 16-0187, Criminal Case No. 16-0188
Municipal Trial Court of Taytay

Nature: This case has its inception from NPS Docket No. XV-18M-INV-15H-03387 which culminated in the filing of criminal charges against the corporate officers.

Status: The Prosecution concluded its presentation and offer of evidence. The Accused then filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

Remarks: The Taytay MTC lost its case records. Thus, on 20 March 2023, a hearing was set for the reconstitution of the case records. After the hearing, the case is now submitted for resolution of the demurrer to evidence.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
Petron Corporation versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket Nos. XV-03-INV-17-H-3149 to 3150, XV-03-INV-17C-0909 to 0912
Trademark Infringement, Unfair Competition, and Violation of BP 33 and RA 623
Office of the City Prosecutor of Cavite City

Nature: Like in the foregoing Taytay and Taguig cases, the Complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiescence to commit the offenses, without allegation in the Complaints that particularly identifies the offenders or how they are connected with the company. Much less is there any showing of the actual personal participation its board of directors and officers in the alleged commission of the offenses.

Status: The cases were DISMISSED by the Cavite Prosecutor's Office. LPGIA filed a Petition for Review with the Department of Justice ("DOJ"). The Accused filed a Comment. The Petition is still pending resolution with the DOJ.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket No. II-07-INV-171-05786
Trademark Infringement and Violation of B.P. 33
Office of the Provincial Prosecutor of Bayombong, Nueva Vizcaya
Department of Justice

Nature: Similarly with the foregoing cases, complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiesce to commit the offenses.

Status: The cases were dismissed as against all directors and officers but for Mr. Rafael Escaño, as president of Pryce Gases, Inc., the charge being based solely on his position as such without showing any actual consent to the commission of the offense, much less any participation therein. On that basis, Mr. Rafael Escaño filed a Petition for Review with the Department of Justice where the case is still currently pending.

Meanwhile, in the case docketed as "People of the Philippines v. Rafael P. Escaño, Criminal Case No. 8236." Mr. Rafael Escaño filed his Demurrer to Evidence (Motion to Dismiss) which was later denied by the court. He then filed his Motion for Reconsideration for such denial, which was also denied. Thus, an appeal was filed before the Regional Trial Court of Bayombong, Nueva Vizcaya. However, the RTC affirmed the MTC's decision. Thereafter, a Petition for Review with a Motion for New Trial was filed before the Court of Appeals. We are waiting further order from the Court of Appeals

Eastern Petroleum Corp. versus Efren A. Palma
NPS Docket No. XV-03-INV-16H-2849
Provincial Prosecution Office of Cavite
Violation of BP 33 and RA 8293

Nature: Mr. Palma only became aware of the above-captioned Complaint when he received the Resolution of the prosecutor in January of 2017. It is apparent from the records of the case that notices and other papers were delivered to the **wrong address** except, strangely, for the Resolution itself, which was delivered to the correct address. As such, Mr. Palma was not able to deny any wrongdoing by the company as alleged in the complaint and present his defenses, including especially that he is **not the President of Pryce Gases, Inc.,** nor is he managing the erring refilling plant or personally involved in the day-to-day operations of the company. It would have been easily verifiable from the public documents, which were attached to the complaint itself, that Mr. Palma's position in Pryce Gases, Inc. is as Chief Financial Officer.

Status: On motion for reconsideration, the resolution was reversed and charges against Mr. Palma have been dismissed. It appears that Eastern Petroleum Corp. did not file a Petition for Review before the DOJ since we have not received any order from DOJ.

As for the perjury case, the complaint filed by Mr. Palma against Mr. Ubaldo was dismissed. A Petition for Review was filed before the DOJ. Still awaiting resolution of the Petition for Review.

Republic Gas Corporation, rep. by: Wilbert R. Sanchez vs. Rafael P. Escano, Salvador P. Escano and Efren A. Palma
NPS Docket No. III-08-INQ-19-F-00208
Office of the City Prosecutor, Meycauayan, Bulacan
For: Trademark Infringement

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City in another criminal case against Pryce Gas Meycauayan refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas Meycauayan refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement were filed against them (docketed as P. v. Barug et al, Crim. Case No., 3215-M-2019). As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. even though no direct participation by the said officers could be inferred.

Status: In the Resolution dated 02 January 2020, the Prosecutor's Office dismissed the complaint against Messrs. Salvador P. Escaño, et al. To date, no motion for reconsideration or petition for review is filed.

Instead, it appears that REGASCO pursued People v. Barug, et. al. ("Barug Case"). Notably, a universal compromise agreement was entered into by Pryce Gases, Inc. and REGASCO, which includes the Barug Case. Thus, for the next hearing of the Barug Case, the compromise agreement will be presented for approval by the court and the parties will move for its provisional dismissal.

Republic Gas Corporation, rep. by: Efren J. Almojuela vs. Rafael P. Escano, Salvador P. Escano, and Efren A.

Palma
NPS Docket No. XV-18m-INQ-19F-04363
Provincial Prosecution Office of Rizal, Taytay, Rizal;
For: Trademark Infringement,

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas/Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement (docketed as People vs. Rabago et al, Criminal Case No. 19-932) was filed against him. As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. before the Office of the City Prosecutor of Taytay, Rizal, even though their direct participation could not be inferred.

Status: The OCP Taytay dismissed the charges against Salvador P. Escaño et al. The case for Trademark Infringement was filed before the RTC Binangonan because there is no RTC at Taytay City. The Motion for Preliminary Investigation for RPE, SPE and EAP was denied. Warrant of arrest was issued. Bail was posted. We will file a Motion for Reconsideration to the Order denying the Motion for Preliminary Investigation upon receipt of the Order. The Motion to Quash Search Warrant is still pending.

An information was filed against Rafael P. Escano, Salvador P. Escano, and Efren A. Palma and Israel Rabago. However, this case is covered by the aforementioned universal compromise agreement between PGI and REGASCO. On 10 February 2023, the case was provisionally dismissed and the cash bonds were ordered released.

People of the Philippines vs. Mr. Rudy T. Abuyog, Salvador Escano, et. al
Municipal Trial Court of Taytay
For: Violation of B.P. 33, Municipal Trial Court of Taytay

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen. The charges for Trademark Infringement and violation of RA 5700 were dismissed. An Information for violation of BP. 33 was filed against Mr. Rudy Abuyog, SPE and other corporate officers of Oro Oxygen. The criminal case was filed with the MTC Taytay.

Status: After the presentation of the prosecution's evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending for resolution.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al.
OCP Case no. XV-16-INV-15H-00628
Office of the City Prosecutor of Taguig City

For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas Taguig refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Taguig refilling plant. During the raid, LPG cylinders bearing the trademark of LPGIA-member companies were confiscated inside the Taguig refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.

Status: The OCP Taguig DISMISSED all charges against the respondents. LPGIA filed its Motion for Reconsideration. The Respondents filed their Comment/Opposition to LPGIA's Motion for Reconsideration. LPGIA's Motion for Reconsideration is still pending for resolution.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al
OSEC-PR-RZL-2-051216-001
Office of the City Prosecutor of Taytay) Department of Justice
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
The OCP Taguig resolved to dismiss all charges against SPE and other officers of Oro Oxygen but recommended the filing of an Information for violation of B.P. 33 as against Mr. Rudy Abuyog, in his capacity as the president of Oro Oxygen. The case was filed with the MTC Taytay.

LPGIA filed a Petition for Review with the DOJ questioning the OCP Taytay's dismissal of the charges against Salvador Escaño et al. The DOJ reversed the OCP Taytay and recommended the filing of B.P. 33 charges against Salvador Escaño et al. An Amended Information was filed with the MTC Taytay thereby impleading Messrs. SalvadorEscaño et al., as additional accused.

The Respondents filed a Motion for Reconsideration questioning the DOJ's Resolution.

Status: The parties' respective Motion for Partial Reconsideration are still pending review with the DOJ.

Apart from the foregoing, the Company is not aware of the occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or control person of the Company:

(a) Any bankruptcy petition filed by or against any business in which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior;

(b) Any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding;

(c) Being subject to any order, judgment, or decree permanently or temporarily limiting in any way such person's involvement in any type of business, securities, commodities, or banking activities; or,

(d) Being found by any court, the Commission, or an Exchange or other trading market or self-regulatory organization to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

The Company is not aware of any transaction during the last two years, not in the ordinary course of business, with the Company or its subsidiary in which a director, executive officer, or stockholder owning 10% or more of total outstanding shares of the Company, and members of their immediate family had or is to have a direct or indirect material interest.

Resignation of Director

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Appraisals and performance report for the Board and the criteria for assessment

The Board, its members, and the Chairman conduct an annual self-assessment of their performance. The Company believes that the performance of the Board as a whole, its committees, the individual members, and the Chairman is best assessed through the performance of the Company in terms of the more salient criteria, to wit: revenue growth; increase in market share; net income growth; and generation of employment.

Metrics under the aforesaid criteria are found in the **MANAGEMENT REPORT** attached to this Information Statement under the two separate headings ***Key Performance Indicators*** and ***Results of Operations and Detailed Discussion on Performance Indicators***, which both belong under the topic **MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

Nonetheless, there is a rating sheet whereby the Board rates itself (see Annex A attached hereto).

A. Board Performance – the Board rates itself positively in terms of the Company's performance, goal planning, and strategic decision making.
B. Board Committees – the Board Committees deem themselves as having performed their respective tasks and fairly achieved most of their objectives.
C. Individual Directors' Self Rating – the directors themselves affirm their ability to exercise independent judgment, effectively contribute to the Company's business strategies, and allow their expertise and knowledge to bear upon key issues discussed.
D. Chairman and CEO – The Board is headed by the Company's founder who has more than 30 years of experience as an entrepreneur. He has led the company through so many challenges and built an LPG company that has become a major industry player. The Company's performance is a testament to his dynamic and decisive leadership, which rendered the Company truly sustainable as evidenced by revenue growth, market share growth, increasing income, and employment generation. His

Company's LPG business, which accounts for more 90% of consolidated revenues, has shown consistent revenue growth of 19% in the last 10 years and a 5-fold growth in market share from a mere 3% (2007) to 15% (2022) or an average annual increase of 12%. Net income increased by more than 12 times from Php 136 million in 2012 to 1.69 billion in 2022, equivalent to an average annual percentage increase of 40% per year.

Directors' Attendance on Seminars and Continuing Education

The Directors of Pryce Corporation ("the Company") are keen on broadening their business perspective and updating their knowledge so that they could ably contribute to strategic plans, provide innovative structures, and perform oversight functions to protect shareholders interests. It must be noted that the directors' attendance to Board meetings are also occasions for their continuing education, especially where there is a critical examination of views and issues and the resulting exchange of ideas therefrom.

The directors attend SEC seminars on Corporate Governance, Sustainability Reporting, Risk Management, and Data Privacy Standards. They are also updated on the amendments of tax rules under Republic Act 10963, otherwise known as Tax Reform for Acceleration and Inclusion (TRAIN Law) and Republic Act 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE Law).

The Board Chairman Mr. Salvador P. Escaño, who is also the CEO, is well versed on and is apprised of the current situations in the LPG business, domestically and internationally. Very importantly, he has spearheaded the talks and discussions in the Board and management meetings regarding the LPG Industry Regulation Act (Republic Act 11592) concerning its significant implications to the Company and industry in general.

Mr. Efren A. Palma is the president of parent Pryce Corporation and is also the CFO of Pryce Gases, Inc., the company's large subsidiary. He has attended lectures on tax laws and online seminars on the new BIR issuances in relation to the enactment of the TRAIN Law and the CREATE Law.

Atty. Ramon R. Torralba had consistently complied with his Mandatory Continuing Legal Education ("MCLE") and keeps himself abreast with the latest Supreme Court Decisions and enactments and/or amendment of Philippine laws, rules and regulations.

Mr. Xerxes Emmanuel F. Escaño is currently taking up his master's degree in management at the Columbia University, New York, U.S., as part of his continuing education.

Mr. Ray W. Jovanovich lectures on a variety of Asian topics at universities in both America and Asia. He also continues to do project work for the International Monetary Fund on China-related issues.

The Independent Directors, Mr. Gener T. Mendoza and Dr. Thomas G. Aquino, have attended their trainings and seminars in 2021, which, among others, are as follows:

<u>For Mr. Gener T. Mendoza:</u>

1. The Philippines' FATF Journey: From Technical Compliance to Effectiveness" conducted by the Association of Bank Compliance Officers, Inc. via Zoom on September 27, 2021;
2. Corporate Governance Seminar conducted by the Risk Opportunities, Assessment and Management (ROAM), Inc. on October 22, 2021;

3. Leveraging on FinTech: Financial Services Under the New Economy Arrangement conducted by the Association of Bank Compliance Officers, Inc. via Zoom on November 17, 2021; and
4. Anti-Money Laundering/Countering Terrorism Financing Webinar for Designated Non-Financial Businesses and Professions conducted by the Anti-Money Laundering Council on November 19, 2021.

For Dr. Thomas G. Aquino

1. Annual Corporate Governance Seminars (up to 2022) by various government accredited training providers, in compliance with a requirement as Independent Director;
2. Digitalization and Sustainable Development by the Asian Development Bank, 2022;
3. Anti-Money Laundering/ Counter- Terrorism Financing, Anti-Money Laundering Council, 2022;
4. Assessing Trade Effects of Non-Tariff Measures, by Economic Research Institute for ASEAN and East Asia, 2021.

The Directors also participate and give talks during the Company's town hall meetings and seminars in order to share their training and knowledge as a backdrop or aid in conveying to the management officers and employees the Company's goals and strategic plans towards generating and increasing revenues & income.

Directors' disclosures on self-dealings and related party transactions

The Company has no knowledge of any transactions or self-dealings of its directors that contravenes or violates the Company's Policy on Material Related Party Transactions.

Compensation of Directors and Executive Officers

Executive Compensation

Following is the information as to the aggregate compensation paid to or estimated to be paid to the Company's Chief Executive Officer (CEO), and its four most highly compensated officers, and to all officers and directors as a group unnamed, during the last two fiscal years and in the ensuing fiscal year:

Name and principal position	Year	Salary (Pesos) ('000)	Bonus & other annual compensations (Pesos) ('000)	Total (Pesos) ('000)
Salvador P. Escaño CEO & Chairman				
Efren A. Palma President				
Jose Ma. C. Ordenes SVP - Treasurer				
Sonito N. Mole SMO – Regional Head				

Rhoda A. Marshburn SMO – Regional Head				
Aggregate compensation of above named officers	2021	4,163	950	5,113
	2022	4,359	950	5,309
	2023 (est.)	4,359	950	5,309
Other directors, junior officers, and certain managers as a group (unnamed)*	2021	4,992	1,000	5,992
	2022	4,739	1,263	6,002
	2023 (est.)	4,739	1,263	6,002

*Re-stated figures to account for inclusion of promoted managers; increase in directors' compensation [₱25K from ₱20K] and to properly classify compensations.

Directors Compensation & Attendance

Each Director receives a *per diem* allowance of twenty five thousand pesos (Php 25,000.00) for his attendance in Board Meetings. Aside from this, there is no regular compensation for directors of the Company. Neither is there any other arrangement pursuant to which any director of the Company was compensated or is to be compensated, directly or indirectly, for the provision of service as Director.

Name of Director	Annual Compensation of Directors
Salvador P. Escaño, Board Chairman	125,000
Efren A. Palma, Director & President	125,000
Ramon R. Torralba, Jr., Director	75,000
Xerxes Emmanuel F. Escaño, Director	75,000
Ray W. Jovanovich, Director	75,000
Gener T. Mendoza, Independent Director	50,000
Thomas G. Aquino, Independent Director	125,000

The directors' attendances to board meeting are shown in Annex C, hereto attached.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

Other than what may be granted under the Company's Retirement Plan, the Company has no compensatory plan or arrangement which results or will result from the resignation, retirement, or termination of any executive officer's employment with the Company or its subsidiary or from a change-in-control of the Company or a change in the executive officer's responsibilities following a change-in-control.

Warrants and Options Outstanding: Repricing

The Company has no outstanding warrants or options granted to its CEO, to the above executive officers, and to all its officers and directors as a group.

Independent Public Accountants

Current Accountants

Since 2004, the SEC-accredited accounting firm of Diaz Murillo Dalupan & Company ("DMD") has served as the Company's external auditor, having offered reasonable audit proposal package to the Company as evaluated by the Board Audit Committee. In selecting an external auditor, the Board Audit Committee considers the standing and level of proficiency of the auditor/firm in the industry and evaluates if the fees charged are commensurate with such standing, as against the proposals submitted by other comparable firms. Pursuant to SRC Rule 68, Mr. Jozel Francisco C. Santos was the signing partner for 2013, 2014, 2015, 2016 as well as for 2017. For audited financial statements for 2018, 2019, 2020, 2021, and 2022, a change is mandated by the SRC rules, so that the signing partner is Mr. Elirie S. Arañas.

Following are the fees (which exclude VAT) paid to DMD for 2022 and the preceding years:

Year	External Audit Fee[8]	Tax Fees[9]	Other Fees[10]	Aggregate Fees
2018	P 670,000.00	---	---	P 670,000.00
2019	P 705,000.00	---	---	P 705,000.00
2020	P 750,000.00	---	---	P 750,000.00
2021	P 780,000.00	---	---	P 780,000.00
2022	P 820,000.00	---	---	P 820,000.00

Resignation of Principal Accountant

There has been no resignation or dismissal of principal accountant nor the engagement of a new principal accountant during the Company's last two fiscal years.

Disagreements with Accountants

The Company and DMD have had no disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Compensation Plans

There is no action to be taken with respect to any plan pursuant to which cash or non-cash

8 In general, services include the examination of evidence supporting the amounts and disclosures in the financial statements for the respective years ending December 31 and assessing the accounting principles and significant estimates of management and evaluating the overall financial statement presentation, with a view to the expression of the auditor's opinion on the fairness of the presentation of the financial statements in conformity with Philippine Financial Reporting Standards in all material respects. Audit fees above do not yet include the 12% VAT.

9 No engagement.

10 No engagement.

compensation may be paid or distributed.

ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Financial and Other Information

Financial Statements and Management Report

The Company's Audited Financial Statements for the fiscal year ended December 31, 2022, its Quarterly Report (SEC Form 17-Q) for the quarter ending March 31, 2023 and its Management Report containing Management's discussion and analysis and plan of operation (as contained in its Annual Report for the year ending December 31, 2022 [SEC Form 17-A]), are attached to this Information Statement and incorporated hereto by reference.

Disagreements with Accountants

The Company and DMD have had no disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Presence of Accountants at the Annual Stockholders' Meeting

Representatives of DMD are expected to be present at the meeting and will have the opportunity to make a statement if they so desire and will be expected to respond to appropriate questions.

Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving the merger or consolidation of the Company into or with any other person, the acquisition by the Company or any of its security holders of securities of another person, the acquisition by the Company of any other going business or of the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.[11]

Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

OTHER MATTERS

Action with Respect to Reports

The Company will submit for approval:

(1) The Annual Report of Management for the year ending December 31, 2022;
(2) The Audited Financial Statements of the Company for the year ending December 31, 2022; and,
(3) The Minutes of the previous Annual Stockholders' Meeting held on May 27, 2022, along with the following significant items also to be submitted for approval of the stockholders: (i) ratification of all acts and transactions entered into by the Board of Directors and its Officers from April 1, 2022 to March 31, 2023; (ii) election of the members of the board of directors; and (iii) appointment of the external auditor of the Company.

Matters Not Required to be Submitted

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to any amendment of the Company's Articles of Incorporation or By-Laws.

Other Proposed Action

The Company seeks the ratification and approval of all acts and resolutions of the Board of Directors and the Management in the ordinary course of business from April 1, 2022 to March 31, 2023. The major

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11 The registrant being essentially a real estate company, the acquisition and disposition of real properties is essentially in the ordinary course of business.

resolutions and acts of the Board and Management relate to: *Authorizing the Corporation to update its list of signatories for a bank account opened and maintained with Philippine National Bank—Davao Obrero Branch, designating Sonito N. Mole, Jovina S. Baguio, and Roderick M. Bonnit as its designated signatories; Authorizing the Corporation to update its list of signatories for a bank account opened and maintained with One Network Bank/Banco de Oro (BDO)—Orenzo Branch, designating Sonito N. Mole, Jovina S. Baguio, and Roderick M. Bonnit as its designated signatories; Authorizing the Corporation to update its list of signatories for a bank account opened and maintained with United Coconut Planters Bank—Bajada Branch designating Sonito N. Mole, Jovina S. Baguio, and Roderick M. Bonnit as its designated signatories; Authorizing the Corporation to update its list of signatories for a bank account opened and maintained with Bank of the Philippine Islands—Bajada Branch designating Sonito N. Mole, Jovina S. Baguio, and Roderick M. Bonnit as its designated signatories; Authorizing Dennis A. Deoacdes, Marilyn T. Adventurado, and Marie Ann D. Encarnado to apply for, process, and complete the reclassification of the Corporation's Pryce Gardens-Bislig and Pryce Gardens-Butuan from residential/agricultural to cemetery, institutional, or memorial park; Authorizing Mariano H. Delos Reyes and John Richter L. Avila to apply for, process, and complete the reclassification of the Corporation's Pryce Gardens-Zamboanga from residential/agricultural to cemetery, institutional, or memorial park; Authorizing Sonito N. Mole and Roderick M. Bonnit to apply for, process, and complete the reclassification of the Corporation's Pryce Gardens-Davao from residential/agricultural to cemetery, institutional, or memorial park; Authorizing Rhoda A. Marshburn to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Honda; Plate No: KDB 639; License No: K04-08-001601, in favour of Moises N. Mapili, Jr.; Authorizing the Corporation to update its list of signatories for a bank account opened and maintained with BDO Network Bank—Malita Branch, designating Sonito N. Mole, Jovina S. Baguio, and Roderick M. Bonnit as its designated signatories; Authorizing Salvador P. Escaño and Jose Ma. C. Ordenes to represent the Corporation in buying, selling, and trading stocks with any reputable securities and/or stock brokerage company, and to open and maintain trading accounts therein. Specific authority is granted to the representatives to receive cash dividends from First Philippine Holdings Corporation; Authorizing Emelda F. Montalban to act on behalf of the Corporation and transact, apply for, and make follow-ups with the Davao del Sur Electric Cooperative, Inc. for the purpose of changing the registered name of account no. 880019684 from Hinundayan Holdings Corporation to Pryce Corporation; Authorizing Gidion S. Bonilla and Ernesto B. Pagunsan to represent, apply for, sign, execute and deliver documents, transact, and make follow-ups with the Davao City Water for purposes of applying for additional water connections for the Corporation's Pryce Gardens—Davao; Authorizing Salvador P. Escaño, Feliciano B. Hatud and Jose Ma. C. Ordenes to represent the Corporation in buying, selling, and trading stocks with Guild Securities, Inc., David Go Securities Corporation, New World Securities Co., Inc., Maybank Securities, Inc., Regina Capital Development Corporation, and AB Capital Securities, Inc.; Authorizing Salvador P. Escaño, Feliciano B. Hatud and Jose Ma. C. Ordenes to represent the Corporation in buying, selling, and trading stocks with SB Equities, Inc.; Authorizing Argee Bryan C. Prescillas to represent in entering into retainership agreements with law firms and/or lawyers for the Pryce Group of Companies, specifically to engage the services of La Viña Law Office; Authorizing Jose Ma. C. Ordenes to act as the Corporation's representative to enter into transactions with LBP Leasing and Finance Corporation in purchasing 168 memorial lots; Authorizing Sonito N. Mole to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Saangyong/Musso; Plate No: ABA 6717, in favour of Evelyn Tanzo; Authorizing Sonito N. Mole to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Mitsubishi/Strada; Plate No: KFM 552, in favour of Dennis A. Deocades; Authorizing Jose Ma. C. Ordenes to enter into a contract of assignment of memorial lots with Sycip, Gorres, Velayo, & Co. (SGV & Co.) in connection with the agreed-upon offsetting arrangement on the 50% balance of the consideration against billings for audit services rendered by SGV & Co. pursuant to the Contract ton Sell dated 27 August 1998; Authorizing Jose Ma. C. Ordenes to enter into a contract of sale of 3 condominium units and 4 parking lots in Pryce Tower Condominium with Sycip, Gorres, Velayo, & Co. (SGV & Co.); Authorizing Gilbert S. Arsenio to represent the Corporation and transact with the Bureau of Internal*

Revenue to process the Authority to Print for the Corporation's office located at 5F Pryce Tower Condo, JP Laurel Ave., Bajada, Davao City with Tax Identification No.000 065 142 005; Authorizing Rhoda A. Marshburn to represent on behalf of the Corporation, apply for, sign, execute and deliver documents, transact, and make follow-ups with the respective government agencies, offices, bureaus, and/or entities to process the Quarry Business Registration of the Corporation; Authorizing the Corporation to act as surety of Pryce Gases, Inc. with Robinsons Bank Corporation, with Salvador P. Escaño, Efren A. Palma, Rhoda A. Marshburn, Jose Ma. C. Ordenes, and Feliciano B. Hatud as the designated authorized signatories; Authorizing Rhoda A. Marshburn to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Honda; Chassis No: KYPT2010917; Type: CFT125MRCL; Engine No: KPYT2E010982 in favor of Bryan A. Lagapa; Authorizing Sonito N. Mole to process and implement the subdivision of the Corporation's parcel of land covered by Certificate of Title No. T-271787 located at Pryce Gardens-Davao, Brgy. Riverside, Calinan, Davao; Authorizing Gilbert S. Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue to process the Authority to Print for the Corporation's office located at Riverside, Calinan District 8000 Davao City with Tax Identification No.000 065 142 009; Authorizing the Corporation to open and maintain a bank account with the Land Bank of the Philippines, with Salvador P. Escaño, Jose Ma. C. Ordenes, and Feliciano B. Hatud as the designated authorized signatories; Authorizing John Paul Registrado and Gilbert S. Arsenio to process and implement the closure of the Corporation's bank account with the United Coconut Planter's Bank—Marvin Plaza, Makati bearing Account No. 201680017159; Authorizing Jose Ma. C. Ordenes, Rhoda A. Marshburn, and Efren A. Palma to represent the Corporation in the purchase of a parcel of land located in Mambatangan, Fortich, Bukidnon, covered by Transfer Certificate of Title No. AO-10395 with Florencio E. Gorgonia, Sr.; Authorizing Jose Ma. C. Ordenes, Rhoda A. Marshburn, and Efren A. Palma to represent the Corporation in the purchase of parcels of land located in the Municipality of Manolo Fortich, Bukidnon covered by Transfer Certificate Title No. T-61759, Transfer Certificate Title No. T-36864, Transfer Certificate Title No. T-133-2018001257; Authorizing Gilbert S. Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue to process and submit the Looseleaf Books of Account of the Corporation; Authorizing Sonito N. Mole, Roderick M. Bonnit, Jovina S. Baguio, Ernesto B. Pagunsan, and/or Ceferino D. Nacion, Jr. to represent the Corporation in obtaining the necessary permits, licenses, certificates, and clearances for the Corporation relative to its business as Developer, Marketer, Seller of Real Estate and Memorial parks; Authorizing the Corporation to open and maintain a bank account with the Land Bank of the Philippines with Richter John L. Avila, Mariano H. Delos Reyes, Jr., and Joy F. Francisco as the designated authorized signatories; Authorizing Salvador P. Escaño, Feliciano B. Hatud, and Jose Ma. C. Ordenes to represent on behalf of the Corporation in transactions with Guild Securities, Inc., David Go Securities Corporation, New World Securities Co. Inc., Maybank Securities, Inc., Regina Capital Development Corporation, and AB Capital Securities, Inc. concerning the purchase, sale, and trade of stocks listed in the Philippine Stock Exchange; Authorizing Salvador P. Escaño, Feliciano B. Hatud, and Jose Ma. C. Ordenes to represent on behalf of the Corporation in transactions with SB Equities, Inc. concerning the purchase, sale, and trade of stocks listed in the Philippine Stock Exchange; Authorizing Rhoda A. Marshburn to represent the Corporation and enter into transactions for the acquisition of real estate properties for land development and/or future use, and the sale of any of the Corporation's developed real estate properties under such terms and conditions as may be reasonable and beneficial for the Corporation; Authorizing Gilbert S. Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue to process the Authority to Print for the Corporation's office located at Tambacan, Iligan City, Lanao del Norte with Tax Identification No.000 065 142 002; Authorizing the Corporation to avail of the Philippine National Bank's BancNet eGov service facility with Richter John L. Avila, Mariano H. Delos Reyes, Jr., and Joy F. Francisco as the designated authorized signatories.

Voting Procedures and Minutes of the Meeting

Vote Required

Motions in general require the affirmative vote of stockholders present during the meeting owning at least a majority of the outstanding shares of the Company entitled to vote. Certain proposed actions however may require the vote of at least two-thirds (2/3) of the Company' outstanding capital stock.

Election of Directors and method by which votes are to be counted

In the election of Directors, voting shall be cumulative. Thus, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. The top seven (7) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the votes shall be cast in favor of the nominees.

Shares are traditionally voted by verbal motion and duly seconded during the meeting, unless otherwise required by law. A matter is approved when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The Corporate Secretary is normally designated to count the votes to be cast.

Opportunity for stockholders' queries

At every conclusion of the presentation of any item in the agenda, the Chairman or his duly authorized designate asks the body (consisting of directors, officers, and stockholders present in the meeting) if it has any comments or queries pertaining to the agenda item presented. After all the comments or queries have been addressed, a motion is entertained to vote on the matter, and is passed as approved after primary and secondary motions for approval, if there are no objections. The queries and responses thereto shall be recorded in the minutes of the meeting.

Matters discussed and resolutions reached

The matters discussed and resolutions approved are recorded and presented in the Minutes of the Stockholders' Meeting (Regular). [Please see Minutes of the Stockholders' Meeting of May 27, 2022, hereto attached to this Information Statement.]

Voting results of the previous meeting

In the previous regular stockholders' meeting, the Corporate Secretary certified that a quorum was present since 1,690,413,290 shares out of the issued and outstanding shares of 1,896,755,689 (as of May 6, 2022, the record date) or 89.12% entitled to vote were present in person and by proxy. This recorded information appears in the Minutes of the previous Stockholders' Meeting of May 27, 2022. A matter is approved by the shareholders present when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The results of the voting on the items in agenda are presented in the Minutes of the Stockholders' Meeting (Regular or Special). [Please see Minutes of the Stockholders' Meeting of May 27, 2022 and results of the voting, attached to this Information Statement.]

List of attendees of the meeting

The list of attendees (directors, officers, and stockholders) is attached to the Minutes of the Stockholders' Meeting of May 27, 2022, hereto attached to this Information Statement.

Material information on the current stockholders

Latest information on the stockholders (as of March 31, 2023) is found under the separate headings ***Public Ownership*** and ***Holders*** that are found in the **MANAGEMENT REPORT**, which is submitted along with this information statement.

Voting rights

Each shareholder shall have the same and equal rights in all respects to every other shareholder, unless otherwise provided in the articles of incorporation, by-laws and in the certificate of stock. No common shareholders shall be deprived of voting rights, except those classified and issued as “preferred” or “redeemable” shares unless otherwise provided in the Revised Corporation Code.

All common shareholders of the company shall be entitled to vote on all matters and transactions that the company are involved in and to approve a particular corporate act, including the matters expressly provided by the by-laws, articles of incorporation, and the Revised Corporation Code.

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UNDERTAKING

Upon the written request of any stockholder, the Company undertakes to furnish said stockholder a copy of its Annual Report (SEC Form 17-A) free of charge [exhibits however will be charged at cost]. Any written request for a copy of SEC Form 17-A may be directed to:

Mr. FELICIANO B. HATUD
Corporate Secretary
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

-OR-

Mr. JOSE MA. C. ORDENES
Treasurer; Corporate Information and Compliance Officer
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

-OR-

Atty. EARL CHRISTIAN L. LERIO
OIC - Chairman's Office; Alternate Corporate Information and Compliance Officer
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report (definitive) is signed in the City of Makati on May 18, 2023.

PRYCE CORPORATION
By:

JOSE MA. C. ORDENES
Corporate Information and Compliance Officer;
Senior Vice President

ANNEX A

PRYCE CORPORATION

BOD RATING SHEET

Name (of ratee): ________________________________

Instructions*: Check the answer that best describes the performance of the collective Board of Directors.*

The Board rates itself in relation to the company's performance, operational and financial, and assessment of goals and objectives

A. BOARD PERFORMANCE *Are you content with the Board's:*	**YES**	**NO**
1. Evaluation of Management's operations and activities		
2. Planning on short and long term goals		
3. Planning for business strategies		
4. Assessment and evaluation of risks		

If "no" , please indicate the reason or areas for improvement. Other comments are also welcome.

B. BOARD COMMITTEES	**YES**	**NO**
1. Audit Committee		
2. Nomination Committee		
3. Related Party Transactions Committee		
4. Compensation and Remuneration Committee		

Please respond "Yes" if there are areas that need improvement(s), if any. Other comments are also welcome.

C. INDIVIDUAL DIRECTOR'S SELF-RATING	YES	NO
1. **INDEPENDENCE**. Were you able to exercise independent judgment, and in effect, view each problem/situation objectively?		
2. **PARTICIPATION.** Were you able to actively advice, counsel and contribute to the Company's plans and strategies?		
3. **EXPERTISE.** Were you able to draw from knowledge and experience to advise on business plans/strategies and key issues?		
If "no" , please indicate the reason or areas for improvement. Other comments are also welcome.		

D. CHAIRMAN & CEO - Salvador P. Escaño	YES	NO
1. **LEADERSHIP.** Does the Chairman / CEO clearly communicate what the strategic objectives are and how these are to be achieved?		
2. **BUSINESS SUSTAINABILITY.** Does he provide challenging goals with respect to revenue growth, market share, net income, and employment generation?		
3. **INNOVATION & GAME-CHANGING IDEAS.** Is he able to inspire and/or champion new ideas or innovations that result to competitive advantages?		
If "no" , please indicate the reason or areas for improvement. Other comments are also welcome.		

ANNEX B

Pryce Corporation

NAME and DESIGNATION	AGE	GENDER	Years of service	INDUSTRY EXPERIENCE / EXPERTISE / COMPETENCIES														
				Accounting / Audit	Bank-ing	Corp. Gov.	Economics	Finance	Insurance	Investment	Internal Control	Law	Management	Mining	Real Estate	Retail	Risk Management	Sales & Mktg.
Salvador P. Escano Chairman & CEO	71	M	35		X	X	X	X		X			X	X	X	X	X	X
Efren A. Palma President	57	M	26	X	X		X	X		X	X		X		X	X	X	X
Ramon R. Torralba Director & Chief Legal Counsel	78	M	35			X			X			X	X		X			
Xerxes Emmanuel F. Escaño Director	31	M	7				X	X					X			X	X	X
Ray W. Jovanovich Director	60	M	7				X	X		X							X	
Gener T. Mendoza Independent Director	64	M	4	X		X	X	X		X	X		X	X	X		X	
Thomas G. Aquino Independent Director	74	M	3				X	X		X			X				X	

NAME	Educational background, Work Experience, and Expertise
Salvador P. Escano	Mr. Escaño served as Director of Basic Petroleum & Minerals, Inc. until 1989. He was previously General Manager of Anselmo Trinidad and Co., (HK) Ltd., a Hongkong-based stockbrokerage firm from 1978 to 1981 and a member of the Board of Governors of the Makati Stock Exchange from 1989 to 1991. Mr. Escano is also currently a director of Crown Equities, Inc., another listed company. He holds a Masters degree in Business Administration from the University of the Philippines.
Efren A. Palma	Mr. Palma is a Certified Public Accountant and was elected President of the Company in 2015. He joined SGV & Co. in 1986, after which he worked for the Alcantara Group of Companies in 1989 as senior internal auditor. He was later promoted as Finance Manager for one of the construction companies of the Alcantaras in Iligan City before joining Pryce Gases, Inc. in 1996.
Ramon R. Torralba	Atty. Ramon Torralba previously served as president of Tower Securities, Inc., a stockbrokerage firm from 1989 to 1992. Atty. Torralba is a law graduate from Ateneo de Manila University and a member of the Integrated Bar of the Philippines. Before joining Pryce Gases, Inc. in 1996. Atty. Torralba attends mandatory continuing legal education
Xerxes Emmanuel F. Escaño	Mr. Xerxes Escaño is son to Mr. Salvador P. Escaño. He has been Managing Director of Pryce Pharmaceuticals, Inc. since January 1, 2015. Prior to this, he was connected with Teach for the Philippines before becoming Procurement Manager for Procter & Gamble. In the latter capacity, his functions included overseeing the entire end-to-end procurement process for all marketing, sales, research and administrative orders for the company's regional headquarters in Singapore and Malaysia. He holds a Bachelor's Degree in Management from the Ateneo de Manila University before joining Pryce Gases, Inc. in 1996
Ray W. Jovanovich	Mr. Jovanovich began his investment career in 1988 in Hong Kong and spent 25 years managing portfolios on behalf of global institutions. A pioneer in Asia's emerging markets, he developed the world's first investment funds for Thailand, Indonesia, the Philippines, and India in the late 1980s. In the final decade of his career, Mr. Jovanovich served as Chief Investment Officer—Asia for Amundi. He retired at the end of 2011 in order to focus on educational initiatives and philanthropy, and now lectures on a variety of Asian topics at universities in both America and Asia. He also continues to do project / advisory work for various financial institutions, including the International Monetary Fund, on China-related issues and the Philippines.before joining Pryce Gases, Inc. in 1996.

Gener T. Mendoza	He is the president of GNCA Holdings, Inc., which provides business consultancy services, with focus on corporate financial advisory. He has more than 35 years of experience, among others, in banking, financial management, and business development. Mr. Mendoza is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering (Summa Cum Laude) and has a Master of Business Administration degree from Harvard Business School.
Thomas G. Aquino	Mr. Aquino is the Chairman of the Board of Now Corporation. He is an Independent Director in the publicly listed firms ACR Corporation, A. Brown Company and Holcim Philippines Inc. He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines.

Pryce Corporation

Board Meeting Attendance for 2022

Annex C

Name of Director	29-Apr-22	27-May-22	27-Jul-22	15-Sep-22	9-Dec-22	
	Declaration of Cash Dividends & Other matters	Approval of Consolidated Audited Financial Statements & other matters	Discussion/ Updates on the Corporation's Different Projects & Other matters	Sale of Condominium units & Other matters	Declaration of Cash Dividends & Other matters	Attendance Rate
Salvador P. Escaño, Board Chairman	P	P	P	P	P	5/5
Efren A. Palma, Director & President	P	P	P	P	P	5/5
Ramon R. Torralba, Jr., Director	P	P	A	A	P	3/5
Xerxes Emmanuel F. Escaño, Director	A	A	P	P	P	3/5
Ray W. Jovanovich, Director	P	P	A	A	P	3/5
Gener T. Mendoza, Ind. Director	P	P	A	A	A	2/5
Thomas G. Aquino, Ind. Director	P	P	P	P	P	5/5

Board Meeting Dates (spanning the date columns)

Legend:
Present - P
Absent - A

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Thomas G. Aquino**, of legal age, Filipino, and with address at 24 Barcelona St., Merville Park, Parañaque City 1709 after having been duly sworn in accordance with law, hereby declare that:

1. I am nominated as an Independent Director of **PRYCE CORPORATION**.

2. I am affiliated with the following companies or organizations.

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
NOW Corporation	Director	2021 - present
Alsons Consolidated Resources Inc.	Independent Director	2011 - present
A Brown Company	Independent Director	2012 - present
Holcim Philippines Inc.	Independent Director	2019 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PRYCE CORPORATION** as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. **I am not related to any director/officer/substantial shareholder of PRYCE CORPORATION**.

5. **To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding**.

6. I am not in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I will inform the corporate secretary of PRYCE CORPORATION of any changes in the abovementioned information within five (5) days from its occurrence.

Thomas Aquino
THOMAS G. AQUINO
Nominee / Independent Director

Done on 16 MAY 2023, City of MAKATI

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

SUBSCRIBED AND SWORN to before me on 16 MAY 2023 at Makati City, affiant exhibiting to me his Passport No. P9335247B issued on 24 March 2032.

Doc. No. 145;
Page No. 30;
Book No. XXI;
Series of 2023

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JULIO D. CLIMACO, JR.**, of legal age, Filipino, and with address at 14 Diamond Street, Buensuceso Homes III, Marcelo Green Village, West Service Road, Parañaque City after having been duly sworn in accordance with law, hereby declare that:

1. I am nominated as an Independent Director of **PRYCE CORPORATION**.

2. I was previously affiliated with the following companies or organizations.

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Land Bank of the Philippines	Executive Vice-President – Branch Banking Sector	January 2020 to September 2022
	Executive Vice-President – Corporate Services Sector	May 2014 to December 2019
United Coconut Planters Bank	Director	2021 – 2022
Overseas Filipino Bank	Director	2017 – 2022
Producers Savings Bank	Director	2011 – 2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PRYCE CORPORATION** as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. **I am not related to any director/officer/substantial shareholder of PRYCE CORPORATION**.

5. **To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.**

6. I am no longer in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I will inform the corporate secretary of PRYCE CORPORATION of any changes in the abovementioned information within five (5) days from its occurrence.

Julio D. Climaco Jr.

JULIO D. CLIMACO, JR.
Nominee - Independent Director

Done on 18 MAY 2023, City of MAKATI

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

SUBSCRIBED AND SWORN to before me on 18 MAY 2023 at Makati City, affiant exhibiting to me his LTO Driver's License no. GO 1-77-065349 to expire on September 24, 2032.

Doc. No. 199;
Page No. 41;
Book No. XLI;
Series of 2023

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

List of Attendees in PPC's Annual Stockholders' Meeting 2022

Held on May 27, 2022 at 4:00PM at The City Club Ballroom, Alphaland Makati Place

Board of Directors

1 Salvador P. Escano - Chairman
2 Efren A. Palma - Director
3 Thomas G. Aquino. - Director
4 Gener T. Mendoza - Director
5 Ray Jovanovich - Director
6 Ramon R. Torralba-Director

Officers

1 Salvador P. Escano - Chairman
2 Efren A. Palma - President
3 Feliciano Hatud - Corporate Secretary
4 Jose Ma. C. Ordenes - Treasurer
5 Earl Christian L. Lerio - OIC - Chairman's Office
6 Jorge Patrick A. Yasay - Chief Legal Counsel
7 Valentina S. Palma - Asst. Corporate Secretary
8 Sonito Mole - SMO-Regional Head

Affiliates (represented via proxy)

1 Hinundayan Holdings Corp
2 Pryce Development Corp.
3 Mindanao Gardens, Inc.
4 Josefina Multi Venture Corp
5 PGI Retirement Fund, Inc.
6 Pryce Plans, Inc.
7 Pryce Securities, Inc.

Other Shareholders present either in person or by proxy

1 Guild Securities Inc. (hold accounts for certain shareholders)
2 Jose Ma. L. Escano
3 Rafael Escano
4 Myra P. Villanueva
5 Gerardo Salgado
6 Randy Cortez
7 Alexander Timbol
8 Cynthia Subijano
9 Jonax D. Aguadera/April Cleo Aguadera
10 Gabriel Macion
11 Mario Macatol
12 Alexander Yu
13 Anna Pasetes
14 Margie Ramos
15 Liticia Co Sy
16 Lino Co Sy
17 Lauro Sy
18 Edmund Horca
19 Victor Co
20 Rommel V. Songco
21 Nimfa Plantilla
22 Kian Chay Co
23 Valeriano Pedro Plantilla
24 Nora Barja
25 Edward Barja
26 Danilo L. Monte
27 Lolita Monte
28 Luis Lagumbay
29 Joshua Miguel Villalubos
30 Dennis Orcino
31 Erica Monte
32 Willie Agnir
33 John Vherlin Magday
34 Abigail Sy
35 Gilda Florenda
36 Paz Cabrera
37 Ethelbert Deguit

Invited Guests and Company Employees

1 Emma Eugenio-DMD
2 Michelle Recto-DMD
3 Nica Tiu-PBCom
4 Sherwin Ng-PBCom
5 Elmer Aguirre
6 Josephine Del Callar
7 Franz Jonas L. Villegas
8 Carlitos Nazar Dy
9 Jermy Riel Sumillano
10 Christy Fuentes
11 Roque Competente
12 Aldrin Yuwan Adera
13 Rudy Abuyog
14 Alexis Sulatre
15 Michael Baco
16 Francis Tiu
17 Albertson Cajayon
18 Gienah Soriano

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF PRYCE CORPORATION
HELD AT THE CITY CLUB BALLROOM, 4TH FLR., ALPHALAND MAKATI PLACE,
7732 AYALA AVENUE EXT., MAKATI CITY
ON MAY 27, 2022 AT 4:00 O'CLOCK IN THE AFTERNOON

DIRECTORS PRESENT:

1. SALVADOR P. ESCAÑO
2. EFREN A. PALMA
3. RAMON. T. TORRALBA
4. GENER T. MENDOZA
5. THOMAS G. AQUINO
6. RAY W. JOVANOVICH

DIRECTORS ABSENT:

XERXES EMMANUEL F. ESCAÑO

1. CALL TO ORDER AND DETERMINATION OF QUORUM

In accordance with the Amended By-Laws of the Corporation, the Chairman, Mr. Salvador P. Escaño, presided over the meeting and called the meeting to order.

The Chairman requested the Corporate Secretary, Mr. Feliciano B. Hatud, to report on the service of notices and presence of a quorum.

The Corporate Secretary certified that notices of this Annual Stockholders' Meeting were sent to all stockholders of record as of May 06, 2022 at their given addresses on May 06, 2022.

As of May 06, 2022, the record date, the total outstanding shares of capital stock of the Corporation consisted of 1,896,755,669 common shares. The Corporate Secretary certified that, taking into account the preliminary registration, there were present in the meeting, in person or by proxy, stockholders holding a total of **1,690,413,290** common shares which is approximately 89.12% of the total outstanding shares of capital stock of the Corporation, thereby constituting a quorum.

2. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Chairman stated that the next order of business was the reading and approval of the minutes of the previous Annual Stockholders' Meeting held on December 07, 2021. The Corporate Secretary certified that the minutes of the previous meeting was sent to the stockholders through the Information Sheet on May 06, 2022. The Information Statement was as well uploaded in the PSE Edge and the Corporation's website on May 05, 2022.

On motion duly made and seconded, it was unanimously—

"RESOLVED, that the reading of the minutes of the annual meeting held on 07 December 2021, be, dispensed with and the same be, as it is hereby, approved."

3. PRESIDENT'S REPORT

The Chairman moved on to the next item on the agenda which was the President's Report. A copy of the report was presented to the stockholders through the use of projector screens at the meeting venue. The Chairman then introduced the President of the Corporation, Mr. Efren A. Palma, to briefly discuss the highlights of the results of the operations in 2020 compared with the previous year.

- Amid the pandemic, Pryce's consolidated revenues grew by 31% from Php 11,731,506,094 in 2020 to Php 15,372,402,447 in 2021. As a result, net income improved by 17.5% from Php 1.616 billion to Php 1.898 billion. Total comprehensive income increased by 179%, from Php 1.623 billion to Php 4.524 billion, due to an appraisal increase on the properties, plants, and equipment of the Corporation.

- The contribution to the consolidated revenues is broken down by product line, as follows:

a. LPG Products– Php 14.248 billion (92.7% of total)
   (consisting of cooking gas, gensets, cylinders, gas stoves, and accessories)
b. Industrial Gases – Php 874.04 million million (5.7%)
c. Real Estate Sales – Php 204.33 million (1.3%)
d. Pharmaceutical Products – Php 45.83 million (0.3%)

- The growth in revenue was primarily driven by increased sales volume of LPG (cooking gas) and higher LPG contract prices ("CP"). Sales volume of LPG went up from 242,474 metric tons in 2020 to 271,242 metric tons in 2021. The CP also contributed to the revenue growth, as it averaged at US$ 635.08/MT in 2021 which is 58% higher than 2020's US$ 401.75/MT.

- In December 2021, a new import marine terminal located in Lugait, Misamis Oriental was completed. It has a storage capacity of 4,000 metric tons, the biggest in the whole of Mindanao. By the 4th quarter of 2022, another marine terminal will be completed in Lila, Bohol, by which the Corporation will have a total of ten (10) import marine terminals all over the country, bringing the overall storage capacity of all marine terminals to 38,840 MT.

As an update from the proposed projects from the previous Annual Stockholders Meeting, a video presentation showcasing the Lila Terminal, the Lugait Terminal, and the Pryce Gardens Colombarium Project was shown to the shareholders.

Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the President's Report for the year ending in December 31, 2021, be, as they are hereby, approved."*

4. APPROVAL OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Chairman then proceeded with the next order of business on the agenda which was the approval of the annual report and audited financial statements of the Corporation for the year ended December 31, 2021. Copies of the Annual Report and the Audited Financial Statements have already been provided to the stockholders also through the Information Sheet.

Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the report of the operations of the Corporation for the fiscal year ending in December 31, 2021, as well as the Audited Financial Statements for the same period, be, as they are hereby, approved."*

5. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS

The Chairman then proceeded to the next item on the agenda which was the ratification of the acts of the Board of Directors and Management. The resolutions are summarized in the Information Sheet provided to the stockholders and available in the Corporation's website and PSE Edge.

Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the acts and resolutions of the Board of Directors and Management of the Corporation on the latter's behalf, be, as it is hereby, approved and ratified."*

6. ELECTION OF BOARD OF DIRECTORS

The Chairman informed the stockholders that next on the agenda is the election of the members of the Board of Directors. The nominated stockholders were:

1. Salvador P. Escaño
2. Ramon R. Torralba, Jr.
3. Efren A. Palma
4. Xerxes Emmanuel F. Escaño
5. Ray W. Jovanovich
6. Gener T. Mendoza – Independent Director
7. Thomas G. Aquino – Independent Director

On motion duly made and seconded the above-named stockholders were unanimously elected for the year 2022. Votes are cast equally among each of the nominees.

8. APPOINTMENT OF EXTERNAL AUDITORS

The next item on the agenda was the appointment of the Corporation's external auditors. Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the accounting firm of **Diaz Murillo Dalupan and Company** be, as it is hereby, appointed external auditor of the Corporation for the year 2022."*

9. ADJOURNMENT

There being no further business, upon motion duly made and seconded, the meeting was adjourned at 4:56 in the afternoon.

FELICIANO B. HATUD
Corporate Secretary

A T T E S T:

SALVADOR P. ESCAÑO
Chairman

READ AND APPROVED:

SALVADOR P. ESCAÑO

RAMON R. TORRALBA

GENER T. MENDOZA

EFREN A. PALMA

RAY W. JOVANOVICH

XERXES EMMANUEL F. ESCAÑO

THOMAS G. AQUINO

Annual Stockholders Meeting

May 27, 2022

The City Club Ballroom, Alphaland Makati Place, 7232 Ayala Ave. Ext., Makati City

TALLY OF VOTING RESULTS

No.	ITEM/RESOLUTION MATTER	IN FAVOR	PERCENTAGE TO TOTAL OUTSTANDING SHARES(%)	AGAINST	PERCENTAGE TO TOTAL OUTSTANDING SHARES(%)	ABSTAIN	TOTAL	PERCENTAGE TO TOTAL OUTSTANDING SHARES(%)
1	Determination of Quorum	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
2	Approval of Minutes of Previous Meeting	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
3	President's Report	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
4	Approval of Annual Report and Audited Financial Statements	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
5	Ratification of Acts of the Board of Directors and Management (Jan. 1, 2021 to Sept. 30, 2021)	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
6	Election of Board of Directors							
	Salvador P. Escano	1,672,567,890	88.18%	17,845,400	0.93%	-	1,654,722,490	87.24%
	Ramon R. Torralba	1,672,567,890	88.18%	17,845,400	0.93%	-	1,654,722,490	87.24%
	Efren A. Palma	1,672,567,890	88.18%	17,845,400	0.93%	-	1,654,722,490	87.24%
	Xerxes Emmanuel F. Escano	1,672,567,890	88.18%	17,845,400	0.93%	-	1,654,722,490	87.24%
	Ray W. Jovanovich	1,672,567,890	88.18%	17,845,400	0.93%	-	1,654,722,490	87.24%
	Gener T. Mendoza*	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
	Thomas G. Aquino*	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
	*Independent Director							
7	Approval of External Auditor (Diaz, Murillo, Dalupan & Co.)	1,690,413,290	89.12%	-	-	-	1,690,413,290	89.12%
8	Other Matters	None under this matter was subjected to a vote						
9	Adjournment	1,690,413,290	89.12%		-	-	1,690,413,290	89.12%

Note: (a) Total outstanding shares : 1,896,755,669 as of record date May 6, 2022.

(b) The negative votes are from shareholder(s) under HSBC Securites Services.

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

BUSINESS

Background

Pryce Corporation ("PC" or the "Company"), formerly Pryce Properties Corporation, was incorporated on September 7, 1989. It was established basically as a property holding and real estate development company. The Company concentrates its operations in Mindanao and is principally involved in the development of memorial parks and sale of memorial lots; in the past, it had developed residential and commercial properties; it was previously engaged in the hotel business (Pryce Plaza). PC owns and operates a total of thirteen (13) memorial parks in Mindanao's major cities and areas: Cagayan de Oro City, Iligan City, Ozamiz, Polanco (near Dipolog City), Zamboanga City, Davao City, including the smaller memorial parks in Manolo Fortich (at the boundaries of Cagayan de Oro City and Bukidnon), Malaybalay City in Bukidnon, Malita in Davao Occidental, Bislig in Surigao del Sur, Alabel in Saranggani, Pagadian City, and the most recent in Butuan City, which was launched in 2019.

Pryce Gases, Inc. ("PGI") is the Company's major subsidiary, which is principally engaged in the importation and distribution of liquefied petroleum gas (LPG) under the brand name *PryceGas*; it also produces and sells industrial gases. PC's owns 91.4% holdings in PGI.

PGI has a wholly-owned subsidiary Oro Oxygen Corporation ("OOC") which operates in Luzon and the National Capital Region ("NCR"). It sells/distributes PGI's LPG product (PryceGas) and sells industrial gases that is sourced independently from PGI.

Another subsidiary of the Company is Pryce Pharmaceuticals, Inc. (PPhI), a wholesaler and distributor of private branded multi-vitamins and some 'over-the-counter' generic drugs. It was organized to primarily take advantage of the 'Generic Medicines Law'. PPhI is a relatively small player in the pharmaceutical business as it was organized in September 2005.

Corporate Rehabilitation of Pryce Corporation

Background

PC filed a petition for rehabilitation with the Regional Trial Court, Branch 138 (later Branch 149) of Makati ("the Commercial Court") on July 9, 2004; following this, the same court, in an order dated July 13, 2004, appointed a Receiver and ordered a stay in the settlement of all debts with the banks and trade creditors. In the years preceding the filing of said petition, the Company experienced a series of downturns in its real estate revenues due to the effects of the Asian financial crisis of 1997. This resulted in declines in cash flows that led to its inability to service its maturing bank debts. As early as three years prior to the filing of the aforesaid petition, the Company had been negotiating with its bank creditors for restructuring and/or payment of its debts via dacion en pago. However, no agreement was finalized because of several sticking points on the selection and valuation of assets as well as the accrual of interest and penalties. Meantime, certain creditor banks issued legal notices demanding payments. One bank foreclosed on some of PC's assets mortgaged to them.

In July 2004, Management eventually decided to file a petition for rehabilitation to avert the following: a) the scenario of ballooning obligations owing to the continuous accrual of interest and penalties arising from to the impasse in debt negotiations; and b) the foreclosures on PC's real estate assets and deficiency claims that the banks would file, which would result in the Company's loss of viability as a going concern.

On January 17, 2005, the rehabilitation plan of the company, as amended, was approved by the Commercial Court, for implementation of the court-appointed Receiver. The rehabilitation plans consisted of paying off all outstanding loan obligations and achieve a debt-free scenario for the company to enable it to start on a clean slate. This would be achieved through dacion en pago of its real estate properties and would not involve any restructuring of its debts, given its tight liquidity position and low debt service capacity.

Termination of the Company's Rehabilitation Proceedings

There were creditor banks who went all the way to Supreme Court ("SC"), questioning the approval of the rehabilitation proceedings, but the SC ruled in favor of the Company.

On July 31, 2015, PC received an Order dated July 28, 2015 from the Commercial Court. The Order granted PC's motion to terminate its corporate rehabilitation proceedings and declared the rehabilitation proceedings of PC as closed and terminated. (The closure and termination of PC's rehabilitation proceedings formally became final when the Commercial Court issued a certificate of finality of judgment on March 13, 2019.)

Product Mix

Before 1997, PC's principal business was property development which accounted for the bulk of the company's revenues and income. Subsequently, LPG and industrial gases (product lines of the subsidiary PGI) dominated the Company's business, as a result of which the name was changed from "Pryce Properties Corporation" to "Pryce Corporation". The name change was approved by the SEC on July 29, 1997. The Philippine Stock Exchange ("PSE") then reclassified the Company's stocks from "Property" to "Manufacturing, Trading and Distribution" on September 25, 1997. Subsequently, the Company's stock was reclassified to "Chemicals", which became effective on January 2006, pursuant to PSE's circular that stock classification should be to the industry from which a company is generating the majority or bulk of its revenues.

The major` subsidiary, PGI, manufactures and distributes oxygen (medical and industrial) and acetylene as well as trades in other gases such as argon, carbon dioxide and nitrogen. Its industrial gas manufacturing facilities consist of several plants in different locations. In recent years it has decided to limit or stop the manufacturing of said gases in certain areas where it is not economical to operate due to the rising costs of production, plant maintenance, and increasing occurrence of brownouts; it instead procured those gases from third-party sources.

PGI's LPG business began in late 1996 by way of a supply agreement with one of the three major oil companies in the country and enabled it to market LPG using the name *PryceGas*. In the following year, it started the construction of its own sea-fed terminal facilities and in-land refilling plants in various strategic locations in the Visayas and Mindanao ("Vis-Min").

PC's property business involves the acquisition of raw land and its conversion into various developments, predominantly memorial parks; in the past it included residential subdivisions and housing, business parks, and commercial centers. The Company has regional sales groups in Mindanao that take charge of the selling of real estate in that island.

In 1996, two years after PC built its first memorial park in 1994 in Cagayan de Oro City, the Company decided to undertake a policy shift in regard to its property development activies; it decided to focus its efforts in the development and selling of memorial lots. In just a span of 5 years (1996 to 2001) after such decision, the Company was able to complete five (5) more memorial parks in the following locations: Iligan City, Zamboanga City, Polanco in North Zamboanga (near Dipolog City), Ozamiz City and Davao City. All of these major memorial parks (discussed in more detail below) are operational, although certain areas in these parks are reserved for future development. Then, beginning in 2005, the Company commenced the development of what it calls "boutique" (or smaller-size) memorial parks. Since then six (6) boutique memorial parks were essentially completed in the places of: Manolo Fortich in Bukidnon, Malita in Davao Occidental, Bislig in Surigao Del Sur, Malaybalay City in Bukidnon, Alabel in Sarangani and Pagadian City. (The parks in Manolo Fortich and Malaybalay City were later upgraded to the company's Class A category of memorial parks.) The most recent memorial park is in Butuan City, which opened in January 2019.

Another product group that belongs to the product mix consists of private branded multi-vitamins and some 'over-the-counter' generic drugs that belong to the Company's subsidiary, Pryce Pharmaceuticals, Inc. (or PPhI). PPhI is a relatively new player in the industry and has a modest capitalization. It is not expected in the near term to provide significant contribution to the Company's business. It is, however, expected to gradually grow in the long term since the generic drugs business is a substantial industry that continues to expand.

Personnel and Manpower

As of December 31, 2022, the Company has a regular workforce of 316 employees in its real estate business and is composed of the following: 49 employees in administrative positions, 264 in operations and 3 are senior officers. Compared to 2021, the number of employees increased by 19, most of which is accounted for by operations group. Additional hiring in memorial parks had to be done to fill in previously vacated positions due to retirement/ resignation, with a few added personnel.

The subsidiary, PGI (including its subsidiary Oro Oxygen corporation or "OOC"), has 4,510 regular personnel, of which 530 are in the technical services group, 3,273 in operations, 623 in administration and 84 are officers. An increase of 249 personnel occurred in 2022 compared to the previous of 4,261 in 2021, with a substantial increase in operations personnel. This is due to the putting up of refilling plants and various sales centers nationwide and the buttressing of the Home Delivery project (wherein customers could place & follow up their orders for LPG via a hotline number: *#98000*). This is consistent with the objective of bringing PGI's LPG products closer to the household consumers of LPG as well as to widen the scope of its market reach. These expansions excellently complement the Home Delivery convenience-feature of PGI's LPG products, whereby customers can place their orders to be delivered to their homes by calling a cost-free hotline number. Orders can also be placed online via website through *www.prycegas.com*. These actions are consistent with the goal of making PGI's LPG products closer and more accessible to the household market as well as to widen the scope of its market reach and generate more sales revenues and income.

The administration personnel are those who mainly provide support and 'back office' functions, which consist mainly of personnel in the administrative services department and finance & accounting services department. The operations group is composed of employees whose tasks chiefly relate to production, transport of products, sales/marketing functions. The technical personnel are those who provide technical services/ assistance to gases production, LPG operations, cylinder maintenance, and autogas operations.

The workforce numbers above do not include non-regular personnel, i.e., probationary and contractual ones. The number of regular employees expected to be hired in the year 2023 will depend on developments and growth in the company's business and on the number of employees who may resign or retire within the said year. The employees are not subject to Collective Bargaining Agreement (CBA) since the parent company and its subsidiary are non-unionized.

Marketing and Sales

PGI has a well-organized distribution network. It has synergies formed from shared distribution centers and long experience in selling and servicing of its products. Customer service for new and repeat customers is made better by a system wherein the sales/marketing function is separate from the service functions. Sales associates are solely responsible for generating new customers, while the sales outlets/centers service the LPG requirements of existing customers.

PGI's LPG sales centers and refilling plants render 24-hour service where necessary and have stay-in personnel. These sales centers sell cylinders, stoves, replenish empty tanks of dealers and conduct promotional activities for existing PGI customers. These centers also cater to phoned-in or texted orders.

The dealers are PGI's main outlets for selling LPG; these dealers, however, do not have exclusivity contracts for dealership. Dealers' stocks are replenished from PGI's sales centers or from its LPG marine terminals or refilling plants. Dealers have the option of having their empty cylinders refilled at refilling plants at a price lower than sales outlet price. Large dealers are allowed to have their own sub-dealers and sales outlets.

On the company's real estate business, marketing and operations are divided into two regions of Mindanao: the Northern and the Southern (inclusive of Zamboanga and Butuan) operations. A region is managed by a regional head and under him is a marketing and selling group headed by a sales and marketing manager. The various memorial parks of the Company are each headed by park business managers who are compensated and incentivized according to their sales performance. Each region is responsible for periodically reviewing and improving their marketing plans and developing strategies in order to meet the agreed-upon sales targets. The park business managers are responsible for recruiting its sales force, which are composed of unit managers and sales associates who are compensated on commission basis. A park business manager is also responsible for the maintenance of their park, through their park supervisors.

Competition

Pryce's LPG & Gas Business

PGI's LPG business, under the name PRYCEGAS, had operated in the Vis-Min areas for more than 20 years; it competes with the main players Petron (Gasul brand), Phoenix (Petronas brand), and Isla Gas (Solane brand). However, PGI is a relatively a young player in Luzon having entered the fray in June 2014. It competes with Petron, Liquigaz, Isla Gas, as well as with South Pacific, Inc. (SPI), the latest entrant in Luzon, whose marine storage terminal (in Calaca, Batangas) went into operation in late 2015.

At the refilling plant level, PGI competes with numerous independent refilling plants all over Luzon.

PGI continues to increase its LPG storage capacity and, as of March 31, 2023, has aggregated to 41,953 metric tons (MT). This total capacity is covered by import marine (or sea-fed) terminals and inland refilling plants which are strategically located in Luzon, Visayas, and Mindanao (see tabulation under the discussion below titled LPG Plants). Following PGI's expansions, its total storage capacity for its Vis-Min operations has increased to 31,846 MT. This is the biggest compared to any of its competitors in the Vis-Min area. In Luzon, PGI's 8,000-MT marine storage capacity is one among the three largest storage facilities, which includes those of Liquigaz and SPI. On product distribution capability, PGI has built eighty (80) refilling plants strategically located in various parts of the country. The large capacities of its marine terminals and numerous refilling plants all over the country has enabled PGI to cover the market on a much wider scale and bring its LPG products closer to the consumer market. Moreover, the network of its import terminals and refilling plants gives PGI the flexibility to transfer its products to ensure continuity of supply in any area it operates so as to prevent stock-outs due to fortuitous events. PGI's latest expansion is the establishment of a new 4,000-MT marine terminal in Lila, Bohol.

PGI sources its LPG from Asian suppliers that ship the LPG to its import terminals using marine carriers with capacities of 2,500-3,500 MT. The storage capacities of its terminals in Vis-Min could take a single-port discharge or a maximum of two-port discharge from a shipload. This gives PGI some cost advantage over competitors, which, because of their smaller storage capacities would need multiple port deliveries to fully unload the contents of one carrier.

The Department of Energy (DOE) reports that PGI has the following LPG market shares in the following regions as of September 2022: 28% in Mindanao, 23% in Visayas, and 11% in Luzon (including NCR). PGI is a major industry player in the Philippine LPG industry and has a current 15% share of the country's total market or equivalent to 197,000 MT per said DOE report. It is the 2nd largest industry player in both the Visayas and Mindanao areas, and has a 26% market share of those areas combined.

PGI's industrial gas business (which accounts for less than 5% of PGI's total revenue) competes with about thirteen other companies, with Linde Philippines, Inc. and Air Liquide considered to be its closest major competitors. It has to contend with different environments for its products (oxygen, acetylene, argon, nitrogen, carbon dioxide, and compressed air) in terms of the extent and composition of the competition. PGI's Vis-Min operations account for the bulk of its industrial gas revenues. Management estimates that PGI has roughly 30% of the combined Mindanao and Visayas markets. (A more specific discussion of price and market demand is provided in the section below on ***Results of Operations and Detailed Discussion on Performance Indicators***)

Pryce's Memorial Park Business

The real estate business in the Philippines is very competitive. The extent and composition of the competition varies by geographic region and price segment. Real estate activity used to be concentrated in the NCR and other big urban areas, however, it has now spilled over to various population centers and cities in Mindanao and Visayas.

The real estate business of the Company is concentrated on its memorial parks which compete with others that have varying qualities and character but few are comparable to the Company's memorial parks in terms of natural scenery or quality of development and maintenance. The significant competitors are each shown below the Company's *Pryce Gardens* memorial parks.

A. Cagayan de Oro Gardens (Cagayan de Oro City)

- Greenhills Memorial Park
- Divine Shephed Memorial Park
- Golden Haven Memorial Park

B. Ma. Cristina Gardens (Iligan City)

- St. Michael Park
- there exist a public and several Chinese cemeteries but these are not considered significant competitors

C. Zamboanga Memorial Gardens (Zamboanga City)

- Forest Lake Memorial Park
- Ayala Public Cemetery
- Chinese Cemetery
- Lund Memorial Park
- Golden Haven Memorial Park

D. North Zamboanga Gardens (Dipolog City)

- Century Memorial Park
- Millenium Cemetery (this was foreclosed by a government bank and appears as not being effectively marketed)
- Gulayon Public Cemetery

E. Ozamiz Memorial Gardens (Ozamiz City)

- Malindang Memorial Gardens
- Ozamiz Chinese Cemetery

F. Mt. Apo Memorial Gardens (Davao City)

- Davao Memorial Park
- Buhangin Memorial Park
- Toril Memorial Park
- Forest Lake Memorial Park
- Manila Memorial Park
- Calinan Memorial Gardens

G. Pryce Gardens, CDO-Manolo Fortich (at junction of CDO and Bukidnon)

- three small public cemeteries located in Bugo, Agusan & Tablon
- the private cemeteries in the city of Cagayan de Oro City, Golden Haven and Divine Shepherd, although remote, may also be considered competitors
- Damilag Cemetery in Bukidnon

H. Pryce Gardens – Malaybalay (Bukidnon)

- Shepherd Meadows Memorial Park
- Valencia Memorial Gardens

I. Pryce Gardens – Malita (Davao Occidental)

- Backyard interment
- Inaburan Public Cemetery

J. Pryce Gardens – Bislig (Surigao del Sur)

- Bislig Public Cemetery
- Abaya Memorial Park
- Salazar Memorial Park

K. Pryce Gardens – Alabel (Sarangani)
(most ‘competitors’ are some distance away in General Santos City)
   - Forest Lake Memorial Park (Apopong, General Santos City)
   - Monte Cielo Memorial (Conel, General Santos City)
   - Holy Trinity Memorial (Polomolok, South Cotabato)
   - Spring Public Cemetery

L. Pryce Gardens – Pagadian
   - Chrysanthemum Memorial Garden (Barangay Tiguma)
   - Pagadian Memorial Park (Barangay Paglaom)
   - Pielago Memorial Park (Barangay Paglaom)
   - Pagadian Public Cemetery (Barangay Paglaom)

M. Pryce Gardens – Butuan
   - Uraya Memorial Gardes

Government Approvals, Licenses and Permits

Licenses, permits and other government-required approvals have been obtained by PGI for the operation of all of its production facilities. It is registered with the Board of Investments (“BOI”) under the Omnibus Investments Code of 1987 (Executive Order No. 226 as amended by RA No. 7369), as a new operator of distribution facilities for LPG in various Visayas and Mindanao regions on a non-pioneer status. PGI is entitled to certain tax and non-tax incentives such as income tax holiday ranging from four to six years and duty-free importation of capital equipment and others. For instance, PGI’s San Fabian terminal in Luzon is also registered with the BOI and previously enjoyed tax incentives (which ended last December 31, 2018). The company owns the registered brand name, “PRYCEGAS” for its cylinders, but it does not have any patent to a product or process.

As to the Company’s property development business, the requisite development permits and Licenses to Sell have been secured from the local government units and the Housing and Land Use Regulatory Board (HLURB) for its various real estate projects. The Company essentially complies with the conditions and terms of the said license, such as the delivery of the lot/unit title to the buyer upon full payment of the price thereof; payment of real estate taxes/assessments on a lot or unit until the title has been transferred to, or the buyer has taken possession of the property; and display of the license and Certificate of Registration in a conspicuous place in the principal office of the owner/developer and copy thereof at its branch office(s).

Development Cost in relation to Revenues

Shown below are the amounts that the Company group has spent for its development activities in the last three fiscal years:

	2022	2021	2020
Development Cost	1,487,023,615	1,711,802,431	932,422,322
Percentage to Revenues	7.92%	8.43%	7.96%

Development cost pertain mainly to ongoing expansions in terminals and construction of refilling plants nationwide, acquisition of land for such plants as well as for a future import terminal, and purchases of related machinery and transport equipment.

Environmental Regulations

PGI's operations are currently compliant in all material aspects with the applicable environmental regulations and standards. However, there can be no assurance that Philippine regulators will not impose additional or more stringent regulations on the gas industry in general or on PGI and its operations in the future that could significantly affect PGI's costs of sales or operating expenses.

The Company's real estate operations are subject to various laws enacted for the protection of the environment. PC has complied with all applicable Philippine environmental laws and regulations. It is mandated to secure an Environmental Compliance Certificate from the Department of Environment and Natural Resources. Non-compliance with the stipulations embodied in the said certificate will cause its suspension or revocation and a fine not to exceed fifty thousand pesos (P50,000.00) for every violation. The Company believes that compliance with such laws is not expected to have a material effect upon its capital expenditures, earnings or competitive position.

Major Risk Factors and their Management

Major risk factors in PC's real estate business and their management

The parent Company's principal business is the development and sale of memorial park lots, a real estate business, and may involve the following risks:

1. Risk of over-optimistic estimation of an area (for a new memorial park development) in terms of the achievability of sustainable revenue and profit and the shortness of period taken to reach such sustainability for the new park. The said risk is avoided by doing a careful study of the area using criteria that measure the stability and growth of the local market's buying capacity and the robustness of the area's economy. The area is assessed in terms of number of existing/competing memorial parks, mortality rate and population growth, levels of net income and wages, capacity for steady employment, which is dependent on the area's capability and potential for business and industrial growth/expansions. The area's economy is likewise assessed as to what extent it is affected by the country's economic climate and growth.

2. Risk of decline in revenues and profitability, if not income loss, usually due to a combination of: a) competitors' pricing tactics and marketing/sales efforts that tend to reduce the Company's market share; b) local market's unanticipated feeble response to designed marketing/sales programs; c) creeping or unabated inflation causing increased operating expenses and low sales since purchase of memorial lots is regarded by many as low priority expenditure; d) ingrained cultural practices like backyard burial. This risk is addressed and mitigated by the following:

    a) The Company has firm belief and pride in the exceptional quality of its products and services relative to its competitors, and has a strong commitment to its customers in maintaining such superior quality. Such commitment and consistency of higher quality entail costs, a prime reason why the Company's products are priced above those of the competitors. Through the Company's park business managers and sales people, the prospective or target customers are educated on why the Company's products are priced higher than the competitors'. Further explained to these customers, are the benefits of buying such products from a Company that is dedicated to consistent high product quality and has long and significant experience in the development and management of memorial parks. Notwithstanding a higher-priced product, the Company's prospective buyers can purchase the same by way of 'soft and easy terms', as majority of its customers had done so, whereby they pay via installment payments with no down payment or interest charge for as long as three to five years.

b) Management regularly meets at least twice a year with its regional operations officers and all its park business managers to actively discuss and evaluate, among many other things, how the market reacts to the Company's current marketing strategy and sales programs and decide decisively on what manner of response or plan of action is to be undertaken.

c) Pricing of the products and services are adjusted, when necessary or called for, to a calculated level (such as discounts given) so that it will not negatively impinge on the buyer's decision to buy. Management believes that the price of memorial lots and other services should be indexed against the inflation rate.

d) On backyard burials, the Company continues to lobby with the municipal office of the area concerned to pass a specific ordinance banning such practice since there are laws (e.g., Code on Sanitation, P.D. No. 856) that prohibit such burials because of public health hazards.

3. Risk of a reduced capacity to continually maintain the park to its committed first class standards. Other than the regular increase in price to cope with inflation, this is addressed by increasing the charge on contribution to the park maintenance fund, which forms part of the gross price of the memorial lot. Separately though, and when necessary, the memorial park association(s) imposes an assessment on the lot owners who after all are the stakeholders of the memorial park. Without this assessment(s), a situation leading to the deterioration of the park's maintenance could ensue, which absolutely cannot be allowed given the Company's avowed commitment and responsibility to maintain the memorial parks at set standards. Such commitment and assurances benefit the lot owners and users of the park as their investment are protected in the long run.

4. Risk of other developers putting up their memorial park despite limited market.

Major risk factors and their management in PGI's LPG and industrial gas business

PGI, the parent Company's subsidiary, is primarily engaged in the distribution and sale of LPG and industrial gases, mainly oxygen and acetylene. Since these are highly flammable gas products, the obvious principal risk is an operational one and relates to the hazards of handling and storage of these products. The particular risks involved are: (a) potential injury to people; (b) damage to property; (c) damage to environment; (d) or some combination thereof. The business losses arising from a disastrous consequence of any of these hazards are significant and could amount to several times that of the actual damage / losses and can further result in a longer-than- expected business interruption in any of PGI's refilling plants or terminals. Hazards can be due to any, or a combination, of the following: (1) intrinsic property of the product; (2) catastrophic ruptures/leakages; (3) unsafe refilling and receiving activities; (4) failure of safety valves; (5) un- requalified fire-protection equipment or devices; (6) potential sparks from presence of gasoline-fueled vehicles during refilling and receiving activities; and, (7) discharge of LPG to the atmosphere because of leak(s).

Mitigation of the above risks is done through consistent and systematic application of management policies, procedures and practices concerning safety. There are continual tasks on analyzing, evaluating and controlling the different types of risks involved. Having identified and evaluated the risks, decisions are made on how acceptable the risk might be and the need for further actions to be undertaken, either to eliminate the risks or reduce them to a tolerable level. Risk management includes such elements as identification of possible risk reduction measures (which could be preventive or mitigating) and risk acceptability. PGI's risk management and mitigation system covers at least the following areas:

- Continuous identification of hazards and consequence analysis thereof (utilizing the *Structure What If Technique* or 'SWIFT');
- Fire prevention and fire-protection management program;
- Regular emergency response training and drill, and continued evaluation thereof;
- Maintaining operating standards in relation to safety practices and requirements and fire-preventive measures; and
- Training and continuing education of its personnel on safety and risk management

Major risk factors and their management in Pryce Pharmaceutical Inc.'s Business

PPhI operates in the distribution and sale of pharmaceutical products, mainly in vitamins and food supplements. Among the major risks involved in the business and in its industry are:

1. Dependence on Toll Manufacturers
PPhI purchases its products from different licensed medicine and pharmaceuticals traders and toll manufacturers. However, there are numerous circumstances beyond PPhI's control that lead to delays in the manufacturing and delivery of orders. This increases the risk of disruptions in the company's supply chain should the toll manufacturer encounter operational issues and backlogged orders. In order to address this, PPhI has developed a robust procurement system ensuring the continuity of supply for extended periods despite delays in manufacturing and delivery. PPhI is also exploring further diversification of its suppliers by acquiring new products from other toll manufacturers, and even importing from other countries.

2. Perishable Nature of Pharmaceutical Products
Most of PPhI's products have shelf lives of two years, and distributors and retailers have requirements when it comes to the remaining shelf life of any orders. For the most part, any inventory with a remaining shelf life a year or less becomes unsellable without heavy promotions or discounts, thereby significantly affecting profitability. PPhI manages this by executing a FIFO system and balancing its procurement with its forecasts based on seasonality and historical performance in order to ensure that the competing risks oversupply and undersupply are addressed. PPhI takes full advantage of the time available for selling its products such that near expiry stocks are minimized and there are enough safety stocks to avoid outages.

3. Commoditized Industry and Low Barrier to Entry

PPhI experiences competition from major national and multinational pharmaceutical firms as well as numerous small and medium sized drug distributors. The availability of medicine traders and toll manufacturers to smaller pharmaceutical firms allow them to compete at a similar level to PPhI and offer similar products. This creates a market with numerous players competing for market share offering homogenous products, creating a very difficult environment. PPI has tried to differentiate itself by leveraging on the popularity of the "Pryce" brand for key markets and committing to increased marketing activities. PPhI has also separated itself from smaller brands by investing in an above-the- line marketing campaign to increase brand awareness.

The discussion on Financial Risk Management is incorporated by way of reference to relevant parts of Notes to the audited Financial Statements (see Note no. 35), under the heading *Financial Risk Management: Objectives and Policies*.

PROPERTIES

Completed Projects

The projects that the Company has previously reported and have long been completed, are: Wright Park Place Condominium, a 3-building cluster of 63 first class residential condo units in Baguio City; and Villa Josefina Subdivision, a mid-scale residential subdivision in Davao City consisting of 152 residential and 2 commercial lots. It has also completed and sold the Josefina Town Center in Davao City. The company's other completed projects are enumerated below.

Cagayan de Oro Gardens

This is the first memorial park project developed by the Company, located in Lumbia, Cagayan de Oro City, with a wide frontage along the national highway. The project site is blessed with a scenic view of the Lumbia hillsides as well as part of the city and Macajalar Bay in the distance. The Cagayan de Oro River meanders at the bottom of a ravine adjacent to the property. The site has a total gross area of 20.76 hectares, of which total saleable area is estimated at 135,390 sq.m., equivalent to about 55,491 lawn lots, with an average size of 2.44 square meters per plot.

Development works commenced in June 1993 and the project began selling activities in April 1994. The general vicinity of CDO Gardens was relatively sparsely populated in 1995. At present, however, various residential subdivisions, ranging from very upscale to mid-level and to low-cost dwellings have sprouted in the area, making the park very accessible to its immediate target market. Even the largest mall in the city, SM City Mall, is located nearby.

Puerto Heights Village

This project was launched in August 1995 as an upscale residential subdivision in Cagayan de Oro City. It is a 14.9 hectare property in scenic Puerto overlooking Macajalar Bay. The site is considered very strategic, being located near the junction of two major national highways – one going to Bukidnon and Davao and the other one passing through Tagoloan, Misamis Oriental where a major international seaport terminal is in operation and the Philippine Veterans Investment Development Corporation (Phividec) Industrial Estate is located.

Pryce Tower

The Pryce Tower Building commenced construction in December 1995 and became the first high-rise condominium project in Mindanao. It is a 16-level first class building on a 1,965 sq.m. lot located at the Pryce Business Park in Bajada, Davao City. The building has 89 office suites with areas ranging from 106 to 390 sq.m. and two basement levels for parking. The building was completed in February, 1999.

Socialized Housing Projects

The Company has two low-cost housing projects as its contribution to government efforts to address the housing problem in the country. The first project is Mindanao Homes in Pagatpat, Cagayan de Oro City, which has been completed. The other one is St. Joseph Village, which sits on an 11- hectare property in Sirawan, Davao City with 356 House-and-Lot units and 496 Lot units.

Villa Josefina Resort Village

This mid-to-upscale residential development is located on a 36.4 hectare property in Dumoy, Davao City. It has a beachfront along the Davao Gulf and a frontage along a national highway where the main entrance is located. The initial 23 hectares of the project comprising Phases I and II provide a total of 570 residential lots with an average size of 300 sq. m. per lot. Phase III, which comprises the beachfront area, measures some 13.4 hectares with a total of 174 saleable lots. Phase IV, with an area of 0.986 hectares, consists of smaller lots totalling 44, some of them containing housing units for the mid-scale market.

Pryce Business Park, Davao

The Company has a 1.8-hectare prime property in the highly commercialized area of J.P. Laurel Avenue in Bajada, Davao City, diagonally across Victoria Plaza, a large shopping mall in the city. PC developed this property into a commercial cluster called Pryce Business Park. The development consists of 15 subdivided commercial lots with areas ranging from 600 to 1,965 sq. m. per lot. Construction of this business park was fully completed in 1997.

Pryce Plaza Hotel, Cagayan de Oro City

Pryce Plaza closed its operations on December 31, 2016. It was a premier business and convention hotel and was in operation for almost 26 years since it opened in April 1991. The hotel is located atop Carmen hill in Cagayan de Oro City and overlooks the city. Management decided to stop its operations as it has not been providing the desired returns the past years due mainly to the stiff and growing competition, which was compounded by the increasing costs of having to maintain an old hotel.

Essentially Completed Projects

Maria Cristina Gardens

This is the second memorial park project of the Company, which is named after the most famous waterfalls in Mindanao, the Maria Cristina Falls. This memorial park somewhat takes on the character of the original landscape because it was built basically around the natural topography of the site. It is located in Sta. Filomena, Iligan City on a 27.6 hectare property with a hilly terrain offering a panoramic view of Iligan Bay on one side and the city proper on the other. Its development plan replicates the facilities and amenities of Cagayn de Oro Gardens. Considering that Iligan City has no first class memorial park, demand for private burial plots has been holding steady.

Development works for Phase 1 commenced in Februrary 1996 while development of Phases II and III began In August 1996. As of date, all these phases are all fully or essentially completed, containing an area of 21.6 hectares. An additional 6.0 hectares are for development under Phase IV of the park is still under the planning stage. Selling activities began in October 1996.

Zamboanga Memorial Gardens

This was designed in the same tradition as the Company's other memorial park projects in Cagayan de Oro and Iligan. It is PC's most ambitious memorial park project in terms of size, being located on a 49.16-hectare property in Sinunuc, Zamboanga City. The site also offers a panoramic view as it nestles on an elevated terrain overlooking the Zamboanga west coast, which is just a street across the site.

Development of Phase I commenced in July 1997, which was later divided into two phases, Phases I-A and I-B of 9.5 hectares and 9.7 hectares, respectively. These initial phases of the project, aggregate 19.24 hectares, with total saleable area of 103,988 sq.m. and equivalent to 41,595 lawn lots. The development of the second phase began in the early part of 2003. It has a gross area of 29.92 hectares, the saleable portion of which is 154,590 sq.m., equivalent to about 61,836 lots. Only about half of the second phase is essentially completed as of date, in terms of electrical, lighting, pathwalks, roads and landscaping works.

North Zamboanga Gardens

This is PC's fourth memorial park project. It sits on a 25.19-hectare property alongside the Dipolog River in Polanco, Zamboanga del Norte, within convenient driving distance from Dipolog City. A waterway passes through the park - a rainwater channel which empties into the Dipolog River – forming ponds and giving the project a unique alluvial character.

The first 10 hectares of the project commenced development in October 1997 and was completed in 1999; subsequently, in 2000, another area of 9.36 hectares was developed, while 4.19 hectares at the back was reserved for future development. Presently, the total saleable area measures about 137,350 sq.m., which is equivalent to 54,943 equivalent lawn lots. In 2008, the Company acquired an additional 1.6-hectare property adjacent to the park, which is reserved for future development.

Ozamiz Memorial Gardens

This fifth memorial park project of the Company became operational in late 2001. It is located on a 9.32-hectare property along the national highway connecting the cities of Ozamiz and Tangub within the barrio of Dimaluna, Ozamiz City, and against the backdrop of Mt. Malindang. This project commenced development works in December 1999 and became essentially completed in December 2002. Selling operations for this project began in 2000.

Mt. Apo Gardens

Mt. Apo Gardens is the Company's sixth memorial park, named after the tallest mountain in Mindanao, which is highly visible from the site, is located in what was originally an 18.1 hectare property in Riverside, Calinan, Davao City; this project is essentially completed and has a currently-identified saleable area of 109,430 sq.m., equivalent to 43,772 lawn lots. An area near the entrance gate alongside the main access road has been reserved for future development. Properties adjacent to the park were subsequently acquired (8,539 sq.m. in August 2003 and 8,540 sq.m. in December 2002), with a total area of 17,079 sq.m., increasing the gross area of the project to 19.81 hectares.

The project secured approval from the city government to proceed with development works after a long wait of several years. Mobilization and preparatory works began in September, 2000 and were essentially completed in June 2002.

Pryce Gardens CDO-Manolo Fortich

In May 2004, construction of the Company's first so-called "boutique" (or "smaller") memorial park began in Mambatangan at the northeast boundary of Cagayan de Oro with Manolo-Fortich, Bukidnon. The project is divided into three phases and is designed to yield a total saleable area of 96,250 sq.m. roughly equivalent to 39,446 lawn lots from a total land area of 12.14 hectares. The project's first phase is 95% complete with a small amount of remaining works to be finished in its water and electrical systems. The total saleable area under Phases I and II is 68,840 sq.m., which is roughly equivalent to 28,214 lawn lots. As stated above this project was reclassified by management from a boutique to a "Class A" park.

Pryce Gardens-Malaybalay

This is the second boutique memorial park project of the Company, construction of which began in March 2005. It is located in Brgy. Laguitas, Malaybalay City, Bukidnon, with a gross area of 4.94 hectares and a total saleable area of 36,846 sq.m., equivalent to 15,101 lawn lots. The project has hilly terrain and was essentially completed on March 31, 2007. The site has a commanding view of the hillsides and rolling terrain of Malaybalay and Valencia. In fact, it is located between Malaybalay and Valencia, enabling the project to tap the market in both locations. This project was likewise upgraded to a "Class A" park.

Pryce Gardens-Malita

Pryce Gardens-Malita is a boutique memorial park in the Company's portfolio. Construction also began in March 2005. The project is located in Bgry. Bolita, Malita, Davao Occidental and has total land area of 6.17 hectares, of which only 2.91 hectares is fully developed. The project has a scenic view of the surrounding hillsides. Total saleable area is estimated to be 44,255 sq.m. (Phases I and II) which translates to 18,064 equivalent lawn lots. The project has two phases, Phase I and Phase 2 and they are 100% and 85% accomplished, respectively.

Pryce Gardens-Bislig

Also classified as a boutique memorial project of the Company, this is located in Kahayag, Bislig, Surigao del Sur. Construction for this project began on June 14, 2005 and was essentially completed by end of 2006. The land has a gently rolling terrain similar to Pryce Gardens-Malaybalay with a gross area of 5.76 hectares and saleable area of 37,848 sq.m. equivalent to 15,415 lawn lots.

Pryce Gardens-Alabel

Another boutique memorial park of the Company is located in Alabel, Sarangani, almost adjacent to the town's public cemetery. The site is also a short travelling distance from General Santos City. Its construction began in February 2007 and was operational by the time it was formally launched in April 2008. The park has a total land area of 4.9 hectares and offers a saleable area of 35,625 sq.m. or 14,549 equivalent lawn lots.

Pryce Gardens-Pagadian

In June 2014, the 5-hectare Phase 1 of *Pryce Gardens-Pagadian* project was completed and became operational. Phase 1 has a total saleable area of 36,612 sq.m., roughly equivalent to 14,650 lawn lots. Roads and path walks account for 9,800 sq.m. while the chapel, parking areas and open space consist of 2,052 sq.m. This project occupies an 8.96-hectare land nestled on the hillsides of Bgy. Poloyagan overlooking Iliana Bay, the Pagadian seaport, and parts of the city across the bay. It is in the southern part of the city and can be reached through 7 kilometers of well-paved road.

Pryce Gardens-Butuan

This is the latest addition to the Company's memorial parks and is located on a 6.19-hectare property in Brgy. Bit-os, at the southwest portion of the city. The property has a hilly terrain and is elevated, which gives it a commanding view of the Agusan River and a portion of Butuan city. This project was developed to have a total saleable area of 33,120 square meters, roughly equivalent to 13,524 equivalent lawn lots. Roads and path walks will cover 8,611 sq.m. while the chapel, administrative and parking area will consist of 3,212 sq.m. (This park was inaugurated on January 25, 2019.)

Pryce's Outdoor Columbariums

A. *Pryce Gardens Columbarium – Cagayan de Oro*
On September 12, 2022, the Company conducted the blessing of its first outdoor columbarium in Cagayan de Oro Gardens. This outdoor columbarium contains 6,880 vaults and was built near the cliff-like portion of the Cagayan de Oro Gardens memorial park, which overlooks the Cagayan de Oro River and nearby hillsides. It takes advantage not only of the scenery but also of the existing trees and foliage in the property. It thus comes out as aesthetically soft, far different from the somber or eerie columbaries that are contained in concrete structures. A license to sell and certificate of registration was issued to this project by the DSHUD in October 2022.

B. *Pryce Gardens Columbarium – Davao*
In Pryce Gardens - Davao (Davao City), a similar columbarium to the above in CDO, was started in 2022. It contains 9,920 vaults, is nearing completion. It should be operational, with permits secured, possibly within the 3rd half of 2023.

C. *Pryce Gardens Columbarium – Iligan*
Another columbary was put up in Pryce Gardens - Iligan (Iligan City), with 6,400 vaults, is underway and is estimated to be finished by the 4th quarter of 2023.

Other Properties

The following table provides information on the Company's land bank consisting of properties that are 100% owned. The Company's land bank may include some lands still in the name of third parties but are already sold to the Company based on documents of conveyance.

Location		Total Area (sq.m.)
Cagayan de Oro City		
	Bugo	493,720
	Tin-ao	190,891
	Del Carmen	11,937
	Mambatangan	1,011,380
Misamis Oriental		
	Sta. Ana	1,378,993
Malagos, Davao City		578,576
Polomolok, South Cotabato		67,521
	Total	3,733,018

Joint Venture

The Company had been involved in joint venture arrangements covering the development of raw land adjoining the Company's properties such as the Villa Josefina Resort Village project. Under the terms of the separate agreements, the Company's partners were to contribute their respective properties as equity in the joint venture. In turn, the Company would undertake the development of all access roads, utility systems and open space facilities and the marketing and selling of the lots.

LPG Plants

By strategically locating its facilities (marine terminals and refilling plants) near major population centers, PGI was able to build an extensive supply distribution infrastructure that successfully supported its efforts in making PryceGas a household name in the local LPG market, particularly in the Vis-Min regions.

In selling PryceGas, PGI divided Vis-Min operations into ten marketing regions namely: Northern Mindanao, Southern Mindanao 1, Southern Mindanao 2, Eastern Mindanao, Western Mindanao 1, Western Mindanao 2, Central Visayas, Western Visayas 1, Western Visayas 2, and Eastern Visayas.

The marketing operations of Northern and Southern Mindanao, together with the Caraga Region (comprising Butuan and Surigao provinces), are currently supported by sea-fed terminals with storage capacities located in Balingasag, Misamis Oriental and Astorga, Davao del Sur, respectively. To serve the market in Western Mindanao, PGI has a marine terminal in Talisayan Zamboanga City. A new import terminal in December 2021 was recently established in Lugait, Misamis Oriental. To complement these import terminals, PGI has refilling plants in the following areas: Agusan Del Norte (Butuan and Trento), South Cotabato (Polomok and Gen. Santos City); Aurora, Zamboanga del Sur; Tagum, Davao del Norte;

Misamis Oriental (Mohon); Davao City (Calinan and Dumoy); Mambatangan-CDO; Canitoan, CDO; Oroquieta, Mis. Occ.; Don Carlos Bukidnon; Matalam, North Cotabato; Titay Zamboanga Sibugay; Bunawan and Calinan, both in Davao City. These refilling plants are within convenient distances to large population centers and can serve the remote markets, thus ensuring its customers a ready supply of PryceGas. (*Note: The terms sea-fed terminal or import terminal or marine terminal, as used herein, are synonymous with each other.*)

Applying the same strategy to Visayas, PGI built an import terminal in Sogod, Cebu to serve the growing LPG markets in Cebu and Bohol. To cover the Eastern Visayas markets, an import terminal in was also built in Albuera, Leyte. Two import terminals were each constructed in Ayungon, Negros Oriental and Ajuy, Iloilo, to cover the Central Visayas and Western Visayas Markets, respectively. The company had installed several refilling plants in Pavia, Iloilo; Negros Occidental (Silay and Himamaylan); Canduman, Cebu City, Naga & Balamban in Cebu Province; Sta. Margrita, Samar; Balangkayan, Eastern Samar; Mobo, Masbate; Ubay, Bohol; Bato, Leyte; New Kawayan, Tacloban City, Leyte. The latest completed import marine terminal is the one in Lila, Bohol, with a storage capacity of 4,000, the biggest in Central Visayas

In Luzon, PGI has an 8,000-MT marine-import terminal in San Fabian, Pangasinan to serve the LPG requirements of Luzon and NCR. This is complemented by a host of 42 refilling plants in Luzon and certain parts of NCR, with storage capacities ranging from 25 to 120 MT.

The aggregate LPG storage capacity of PGI, as of March 31, 2023, in terms of its sea-fed / marine terminals and inland refilling plants is 41,953 MT which covers the whole country as shown below.

Type	Region Location	Number	Capacity (MT)
LPG Marine Terminal	Luzon	1	8,000
	Visayas	5	16,790
	Mindanao	4	13,550
	Sub-totals	10	38,340
LPG Refilling Plants	Luzon	42	2,107
	Visayas	17	613
	Mindanao	21	893
	Sub-totals	80	3,613
		Total	41,953

The counts on refilling plants include the marine terminals as these also perform refilling functions.

Encumbered Assets

As had been discussed in several past disclosures under this topic the Company was able to settle all its debts with the creditor banks in a gradual manner during its corporate rehabilitation proceedings. Settlements were made through the following: a) implementation of the court- approved rehabilitation plan; b) pursuance of effective legal defenses against the opposition of creditor banks to the corporate rehabilitation; and c) settlement with certain creditors via sale of an encumbered asset with the consent of the Commercial Court.

Previously encumbered properties under the Mortgage Trust Indenture (MTI), which secured the Company-issued LTCP's in December 1995 (at aggregate amount of Php 300 Million) were released in January 2016, months after PC's rehabilitation proceedings was terminated in July 2015.

Earlier in August 2014, a portion of the of the MTI collaterals (Davao commercial lots) was released after the consent / approval of the majority creditors was obtained as a consequence of the settlement of a significant portion of the LTCP loan.

The assets previously mortgaged to China Banking Corp. (as part of the collateral of the Company's P200 million loan line with said bank) have been released from mortgage. Comprising these assets are the following: 30 office condominium units at the Pryce Tower in Davao City (all of which have been sold); 34 residential lots at Puerto Heights Village in Cagayan de Oro City; 5-hectare lot in Cagayan de Oro Gardens; 11,937-sq.m. undeveloped property in Brgy. Del Carmen, Cagayan de Oro City; 31 residential lots at Villa Josefina Resort Village (Phase III) in Davao City; and 4 lots in Mt. Apo Gardens, Davao City.

Assets which secured a short-term loan with the BPI have also been released from mortgage. The following properties comprise the previously mortgaged assets: 77,761-sq.m. semi-developed property, Iligan Town Center (which had been sold to a mall developer); and 5 subdivision lots in Puerto Heights Village in Cagayan de Oro City. In September 2014, the Iligan property was sold to a mall developer and the sales proceeds were used in the settlement of the aforesaid loan thereby causing said release from mortgage. (Previously mortgaged to BPI too were 5 residential lots at the Villa Josefina Resort Village, Davao City; however, BPI filed extra-judicial foreclosure on these properties and eventually were auctioned off on February 26, 2004. The proceeds of the said auction were applied to the reduction of the Company's obligation with BPI.)

LEGAL PROCEEDINGS

The Company or Pryce Corporation and its subsidiary, Pryce Gases, Inc., are a party to pending cases and believe they have meritorious causes of action and defenses with respect to all pending litigation and intend to defend which actions vigorously. Moreover, its directors and officers have no knowledge of any other proceedings pending or threatened against the Company and PGI or any facts likely to give rise to any proceedings which might materially affect the position of the Company. Enumerated and discussed below is the status of various pending cases as of **December 31, 2022**. Apart from the cases enumerated below, Pryce Corporation and Pryce Gases, Inc. are likewise involved in other legal cases that occurred under the ordinary course of business or will not materially affect the parent Company's or PGI's operations as whole.

1. **Pryce Corporation vs. Vicente Ponce.**
   Case No. G.R. No. 206863
   Supreme Court, Third Division

Nature: This is an action for quieting of title filed by Vicente Ponce, whose title overlaps with that of PC over a 4.8 hectare portion of property in Iligan City, over which PC operates and maintains the Maria Cristina Gardens Memorial Park. Ponce obtained his title from Solosa, whose title was derived from an alleged Homestead Patent that was administratively reconstituted. PC meanwhile obtained its title from the Quidlat sisters, whose title was adjudged by a cadastral court. The RTC ruled in favor of Ponce, upholding his title over the contested portion. On appeal, the CA sustained the trial court's ruling. PC filed a Petition for Review on Certiorari with the Supreme Court, to which Ponce filed his Comment.

Status: On May 5, 2023, PC received a Notice of Judgment from the First Division of the Supreme Court whereby it declared in its Decision as follows:

- Granted PC's Petition for Review on Certiorari;
- Reversed and set aside the prior Decision and Resolution of the Court of Appeals;
- Dismissed Ponce's previous Complaint for Quieting of Title or Reconveyance, and Damages;
- Granted PC's counterclaim: (a) declaring PC's Transfer Certificate of Title ("TCT") as valid and binding; (b) declaring Original Certificate Title Nos. 21 and RP-62(21), and all titles derived therefrom as null and void ab initio; and (c) ordering the Register of Deeds to cancel TCT No. 17,464 (a.f.) in the name of Vicente Ponce and all titles prior thereto.

2. **Republic vs. Pryce Corp.**
G.R. No. 243133 – Supreme Court *En Banc*

Nature: PC is asking the Court to render an interpretation of Section 4 (a) 9 of Republic Act no. 7432 (also known as "Senior Citizens' Act", as amended Republic Act no. 9257 and as further amended by Republic Act No. 9994 to the effect that it does not include interment services as being covered by the 20% discount to be availed of by the deceased senior citizen or his/her heir(s).

Status: On March 16, 2023, the Supreme Court *en banc* released an announcement on its ruling that interment services are covered by the provision of RA 7432, as amended by RA 9257 and RA 9994, which grants a 20% discount on the funeral and burial services for the death of senior citizens. It held that it follows that burial services necessarily include interment services, and hence, a senior citizen can avail of the 20% discount on the cost of interment services

3. **National Grid Corporation of the Philippines vs. Pryce Corporation**
Special Civil Action No. 7 69
Regional Trial Court, Zamboanga City, Branch 14

Nature: This is an EMINENT DOMAIN case filed by NGCP pertaining to a portion of the property of the PRYCE CORPORATION (PC) located in Zamboanga City known as lot no. 3353 covered by Transfer Certificate of Title no. T-134,567 of the Registry of Deeds of Zamboanga City and developed by the herein defendant corporation into a Memorial Park. The aforementioned case has been docketed as Civil Case no. 769 pending before the Branch 14, Regional Trial Court, Zamboanga City. After postponements made by both parties due to their inability to attend for reasonable causes, the Court set the pre-trial date to January 18, 2018.

Status: The Regional Trial Court proceeded to the second stage of the action, which is the determination of just compensation. The Court ruled that a Board of Commissioners be constituted to assist the court to fairly determine the just compensation for the property taken. Parties have submitted their respective nominees to which the court ordered that they take their oath on June 1, 2023.

4. **PC v. Social Security System ("SSS")**
Regional Trial Court ("RTC") Makati Branch 61

Nature: This is a claim for damages involving the MAC imposed by PC on SSS amounting to PHP 71,458,020.00 by way of actual damages, exclusive of interest, surcharge, and other forms of damages. On 27 January 2020, PC filed a Motion for Judgment on the Pleadings.

Status: There are ongoing negotiation for compromise between the parties pending the resolution of the case. If no compromise is reached prior to the scheduled hearing, the pre-trial will proceed.

Cases involving directors and officers of Pryce Corporation:

The disclosure hereunder notwithstanding, it must be emphasized that these cases were filed due to alleged malfeasance by the said directors/officers in their capacity as such and allegedly in connection with the performance of their official functions.

The following are the cases pending against the directors and officers of the Company.

Pilipinas Shell Petroleum Corporation versus Pryce Gases, Inc. (PGI), et al.
I.S. No. 2005-56 for Trademark Infringement, Unfair
Competition, Violation of BP 33, Theft and Estafa.
Department of Justice, Manila.

Nature: The directors and officers of Pryce Gases, Inc. were implicated in this case because of the alleged existence of conspiracy. Neither the directors nor the officers issued any directive whatsoever, much less, passive acquiescence to commit fraud or crime for that matter. There is no basis, therefore, for the allegation of conspiracy.

Status: The matter is still pending for resolution of the Department of Justice (DOJ) on the Motion for Reconsideration (MR) of Pilipinas Shell.

LPGIA versus the Directors and Officers of Pryce Gases, Inc. and/or Oro Oxygen Corporation
Provincial Prosecution Office of Rizal
NPS Docket No. XV-18M-INV-15H-03386
For: Trademark Infringement, and Violation of BP 33 and RA 623
Department of Justice
OSEC-PR-RZL-2-051216-001
City Prosecution Office of Taguig
Trademark Infringement, and Violation of BP 33 and RA 623

Nature: The Complaints were filed indiscriminately against all the directors and officers of PGI and OOC because of presumed consent and acquiescence to commit the offenses. There is no allegation in the Complaints however that alleges with particularity the identity of offenders or how the offender is connected with the companies, much less the actual personal participation its board of directors and officers in the alleged commission of the offenses. Complainant further bases its Complaint, among others, on noticeably intercalated invoices, for which countercharges of falsification have been filed.

Status: The matter is still pending for resolution of the DOJ on the Motion for Partial Reconsideration of PGI Officers and LPGIA. However, the criminal case filed against Rudy T. Abuyog, et. al. is pending before the Taytay MTC. (*See* People v. Abuyog)

People of the Philippines vs. Rudy T. Abuyog, et al.
For: Violation of Sec. 2(a) in rel. to Sec. 3 (c) and Sec. 4, B. P. 33 as amended by PD 1865
Criminal Case No. 16-0186, Criminal Case No. 16-0187, Criminal Case No. 16-0188
Municipal Trial Court of Taytay

Nature: This case has its inception from NPS Docket No. XV-18M-INV-15H-03387 which culminated in the filing of criminal charges against the corporate officers.

Status: The Prosecution concluded its presentation and offer of evidence. The Accused then filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

Remarks: The Taytay MTC lost its case records. Thus, on 20 March 2023, a hearing was set for the reconstitution of the case records. After the hearing, the case is now submitted for resolution of the demurrer to evidence.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
Petron Corporation versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket Nos. XV-03-INV-17-H-3149 to 3150, XV-03-INV-17C-0909 to 0912
Trademark Infringement, Unfair Competition, and Violation of BP 33 and RA 623
Office of the City Prosecutor of Cavite City

Nature: Like in the foregoing Taytay and Taguig cases, the Complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiescence to commit the offenses, without allegation in the Complaints that particularly identifies the offenders or how they are connected with the company. Much less is there any showing of the actual personal participation its board of directors and officers in the alleged commission of the offenses.

Status: The cases were DISMISSED by the Cavite Prosecutor's Office. LPGIA filed a Petition for Review with the Department of Justice ("DOJ"). The Accused filed a Comment. The Petition is still pending resolution with the DOJ.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket No. II-07-INV-171-05786
Trademark Infringement and Violation of B.P. 33
Office of the Provincial Prosecutor of Bayombong, Nueva Vizcaya
Department of Justice

Nature: Similarly with the foregoing cases, complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiesce to commit the offenses.

Status: The cases were dismissed as against all directors and officers but for Mr. Rafael Escaño, as president of Pryce Gases, Inc., the charge being based solely on his position as such without showing any actual consent to the commission of the offense, much less any participation therein. On that basis, Mr. Rafael Escaño filed a Petition for Review with the Department of Justice where the case is still currently pending.

Meanwhile, in the case docketed as "People of the Philippines v. Rafael P. Escaño, Criminal Case No. 8236." Mr. Rafael Escaño filed his Demurrer to Evidence (Motion to Dismiss) which was later denied by the court. He then filed his Motion for Reconsideration for such denial, which was also denied. Thus, an appeal was filed before the Regional Trial Court of Bayombong, Nueva Vizcaya. However, the RTC affirmed the MTC's decision. Thereafter, a Petition for Review with a Motion for New Trial was filed before the Court of Appeals. We are waiting further order from the Court of Appeals

Eastern Petroleum Corp. versus Efren A. Palma
NPS Docket No. XV-03-INV-16H-2849
Provincial Prosecution Office of Cavite
Violation of BP 33 and RA 8293

Nature: Mr. Palma only became aware of the above-captioned Complaint when he received the

Resolution of the prosecutor in January of 2017. It is apparent from the records of the case that notices and other papers were delivered to the **wrong address** except, strangely, for the Resolution itself, which was delivered to the correct address**.** As such, Mr. Palma was not able to deny any wrongdoing by the company as alleged in the complaint and present his defenses, including especially that he is **not the President of Pryce Gases, Inc.,** nor is he managing the erring refilling plant or personally involved in the day-to-day operations of the company. It would have been easily verifiable from the public documents, which were attached to the complaint itself, that Mr. Palma's position in Pryce Gases, Inc. is as Chief Financial Officer.

Status: On motion for reconsideration, the resolution was reversed and charges against Mr. Palma have been dismissed. It appears that Eastern Petroleum Corp. did not file a Petition for Review before the DOJ since we have not received any order from DOJ.

As for the perjury case, the complaint filed by Mr. Palma against Mr. Ubaldo was dismissed. A Petition for Review was filed before the DOJ. Still awaiting resolution of the Petition for Review.

Republic Gas Corporation, rep. by: Wilbert R. Sanchez vs. Rafael P. Escano, Salvador P. Escano and Efren A. Palma
NPS Docket No. III-08-INQ-19-F-00208
Office of the City Prosecutor, Meycauayan, Bulacan
For: Trademark Infringement

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City in another criminal case against Pryce Gas Meycauayan refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas Meycauayan refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement were filed against them (docketed as P. v. Barug et al, Crim. Case No., 3215-M-2019). As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. even though no direct participation by the said officers could be inferred.

Status: In the Resolution dated 02 January 2020, the Prosecutor's Office dismissed the complaint against Messrs. Salvador P. Escaño, et al. To date, no motion for reconsideration or petition for review is filed.

Instead, it appears that REGASCO pursued People v. Barug, et. al. ("Barug Case"). Notably, a universal compromise agreement was entered into by Pryce Gases, Inc. and REGASCO, which includes the Barug Case. Thus, for the next hearing of the Barug Case, the compromise agreement will be presented for approval by the court and the parties will move for its provisional dismissal.

Republic Gas Corporation, rep. by: Efren J. Almojuela vs. Rafael P. Escano, Salvador P. Escano, and Efren A. Palma
NPS Docket No. XV-18m-INQ-19F-04363
Provincial Prosecution Office of Rizal, Taytay, Rizal;
For: Trademark Infringement,

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas/Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement (docketed as People vs. Rabago et al, Criminal Case No. 19-932) was filed against him. As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. before the Office of the City Prosecutor of Taytay, Rizal, even though their direct participation could not be inferred.

Status: The OCP Taytay dismissed the charges against Salvador P. Escaño et al. The case for Trademark Infringement was filed before the RTC Binangonan because there is no RTC at Taytay City. The Motion for Preliminary Investigation for RPE, SPE and EAP was denied. Warrant of arrest was issued. Bail was posted. We will file a Motion for Reconsideration to the Order denying the Motion for Preliminary Investigation upon receipt of the Order. The Motion to Quash Search Warrant is still pending.

An information was filed against Rafael P. Escano, Salvador P. Escano, and Efren A. Palma and Israel Rabago. However, this case is covered by the aforementioned universal compromise agreement between PGI and REGASCO. On 10 February 2023, the case was provisionally dismissed and the cash bonds were ordered released.

People of the Philippines vs. Mr. Rudy T. Abuyog, Salvador Escano, et. al
Municipal Trial Court of Taytay
For: Violation of B.P. 33, Municipal Trial Court of Taytay

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen. The charges for Trademark Infringement and violation of RA 5700 were dismissed. An Information for violation of BP. 33 was filed against Mr. Rudy Abuyog, SPE and other corporate officers of Oro Oxygen. The criminal case was filed with the MTC Taytay.

Status: After the presentation of the prosecution's evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending for resolution.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al.
OCP Case no. XV-16-INV-15H-00628
Office of the City Prosecutor of Taguig City
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas Taguig refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Taguig refilling plant. During the raid, LPG cylinders bearing the trademark of LPGIA-member companies were confiscated inside the Taguig refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.

Status: The OCP Taguig DISMISSED all charges against the respondents. LPGIA filed its Motion for Reconsideration. The Respondents filed their Comment/Opposition to LPGIA's Motion for

Reconsideration. LPGIA's Motion for Reconsideration is still pending for resolution.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al
OSEC-PR-RZL-2-051216-001
Office of the City Prosecutor of Taytay) Department of Justice
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
The OCP Taguig resolved to dismiss all charges against SPE and other officers of Oro Oxygen but recommended the filing of an Information for violation of B.P. 33 as against Mr. Rudy Abuyog, in his capacity as the president of Oro Oxygen. The case was filed with the MTC Taytay.

LPGIA filed a Petition for Review with the DOJ questioning the OCP Taytay's dismissal of the charges against Salvador Escaño et al. The DOJ reversed the OCP Taytay and recommended the filing of B.P. 33 charges against Salvador Escaño et al. An Amended Information was filed with the MTC Taytay thereby impleading Messrs. SalvadorEscaño et al., as additional accused.

The Respondents filed a Motion for Reconsideration questioning the DOJ's Resolution.

Status: The parties' respective Motion for Partial Reconsideration are still pending review with the DOJ.

OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's shares are listed in the PSE. The table below shows the quarterly high and low prices PC's shares (stock symbol: "PPC") traded for the years 2021 and 2022.

Year	High	Low
2021		
First Quarter	6.60	5.00
Second Quarter	5.72	5.17
Third Quarter	5.50	5.25
Fourth Quarter	5.87	5.40
2022		
First Quarter	6.18	5.40
Second Quarter	5.84	5.21

Third Quarter	5.53	5.20
Fourth Quarter	5.73	5.00

At the last trading date of the year, December 29, 2022, the closing market price of the Company's stock was P5.05 per share.

Trading of PC's shares was previously suspended on two occasions, both of which pertain to the Company's corporate rehabilitation. The first was shortly after the Company filed its petition for corporate rehabilitation with the Commercial Court on July 9, 2004. This suspension was subsequently lifted on January 26, 2005 after the Commercial Court approved the company's corporate rehabilitation plan on January 17, 2005. The second suspension came on June 5, 2006 as a result of the ruling of the CA on the petitions for review (of PC's rehabilitation plan approved by the Commercial Court) filed separately by creditor banks CBC and BPI before different divisions of that appellate court. These cases reached the SC and were resolved in favor of PC, which are discussed under the heading Corporate Rehabilitation in Item 1 of Part 1 above, of this report. On March 16, 2015, following the SC's favorable decision, trading suspension of PPC shares was lifted by the PSE, resulting in the active trading of the shares.

Public Ownership of PC shares as of December 31, 2022

	% to Total Outstanding Shares	Number of Shares
Total Outstanding & Issued Shares	100%	2,024,500,000
Less: Treasury Common Shares		128,809,831
Number of Outstanding Common Shares		1,895,690,169
Less:		
Directors	3.18%	60,428,916
Senior Officers	0.00%	28,249
Substantial Stockholders (affiliates)	15.50%	293,822,512
Affiliates (others)	8.78%	166,350,952
Sub-total	27.46%	520,630,829
Shares owned by the public	72.54%	1,375,059,540

On Dec 13, 2017, the SEC approved the Company's request for increase in authorized capital stock from Two Billion Pesos (Php 2,000,000,000.00) divided into two billion (2,000,000,000) shares with par value of one peso (Php 1.00) per share to Two Billion Ninety-Eight Million Pesos (Php 2,098,000,000.00) divided into two billion ninety-eight million (2,098,000,000) shares with par value of Php 1.00 per share.

This action also allowed for the subscription by an affiliate of the Company (Josefina Multi-Ventures Corporation) to 24,500,000 shares at the subscription price of Php 5.00 per share under the placing and subscription transaction disclosed to the Philippine Stock Exchange on December 7, 2016, and, otherwise, to allow the company to expeditiously raise funds via stock subscriptions.

Holders

As of March 31, 2023, the company has 366 stockholders; 98.32% of the outstanding shares as of date hereof are registered in the name of persons who are citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of the capital of which is owned by Philippine citizens.

Top 20 Shareholders as of March 31, 2023

Rank	Stockholder's name	Total Holdings	Percent to Total
1	GUILD SECURITIES, INC.	1,017,140,468	53.64%
2	PCD NOMINEE CORPORATION	404,883,711	21.35%
3	HINUNDAYAN HOLDINGS CORP.	160,708,000	8.47%
4	JOSEFINA MULTI VENTURES CORPORATION	133,114,512	7.02%
5	PRYCE DEVELOPMENT CORPORATION	61,800,000	3.26%
6	SALVADOR P. ESCANO	33,492,660	1.77%
7	PCD NOMINEE CORP. (NON FILIPINO)	31,833,252	1.68%
8	SOL F. ESCANO	27,909,000	1.47%
9	CBC T/A #501-0091	4,528,720	0.24%
10	JGF HOLDINGS, INC.	3,221,427	0.17%
11	NOTRE DAME OF GREATER MANILA	2,300,000	0.12%
12	PRYCE PLANS, INC.	1,830,000	0.10%
13	SALVADOR P. ESCANO ITF PRYCE DEVELOPMENT CORP.	1,684,450	0.09%
14	PRYCE SECURITIES, INC.	1,008,000	0.05%
15	JACK &/OR FRANK GAISANO &/OR EDWARD &/OR MARGARET GAISANO	575,000	0.03%
16	ARTURO L. SUBIJANO	469,000	0.02%
17	CBC T/A #501-0091 FAO: PPI	450,000	0.02%
18	FERNANDO L. TRINIDAD ITF PRYCE DEVELOPMENT CORP.	417,000	0.02%
19	LUIS C. NG	322,000	0.02%
20	RANDY U. CORTEZ &/OR GRACE M. CORTEZ	314,800	0.02%

* Salvador P. Escaño and Sol F. Escaño are spouses

Dividend History

In 1994, the Company declared and paid cash dividends of P0.02 per share. In 1995, the Company declared cash dividends amounting to P0.04 per share to stockholders on record as of January 25, 1995 and P0.03 per share to stockholders on record as of September 10, 1995. These cash dividends were paid on February 8 and September 30, 1995, respectively.

In 1997 the Company declared a 15% stock dividend to stockholders on record as of April 10, 1997; these dividends were paid on April 16, 1997.

On November 11, 2016, PC's Board of Directors approved the adoption of a dividend policy wherein 50% of the prior fiscal year's consolidated net income after tax will be distributed in cash to the shareholders as dividends. Dividend declaration and payout is however subject to the requirements of existing laws and rules and regulations and may be restricted by circumstances such as, but not limited to the need for substantial capital outlays for expansion programs or working capital, its earnings, cashflow, financial condition, capital investment requirements and other factors. The Board may, at any time, revise this dividend policy depending on the results of operations and future projects and plans of the company.

In recent years, the Company declared cash dividends on the following dates: December 22, 2017; June 7, 2018; December 14, 2018; May 17, 2019; December 6, 2019, May 18, 2020, November 27, 2020, May 21, 2021, December 6, 2021, April 29, 2022, and December 9, 2022. The latest cash dividend declaration was on April 28, 2023. All of these cash dividends were sourced from unrestricted retained earnings of the company. The cash dividends for the period 2017 until 2021 were each paid at the rate of Php 0.12 per common share. For the period 2022, cash dividends were declared at the rate of Php 0.14 per share. The latest cash dividend declaration was on April 28, 2023 at Php 0.14 per share.

Shares' Buyback Program

On November 16, 2018, the Board of Directors of the Company ("the Board") approved the buyback of its common shares under the following terms:

- The buy-back program shall be for a term of 24 months commencing on November 20, 2018 up to November 19, 2020.
- The Company shall be authorized to repurchase up to Php 500 million worth of common shares.
- The buy-back program shall be executed in the open market through the trading facility of the Philippine Stock Exchange.
- Repurchased shares shall be booked as treasury shares.
- The buy-back program shall be implemented in an orderly manner and should not adversely affect the Company's and its subsidiaries' prospective and existing projects.

As at November 19, 2020, the total number of shares repurchased was 83,572,731, equivalent to Php 390,388,227.30 or 78% of the total fund of Php 500 million earmarked for the buy-back program. Thus, there is an unspent balance of Php 109,611,772.70. Then on November 27, 2020, the Board approved two resolutions in relation to PPC's buyback program under the following terms and conditions:

- The Board approved the extension of the aforesaid buyback program from November 19, 2020 up to such time when the appropriated Php 500-million fund has been totally spent for the purpose;

- Further, the Board approved that after the aforesaid Php500-million fund has been totally consumed, another buy-back program (Second Buy-back Program) will follow for which a similar fund of Php 500 million will be set aside and will last for one year.

As before, the buyback programs shall be executed in the open market through the trading facility of the Philippine Stock Exchange. Repurchased shares shall be booked as treasury shares.

The unspent balance on the 1st Buyback program was fully spent by October 5, 2021, from which date the 2nd Shares Buy-Back started. One year later, the 2nd Shares Buy-back Program had an unspent balance of Php 363,296,636.70 as of October 5, 2022. The Board then approved a continuation of the 2nd Shares Buy-back Program for another period of one (1) year , or until October 5, 2023.

As at December 31, 2022, the cumulated number of repurchased shares is 128,809,831 shares, equivalent to Php 636,703,363.30. Of the total fund of Php 500 million earmarked for the 2nd buy-back program, Php 136,703,363.30 has been spent for the buyback of shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators (KPIs): 1st Qtr 2023 vs. 1st Qtr 2022; whole years 2022 vs. 2021

PC (consolidated) for the interim periods of 1st Qtr: 2023 and 2022

	1st Qtr 2023	***1st Qtr 2022***
% Growth in Revenues: 9.89%	Php 5.182 billion	Php 4.716 billion
% Sales Volume Growth (LPG): 38%	96,080 MT	69,426 MT
Price movement: Contract Price (CP) 11.72% decrease	US$ 708.17 per metric ton	US$ 802.17 per metric ton
% Increase/ (Decrease) Gross Margin: 15.24%	25.94%	22.51%
% Increase/ (Decrease) in Income: 27%	Php 511.54 million	Php 402.77 million
Current ratio	1.51	1.60
Total Debt-to-Equity ratio	0.44	0.43

PC and Subsidiaries (consolidated) based on audited FS: 2022 vs. 2021 (whole years)

	2022	***2021***
% Growth in Revenues: 22%	Php 18.77 billion	Php 15.37 billion
% Sales Volume Growth (LPG): 2%	276,708 MT	271,242 MT
Price movement: Contract Price (CP) 15.74% increase	US$735.04 per metric ton	US$635.08 per metric ton
% Increase/ (Decrease) Gross Margin: -11.40%	23%	26%
% Increase/ (Decrease) in Income: -11.13%	Php 1.686 billion	Php 1.897 billion
Current ratio	1.40	1.45
Total Debt-to-Equity ratio	0.48	0.49

	Explanations/remarks
Revenue and Volume Growth	This is a measure of how the company is able to efficiently expand its operations and harness its resources (given its more-than-adequate storage and production capacities) to create more revenues and cash flows over time. It also reflects on the capability of management to grow the enterprise.
Price movement (LPG)	This is a major concern because over 90% of company revenues emanate from the sale of LPG, a product with volatile import cost and sometimes elastic demand with respect to price. This happens because the bulk of demand is driven by households buying LPG as cooking gas, households being a price-sensitive market (although recent trends seem to go against this pattern). The business is also subject to political pressures, being part of the oil industry. The rise and fall of local LPG prices follow the international contract price or Saudi contract price ("CP" for short).

Profitability: Gross Margin and Net Income	The ability to control cost and realize profits are always of paramount importance to an enterprise. In the case of the Company, it has limited control over the import cost of its largest product line, LPG, because the international contract price (CP) is established in the Middle East, so retail pricing is the key to profitability. Its industrial gas operations are profitable but the Company has to temper the movement in selling price to prevent inroads from competitors. The Company's real estate division (memorial parks) is a very-high margin operation but accounts for only a small percentage of revenues.
Liquidity: Current ratio and Debt-to-equity ratio	The importance of having cash and liquid assets to fund operating requirements, to purchase supplies/inventories, and to service maturing debts cannot be overemphasized.

Results of Operations and Detailed Discussion on Performance Indicators

Q1 2023 compared to Q1 2022 (Quarterly)

Pryce Corporation and its subsidiaries registered a 27% year-on-year growth in net income, from Php 402.77 million to Php 511.54 million for the first quarter of 2023. Likewise, consolidated revenues increased from Php 4.72 billion to Php 5.18 billion, or a growth of almost 10%. These growths were mainly driven by the company's liquefied petroleum gas (LPG) products, as they account for more than 90% of the consolidated revenues.

The company's LPG business contributed 94.82% to the Company's consolidated revenues, whereas the industrial gas products segment provided 3.82%. Sales from the group's real estate and pharmaceuticals businesses accounted for the balance of 1.36%.

Liquefied Petroleum Gas (LPG) and industrial gases are products of Pryce Gases, Inc. (PGI) – a subsidiary of the parent company Pryce Corporation (PC). Real estate sales is under Pryce Corporation (PC); while vitamins and supplements are handled by Pryce Pharmaceuticals, Inc. (PPhI), also a subsidiary of PC. Oro Oxygen Corporation (OOC) is a subsidiary of PGI, which distributes LPG and industrial gases in Luzon.

Revenue and Volume Growth

The almost 10% growth in consolidated revenues, mentioned above, is mainly attributable to the 9.88% increase in revenues from LPG products, consisting of sales of LPG cooking gas, cylinders, gensets, stoves, and accessories. LPG revenues contributed the largest at Php 4.91 billion or 94.82% of aggregated revenues. The following comprise the balance: industrial gases, Php 197.92 million (3.82%); real estate, Php 59.02 million (1.14%); and pharmaceutical, Php 11.49 million (0.22%).

Sale of LPG cooking gas covered about 97% of total revenues on LPG products. Sales volume of LPG (cooking gas) for the year increased by 38%, albeit they include bulk sales [as opposed to retail sales] which have little margin. Sales volume of industrial gases expanded by 44%.

Industrial gas revenues went up by 11.17% to Php 197.92 million. Real estate sales increased by 8.64% to Php 59.02 million. Sales on pharmaceutical products also increased by 2.34% to Php 11.49 million.

Market Demand and Price Movement

The international contract price of LPG in the world market (or "CP") has direct influence on local LPG prices. Through the above-same comparative quarters, the average LPG contract price (CP) decreased from US$ 802.17 per MT (2022) to US$708.17 per MT (2023), or a fall of 11.72%. The peso-sale revenue of LPG would have been much higher had it not been for said fall in average CP.

Amid the LPG industry's sluggish growth during the past 4 years, PGI had a 10% average growth in annual sales volume, based on data from the Department of Energy (DOE).

Competition

PGI is one of the major players in the LPG industry, especially in the Visayas and Mindanao regions. It has a market share of 15% based on DOE's latest data (Q3-2022). As reported in our annual report, PGI's market shares are: 11% in Luzon (including NCR); 23% in Visayas; and 28% in Mindanao.

Over the past several years, Pryce's nationwide expansions in its marine-fed terminals, refilling plants, and sales centers, with deliberate attention to their strategic locations, is leading to an increasing presence of the PRYCEGAS brand in the country. The company believes that its current market share of 15% (per DOE's 3Q-2022 report) will increase further in 2023, amid the aforesaid sluggish growth of the LPG industry in recent years.

Profitability

Gross margin rose to 26.6% for the year practically equaled the previous year's margin; such rise was on account of higher sales of LPG products as mentioned above. The Company delivered a first-quarter net income of Php 511.54 million during the year, 27% higher than 2021's Php 402.77 million.

The increasing presence of the PRYCEGAS brand in the country, as mentioned above, have gradually yielded positive results in terms of increases in revenue, income, and market share. This augurs well for the company's outlook on growth expectations for 2023.

Liquidity

Liquid assets of the company as of March 31, 2023 aggregated Php 3.281 billion, consisting of Php 2.405 billion of Cash and Php 876 million of financial assets at FVPL. These liquid resources had an increase of 4.90% from the audited figure of Php 3.128 billion as of December 31, 2022. Other liquid assets of the company are Trade and Other Receivables in the amount of Php 800 million

Current ratio as of March 31, 2023 was at 1.51:1 while total debt-to-equity ratio stood at 0.44:1.

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2023 (March 31, 2023)	**2022 (March 31, 2022)**	Percent Growth/ (Decline)
REVENUE	5,182,997,022	4,716,162,682	9.89%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2023 (March 31, 2023)	**2022 (March 31, 2022)**	Percent Growth/ (Decline)
LPG (in MT)	96,080	69,426	17%

The measurements of profitability are shown below.

	2023 (March 31, 2023)	**2022 (March 31, 2022)**
Return on Assets (%)	2.80%	2.20%
Return on Equity (%)	4.09%	3.20%
Net profit margin (%)	12.14%	9.70%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2023 (March 31, 2023)	**2022**
Current ratio	1.51	1.60
Debt to equity ratio	0.44	0.43

Balance Sheet Changes

Compared to the December 31, 2022 audited accounts, the considerable movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	5.47%	Increase in income
Prepayments and other current assets	(16.78%)	Application of creditable withholding tax and input VAT.
Dividends payable	(89.22%)	Payment of cash dividends.
Income Tax Payable	(27.20%)	Payment of income tax
Customer's deposits	48.56%	Additional deposits for real estate products
Retirement benefit obligations	(28.85%)	Additional cash contribution to the retirement fund
Retained Earnings	7.20 %	Due to net income in Q1-2023
Non-controlling interest	5.71%	Share in net income in Q1-2023

Results of Operations (Annual)

2022 Compared to 2021

The Company registered consolidated revenues of Php18.77 billion in 2022. This is an increase of 22% from the previous year's figure of Php15.37 billion. However, the consolidated net income amounted to Php1.69 billion, a decrease of 11% from year-ago net income of Php1.90 billion. This decrease is due to high operating expenses, as a result of continued expansion in facilities and operations, and increase in income tax due to expiration of income tax holidays with respect to some BOI-registered projects.

LPG products normally cover more than 90% of the consolidated revenues. The contribution to revenues is broken down by product line, as follows: LPG products, Php 17.71 billion (or 94.37% of total); industrial gases, Php 733.81 million (3.91%%); real estate sales Php 267.03 million (1.4%); and pharmaceutical products, Php 54.91 million (0.3%).

LPG products under the PryceGas brand and industrial gases are product lines of PGI, real estate sales are under the holding company Pryce Corporation while pharmaceutical products (mostly vitamins and supplements) are the products of Pryce Pharmaceuticals, Inc. (PPhl). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG and gases in Luzon. PGI and PPhI are direct subsidiaries of Pryce Corporation.

Revenue and Volume Growth

The Company posted a 22% growth in consolidated revenues from Php 15.37 billion in 2021 to Php 18.77 billion in 2022. The revenue growth is mainly accounted for by higher sales of LPG products, consisting of LPG cooking gas (LPG), cylinders, gensets, stoves, and accessories.

Sales volume of LPG (cooking gas) increased to 276,709 MT (in 2022) from 271,242 MT. The LPG's higher international contract price (or CP) also helped in said revenue growth, as it averaged at US$ 735.04/MT in 2022, which is 15.74% higher than US$ 635.08/MT in 2021.

Sale of industrial gases went down from Php 874.04 million in 2021 to Php 733.81 million in 2022. This was chiefly because of the decreased demand for medical oxygen as 2022 saw considerable decline in COVID-19 cases.

Revenues from real estate went up by 30.68% to Php 267.03 million in 2022, from Php 204.33 million in 2021. Likewise, revenues from pharmaceuticals increased by 19.81% to Php 54.91 million, from Php 45.83 million.

Price Movement and Market Demand

Local LPG price varies with the rise or drop of the CP. The CP continued its uptrend in 2022, as COVID-19 infections slowed down while the economy improved with a 7.6% GDP growth. During the year under review, CP began at US$719/MT in January 2022, rising to as high as US$954/MT in April, then decreased to as low as US$ 569/MT in October before rising to US$650/MT in December. Average CP in 2022 was at US$735.04 per MT, or 15.74% higher than the average CP of US$635.08 per MT in 2021.

As of 2022's 3rd quarter data from the Department of Energy, industry demand for LPG slightly dipped by 1.18% due to inflationary pressures: from 1,357 kilo-metric tons in 2021 to 1,341 kilo-metric tons in 2022. During the pandemic period (2020 – 2022), PGI had an average growth in sales volume of 10%, a sharp contrast to the industry's negative average rate of -0.67%.

Competition and Market Share

PGI remains a major player in the Philippine LPG market. Its market share increased in 2022 to 15%, an improvement over the year-ago market share of 13%, based on DOE's 3rd quarter figures. Regionally, PGI's market shares are: 11% in Luzon (including NCR); 23% in Visayas; and 28% in Mindanao.

Over a 15-year period, PGI's percentage market share has increased steadily to 15% in 2022, a 5-fold increase from that of 3% in 2007. Most of the other industry players, however, had decreasing market shares over the same period. Within the medium term, the company expects its market share to further increase as a result of the following: (a) expansions in PGI's operations, network, and facilities; (b) aggressive marketing efforts; and (c) the positive effects of the implementation of the LPG Industry Regulation Law (R. A. 11592), which seeks to eliminate certain generic brands that employ unsafe and illegally refilled cylinders.

Profitability

Gross profit (income after cost of sales) came to Php 4.319 billion during the year. Operating expenses amounted to Php 2.120 billion, resulting in net operating income of Php 2.199 billion, which is a very slight growth of 0.3% over the year-before figure. Other income and charges, consisting of finance cost, fair value loss on financial assets at FVPL, and other income sources, is a negative Php 139.54 million, thereby yielding a pre-tax income of Php 2.059 billion.

Provision for income tax is in the amount of Php 372.53 million, so that the resulting net income after tax is Php 1.687 billion.

The total comprehensive income amounted to Php 1.687 billion in 2022, versus last year's Php 4.524 billion. The previous year's comprehensive income was higher since a revaluation was performed on assets under property, plant, and equipment.

Liquidity

As at December 31, 2022, total liquid assets amounted to Php 3.91 billion, consisting of Php 2.28 billion in cash, Php 847.87 million in financial assets at fair value (equity securities), and Php 780.56 million of trade receivables. This is a 0.15% decrease from the Php 3.91 billion balance in 2021. Liquidity ratios decreased from 1.45 in 2021 to 1.40 in 2022.

Numerical Performance Indicators

The measures of revenue growth and sales performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2022	**2021**	Percent Growth/ (Decline)
REVENUE	18,767,883,949	15,372,402,447	22%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2022	**2021**	Percent Growth/ (Decline)
LPG (in kgs)	276,708,658	271,241,606	2%

The measurements of profitability are shown below.

PROFITABILITY
Pryce Corporation & Subsidiaries

	2022 (Dec. 31, 2022)	2021 (Dec. 31, 2021)	Percent Growth/ (Decline)
Return on Assets (%)	9.47%	12.09%	(21.66%)
Return on Equity (%)	14.07%	17.91%	(21.45%)
Net profit margin (%)	10.97%	14.13%	(22.36%)

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2022	**2021**
Current ratio	1.40	1.45
Debt to equity ratio	0.48	0.49

Balance Sheet Changes

The significant movements in balance sheet accounts compared to the December 31, 2021 audited financial statements are as shown below.

Account name	% Change	Reasons
Cash	-13.22%	Due to various payments
Financial Assets	5.31%	Increase in market value and new acquisition of marketable securities
Trade and other receivables	61.91%	Increase in sales
Inventories	6.33%	Increase in sales volume and increase in LPG importation
Real estate projects	30.02%	Additional acquisition of real property and construction in progress
Prepayments and other current assets	-42.80%	Application of creditable withholding tax and input VAT
Property plant and equipment	7.93%	Additional CAPEX and appraisal increments
Deferred tax assets	5.31%	Additional recognition of deferred tax assets
Other non-current asset	-14.50%	Collection of advances from contractors/suppliers
Dividends Payable	15.37%	Declaration of dividends
Income tax payable	241.53%	Additional recognition of income tax

Customer's deposits	-55.45%	Recognition of deposits to revenue
Lease liabilities	-11.93%	Payments on lease
Short-term debts	24.88%	Additional availments of short term loan
Retirement benefit obligations	-50.56%	Additional cash contribution for the benefit obligation to the retirement fund
Retained earnings	16.10%	Due to net income of 2022
Treasury stock	24.21%	Additional buy-back of shares by parent company
Non-controlling interest	11.09%	Due to share in net income 2022

Plans and Prospects (for 2023)

On September 12, 2022, the Company conducted the blessing of its first outdoor columbarium in Cagayan de Oro Gardens. This outdoor columbarium contains 6,880 vaults and was built near the cliff-like portion of the Cagayan de Oro Gardens memorial park, which overlooks the Cagayan de Oro River and nearby hillsides. It takes advantage not only of the scenery but also of the existing trees and foliage in the property. It thus comes out as aesthetically soft, far different from the somber or eerie columbaries that are contained in concrete structures.

In Davao, a similar columbarium, having 9,920 vaults, is nearing completion, and should be operational, with permits secured, possibly within the 3rd half of 2023. Another columbarium in Iligan, with 6,400 vaults, is underway and is estimated to be finished by the 4th quarter of 2023. More columbariums will be established in the other memorial parks of the Company, which are located in the major and secondary cities of Mindanao.

As stated in our previous annual report, the Company believes there will be a shift in burial preference: from interment in memorial lots to inurnment in columbarium vaults. The advantage of columbariums is that they are compact, as they contain multiple niches built vertically one on top of another. This achieves an efficient and optimal use of land resource. Moreover, the revenue earned from a columbarium vault is several times that of a memorial lot, for the same amount of area utilized. Gross margin for such columbariums are higher since they will be built on existing lands of the memorial parks that have been paid for way back when such parks were built.

In January 2023, the Company completed its 10th import marine terminal in Lila, Bohol. It has a storage capacity of 4,000 metric tons and is the biggest in Central Visayas. It received its maiden LPG load on January 26, 2023. This brings the Company's aggregate storage capacity of all its marine terminals to 38,840 MT. More refilling plants will be built nationwide in 2023. These actions are consistent with further enlarging the scope of, and deepen the reach into the, LPG retail-market areas, thereby making our LPG products more accessible to customers. These, coupled with aggressive marketing efforts, will enable the Company to generate more sales revenues and income in the near term.

<u>2021 Compared to 2020</u>

Amid the pandemic, the Company's consolidated revenues in 2021 grew by 31.04%, from Php 11.731 billion to Php 15.372 billion. This growth was primarily driven by increased sales volume of LPG (cooking gas) and higher LPG contract prices (otherwise known in the industry as "CP"). The comprehensive income registered a growth of 178.79% from Php 1.623 billion to Php 4.524 billion.

The contribution to revenues is broken down by product line, as follows: LPG products consisting of cooking gas, gensets, cylinders, gas stoves, and accessories, Php 14.248 billion (or 92.69% of total); industrial gases, Php 874.04 million (5.69%); real estate sales, Php 204.33 million (1.33%); and pharmaceutical products, Php 45.83 million (0.29%).

LPG products under the PryceGas brand and industrial gases are product lines of Pryce Gases, Inc. ("PGI"), real estate sales are under the holding company Pryce Corporation while pharmaceutical products (mostly vitamins and supplements) are the products of Pryce Pharmaceuticals, Inc. (PPhl). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG and gases in Luzon. PGI and PPhI are direct subsidiaries of Pryce Corporation ("the Company").

Revenue and Volume Growth

The Company's consolidated revenue in 2021 grew by 31.04% at Php 15.372 billion compared to 2021's Php 11.731 billion. This growth was driven mainly by the 11.86% increase in the sales volume of LPG from the previous year's 242,474 metric tons (MT) to 271,242 MT. Higher CP also contributed to such revenue growth, as it averaged at US$ 635.08/MT in 2021, which is substantially higher than 2020's US$ 401.75/MT by 58.08%.

There was a significant increase of 94.3% in revenues of industrial gases, from Php 449.87 million in 2020 to Php 874.04 million in 2021. This was chiefly due to the high demand for medical oxygen owing the high incidences of COVID-19 cases. Sale of other gases, such as nitrogen, argon, nitrous oxide, and CO2, also backed such increase in revenue.

Revenues from real estate went up by 13.25% or Php 204.33 million in 2021 over Php 180.43 million in 2020. Revenue from pharmaceuticals meanwhile decreased by 16.16% to Php 45.83 million from Php 54.67 million.

Price Movement and Market Demand

Domestic LPG prices are a reflection of the behavior of the international contract price or CP, which generally follows the trend of increase in oil prices. The CP of LPG was on an uptrend in 2021. CP opened at US$536/MT in January 2021, decreased to as low as US$481/MT in May, then increased to as high as US$ 842/MT in November before dropping to US$763.50/MT in December. Average CP in 2021 was at US$635.08 per MT, or 58.08% higher than the average of US$401.75 per MT in 2020.

Despite the uptrend in the price of LPG amid the Pandemic, local industry demand for LPG in 2021 somehow managed to grow by 3.5% from 1,744 thousand metric tons in 2020 to 1,805 thousand metric tons in 2021 as the country tried to recover economically towards the end of 2021. The data cited are based on the report of the Department of Energy (DOE).

Competition and Market Share

PGI has remained a major industry player in the Philippine LPG market. While the industry's demand has barely managed to grow, PGI's market share has increased in 2021 to 13.4%, which is 0.8% higher than its year-ago market share of 12.6%, per DOE figure. Regionally, its market shares are: 7.42% in Luzon (including NCR); 23.5% in Visayas; and 28.4% in Mindanao.

In the combined Visayas-Mindanao area, PGI is the 2nd largest player among five (5) players operating in that area. Luzon, however, is a fiercely competitive area where there are many competitors – six (6) import marine terminal operators and more than a hundred independent small to medium size refillers selling generic products. In the medium term, however, it is expected that certain generic brands that use unsafe cylinders and refill illegally will be eliminated under the implementation of the LPG Industry Regulation Law (R. A. 11592), which will regulate the LPG industry and ensure consumer protection against malpractices.

Profitability

Gross profit of the company (income after cost of sales) reached Php 3.994 billion during the year. Operating expenses totaled Php 1.801 billion, resulting in net operating income of Php 2.192 billion, representing growth of 19.56% from the year-before figure. Other income and charges, consisting of finance cost, gains on sale of marketable securities, and other income sources, was a negative Php 19.768 million, to yield a pre-tax income of Php 2.172 billion

The Company made provision for income tax in the amount of Php 274.57 million, resulting in a net income after tax of Php 1.898 billion, an improvement of 17.47% from the previous year's Php 1.616 billion.

The total comprehensive income amounted to Php 4.524 billion in 2021, a 178.79% improvement over last year's 1.623 billion.

Liquidity

As of yearend 2021, total liquid assets amounted to Php 3.921 billion, consisting of Php 2.627 billion in cash, Php 805.13 million in financial assets at fair value (equity securities), and 482.09 million of trade receivables. This denotes a 19.45% increase from the Php 3.277 billion balance in 2020. Liquidity ratios decreased from 1.56 in 2020 to 1.45 in 2021.

Numerical Performance Indicators

The measures of revenue growth and sales performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2021	**2020**	Percent Growth/ (Decline)
REVENUE	Php 15,372,402,448	Php11,731,506,094	31.04 %

VOLUME GROWTH

Principal Product – Liquefied Petroleum Gas			
	2021	**2020**	Percent Growth/ (Decline)
LPG (in kgs)	271,241,606	242,473,614	11.86%

The measurements of profitability are shown below.

PROFITABILITY			
Pryce Corporation & Subsidiaries			
	2021 (Dec. 31, 2021)	**2020 (Dec. 31, 2020)**	Percent Growth/ (Decline)
Return on Assets (%)	12.09%	14.61%	(17.21%)
Return on Equity (%)	17.91%	21.21%	(15.54%)
Net profit margin (%)	14.13%	17.46%	(19.06%)

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2021	**2020**
Current ratio	1.45	1.56
Debt to equity ratio	0.49	0.47

Balance Sheet Changes

The significant movements in balance sheet accounts compared to the December 31, 2020 audited financial statements are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	69.32%	Increase in income and availment of short-term loan
Financial assets at fair value	(41.46%)	Decline in value and sale of marketable securities
Trade and other receivables	37.70%	Increase in revenues and credit sales
Inventories	46.91%	Increase in sales volume and increase in LPG importation
Prepayments and other current assets	72.74%	Increase rental and other deposits and advance payment of local taxes
Property, plant and equipment (PPE)	56.50%	Additional CAPEX and appraisal of PPE
Right-of-use assets	34.86%	Additional recognition of right-of-use asset on leasehold
Deferred tax assets	10.41%	Additional recognition of deferred tax assets
Other non-current assets	(36.04%)	Collection of advances from contractors/suppliers
Trade and other payables	32.76%	Increase in purchases and various accruals
Short-term debts	52.20%	Additional availment of short term loans
Customers' deposits	84.36%	Increase in collection of deposits for real estate products
Lease liabilities (current)	24.36%	Additional accrual of finance cost
Income tax payable	(68.25%)	Payment of tax and reduction of income tax rate
Retirement benefits obligation	30.87%	Additional recognition of retirement benefit
Lease liabilities (noncurrent)	36.54%	Additional recognition of lease liabilities
Deferred tax liabilities	106.17%	Revaluation increment of appraised properties
Retained earnings	23.26%	Due to net income in 2021
Other comprehensive income	178.01%	Due to recognition of appraisal increment
Treasury stock	30.82%	Due to new buy back of shares by parent company
Non-controlling interest	14.00%	Due to increase in net income

2020 Compared to 2019

The Company posted consolidated revenues of Php 11.709 billion in 2020, up by 10.14% compared to 2019's Php 10.630 billion. This growth was driven mainly by sales of its LPG products consisting of LPG cooking gas (LPG), cylinders, gensets, stoves and accessories. LPG products consistently cover more than 90% of the consolidated revenues.

PPC's consolidated comprehensive income of Php 1.623 billion for the year is 6.85% higher than year-ago comprehensive income of Php 1.519 billion. Earnings per share likewise increased, from 0.692 in 2019 to 0.754 in 2020.

The contribution to revenues is broken down by product line, as follows: LPG products consisting of cooking gas, gensets, cylinders, gas stoves, and accessories, Php 11.047 billion (or 94.35% of total); industrial gases, Php 449.87 million (3.84%); real estate sales, Php 157.56 million (1.35%); and pharmaceutical products, Php 54.67 million (0.47%).

LPG products under the PryceGas brand and industrial gases are product lines of PGI, real estate sales are under the holding company Pryce Corporation while pharmaceutical products (mostly vitamins and supplements) are the products of Pryce Pharmaceuticals, Inc. (PPhl). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG and gases in Luzon. PGI and PPhI are direct subsidiaries of Pryce Corporation.

Revenue and Volume Growth

The Company's revenue in 2020 is higher by 10.14% at Php 11.709 billion compared to 2019's Php 10.630 billion. Sales volume of LPG was the main revenue driver, which increased by 10.27% to 242,474 metric tons (MT) from the previous year's 219,884 MT.

There was a marginal decrease of 0.54% in revenues from industrial gases, from Php 452.30 million in 2019 to Php 449.87 million in 2020. This was due to the 2.8% drop in sales volume of industrial gas cylinders: 1.137 million cylinders in 2020 from the previous year's 1.170 million cylinders. Sales of medical and industrial oxygen accounted for 74% of industrial gas revenues, the balance consisting of revenues from acetylene and other gases.

Revenues from real estate was up by 22.96% or Php 157.56 million in 2020 over Php 128.14 million for 2019. Revenue from pharmaceuticals meanwhile increased by 7.15% to Php 54.67 million from Php 51.02 million.

Price Movement and Market Demand

Due to the Coronavirus Pandemic, which caused a drastic fall in global LPG demand, the average international LPG contract price ("CP") in 2020 dropped to U.S.$ 401.75 per metric ton, 8.60% lower than 2019's U.S.$ 439.54 per metric ton. The peso-sale of LPG would have been higher had it not been for such drop in average CP and, consequently, of domestic LPG prices.

Based on data from the Department of Energy ("DOE") market demand for LPG (cooking gas) went down by 4.33% from 1,823 thousand metric tons in 2019 to 1,744 thousand metric tons in 2020. This drop is due to the dampened economic activity caused by the Coronavirus Pandemic and the governments' dining restrictions on restaurants, malls, hotels, and, fast-food eateries, which utilize LPG as cooking gas. Such restrictions were imposed to curb the spread of the coronavirus infection. Moreover, many people were wary of dining out because of the risks posed by the virus.

Competition and Market Share

PGI is a major industry player in the Philippine LPG market with a market share of 13%, per DOE statistics. In the Visayas and Mindanao (Vis-Min) regions, PGI is the 2nd largest player in both regions. PGI's combined market share in Vis-Min is 25%. In Luzon, on the other hand, where the competition is much stiffer, PGI has an 8% share. Luzon has many competitors: five import terminal operators and more than a hundred independent small to medium size refillers selling generic products.

PGI's has a continuing expansion in its network of import terminals, refilling plants, and sales centers. Given that it already has the most complete and extensive LPG infrastructure nationwide, the additional expansions will enable it to further enlarge and solidify its market share.

Profitability

Gross profit of the company reached Php 3.13 billion during the year. Selling and general/administrative expenses totaled Php 1.30 billion, resulting in net operating income of Php 1.83 billion, for a slight growth of 1.18% from the year-before figure. Other income and charges, consisting of finance costs, and other income sources, reached Php 219.75 million, to yield a pre-tax income of Php 2.05 billion

The Company made provision for income tax in the amount of Php 432.77 million, resulting in a net income after tax of P 1.616 billion, an improvement of 6.37% from the previous year's Php 1.519 billion.

Liquidity

Total liquid assets as of yearend 2020 amounted to Php 3.277 billion, which covers cash, marketable securities, and receivables. It represents a 30.73% growth over the Php 2.507 billion in 2019. Current ratio increased from 1.53 in 2019 to 1.56 in 2020.

Balance Sheet Changes

Compared to the December 31, 2019 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	39.20%	Increase in income and availed short-term loans
Financial assets (marketable securities)	31.92%	Increased market value, acquisition of marketable securities
Inventories	44.20%	Increased LPG importation due to increase in sales demand
Prepayments and other current assets	-21.64%	Decreased rentals and lesser input VAT
Advances to related parties	-100%	Collections made on these accounts
Property, plant and equipment	5.13%	Additional capital expenditures
Right-of-use assets	53.58%	Additional recognition of right-of-use asset on leasehold
Other non-current assets	8.29%	Additional advances to contractors/suppliers
Trade and other payables	56.47%	Increase in purchases and various accruals
Short-term debts	5.77%	Additional availed short term loans
Customers' deposits	41.43%	Increase in collection of deposits for real estate products
Lease liabilities (current)	77.47%	Additional accrual of finance cost
Income tax payable	-26.40%	Due to payment and reduced income tax rate
Retirement benefits obligation	-9.79%	Due to payments/contributions to retirement fund
Lease liabilities (noncurrent)	45.41%	Due to payment of lease liabilities
Retained earnings	22.97%	Due to net income of 2020
Treasury stocks	104.49%	Additional buy-back of shares by parent company
Non-controlling interest	14.50%	Due to increase in net income

Numerical Performance Indicators

The measures of revenue growth and sales performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2020	**2019**	Percent Growth/ (Decline)
REVENUE	Php 11,708,642,164	Php 10,630,299,264	10.14%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2020	**2019**	Percent Growth/ (Decline)
LPG (in kgs)	242,473,614	219,883,572	10.27%

The measurements of profitability are shown below.

PROFITABILITY			
Pryce Corporation & Subsidiaries			
	2020	**2019**	Percent Growth/ (Decline))
Return on Assets	15.06%	16.22%	(7.19%)
Return on Equity	21.00%	22.00%	(4.28%)
Net profit margin	17.49%	18.41%	(4.98%)

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2020	**2019**
Current ratio	1.56	1.53
Debt to equity	0.47	0.43

Compliance with Corporate Governance

The Company has a Manual of Corporate Governance (the "Manual") to institutionalize sound corporate governance practices, enhance investor protection, and increase accountability. The Company has a Compliance Officer (as the Manual requires) who has direct reporting responsibilities to the Chairman of the Board of Directors and monitors compliance with corporate governance matters. The Manual was revised / updated in March 2011 and July 2014 pursuant to SEC circulars. The Company nevertheless continuously reviews and evaluates its corporate governance policies to ensure the observance of sound governance practices. Likewise, pursuant to the requirements of the Manual, different board committees are constituted at the Board's annual Organizational Meeting, right after the stockholders' meeting, on May 27, 2022, to wit:

Board - Audit Committee

The Board Audit Committee handles audit supervision and/or oversight functions, particularly ensuring compliance with regulatory and internal financial management standards and procedures, performing oversight financial management functions, approving audit plans, coordinating with internal and external auditors, elevating the company's audit procedures to international standards, and developing a transparent financial management system to ensure the integrity of internal control activities throughout the Company. The following are the members of the Board Audit Committee:

(i) Gener T. Mendoza – Chairman (Independent Director) (deceased – July 31, 2022)
(ii) Efren A. Palma – (Member)
(iii) Thomas G. Aquino – Member (Independent Director)

Board - Nomination Committee

The Board Nomination Committee pre-screens and shortlists candidates nominated to the board in accordance with the criteria spelled out in its Manual and at all times within the realm of good corporate governance. The following are the members of the Board Nomination Committee:

(i) Salvador P. Escaño – Chairman
(ii) Xerxes Emmanuel F. Escaño – Member
(iii) Thomas G. Aquino – Member (Independent Director)

Board - Compensation and Remuneration Committee

The Board Compensation and Remuneration Committee is primarily tasked to establish and evaluate formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration packages of the directors and officers, to designate the amount of remuneration, which shall be sufficient to attract and retain directors and officers needed to successfully run the Company, The members of the Board Compensation and Remuneration Committee are:

(i) Salvador P. Escaño – Chairman
(ii) Ramon R. Torralba, Jr. – Member (deceased - January 30, 2023)
(iii) Gener T. Mendoza – Member (Independent Director) (deceased – July 31, 2022)

The Company adopted the evaluation system proposed by the SEC in order to measure or determine the level of compliance of the Board of Directors and the Management with corporate governance practices. For the year 2022, the Company has substantially observed and complied with the provisions in the Manual and no culpable deviation from the Manual has been noted or observed.

The Company continuously reviews and evaluates its corporate governance policies to ensure the observance of sound governance practices. The evaluation system provided by the Commission always provides a good starting point in evaluating and improving the Manual. The Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) for 2021 on May 30, 2022. (Incorporated by references, in the I-ACGR, are the Company's Revised Manual on Corporate Governance and Sustainability Report, which can be seen at the Company's website: www.pryce.com.ph.).

****

Josema Ordenes <josema.ordenes@prycecorp.com>

Pryce Corporation_SEC 17-C(Q1-2023)_May 12, 2023

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Fri, May 12, 2023 at 11:01 AM
To: josema.ordenes@prycecorp.com

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**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at https://secexpress.ph/. Or you may call 8737-8888 for further clarifications.

NOTICE

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND SUBMISSION TOOL*** **(EFAST)**. **https://cifss-ost.sec.gov.ph/user/login**

such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS**)

Further, pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in **PORTABLE DOCUMENT FORMAT (PDF)** Secondary Reports such as:

17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR**, PNFS, MCG, S10/SEC-NTCE-EXEMPT**, through email at

ictdsubmission@sec.gov.ph

FOR **MC28**, please go to SEC website:

https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

CERTIFICATION

I, Jose Ma. C. Ordenes, Corporate Information & Compliance Officer, is a duly authorized representative of Pryce Corporation with SEC registration number 168063 and with principal office at 17th Floor Pryce Center, 1179 Chino Roces Ave., Makati City, do hereby certify and state that:

1. On behalf of Pryce Corporation, I have caused the preparation of the company's Quarterly Report for the period ended Mar. 31, 2023.
2. I have read and understood its content which are true and correct, of my own personal knowledge and/or based on true records;
3. Pryce Corporation hereby complies with the requirements and guidelines set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports, and/or documents through electronic mail;
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee, if applicable.

IN WITNESS WHEREOF, I have hereunto set my hands this 11 MAY 2023 day of ____________, 2023.

Jose Ma. C. Ordenes
Corporate Information & Compliance Officer

SUBSCRIBED AND SWORN to before me, a notary public, in the City of MAKATI, this ____ day of 11 MAY 2023, ______. Affiant personally came and appeared with government issued LTO ID No N26-08-001284, known to me as the same person who personally signed the foregoing instrument before me.

Doc. No. 76;
Page No. 19;
Book No. XXI;
Series of 2023.

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023;
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

COVER SHEET

1 6 8 0 6 3
S.E.C. Registration Number

P R Y C E

C O R P O R A T I O N

(Company's Full Name)

1 7 / F P R Y C E C E N T E R C H I N O

R O C E S A V E N U E M A K A T I C I T Y

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

Jose Ma. C. Ordenes / Earl Christian L. Lerio
Contact Person

(02) 8 899-4401
Company Telephone Number

1 2 — 3 1
Month — Day
Fiscal Year

1 7 - Q
FORM TYPE

0 5 — 2 7
Month — Day
ANNUAL MEETING

Secondary License Type, if Applicable

M S R D
Dept. Requiring this Doc.

Amended Articles Number/Section

366 (as of Apr 30, 2023)
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2023
2. Commission identification number 168063
3. BIR Tax Identification No. 000-065-142-000
4. PRYCE CORPORATION (formerly Pryce Properties Corporation)
5. Metro Manila, Philippines
6. Industry Classification Code:
7. 17th Floor Pryce Center, 1179 Chino Roces Avenue cor. Bagtikan St. Makati City 1203
8. (0632) 899-44-01 (Trunkline)
9. N. A.

   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA, as of March 31, 2023.

Title of Each Class	No. of Outstanding shares
Common Shares	1,895,690,169
Treasury Shares	128,809,831

11. Are any or all of the securities listed on a Stock Exchange?
    Yes { / } No { }
    Philippine Stock Exchange Common Stock

12. Indicate by check mark whether the registrant:

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

    Yes { / } No { }

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

    Yes { / } No { }

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Pryce Corporation and its subsidiaries registered a 27% year-on-year growth in net income, from Php 402.77 million to Php 511.54 million for the first quarter of 2023. Likewise, consolidated revenues increased from Php 4.72 billion to Php 5.18 billion, or a growth of almost 10%. These growths were mainly driven by the company's liquefied petroleum gas (LPG) products, as they account for more than 90% of the consolidated revenues.

Liquefied Petroleum Gas (LPG) and industrial gases are products of Pryce Gases, Inc. (PGI) – a subsidiary of the parent company Pryce Corporation (PC). Real estate is under Pryce Corporation (PC); while vitamins and supplements are handled by Pryce Pharmaceuticals, Inc. (PPhI), also a subsidiary of PC. Oro Oxygen Corporation (OOC), a subsidiary of PGI, distributes LPG and industrial gases in Luzon.

Revenue and Volume Growth

The almost 10% growth in consolidated revenues, mentioned above, is mainly attributable to the 9.88% increase in revenues from LPG products, consisting of sales of LPG cooking gas, cylinders, gensets, stoves, and accessories. LPG revenues contributed the largest at Php 4.91 billion or 94.82% of aggregated revenues. The following comprise the balance: industrial gases, Php 197.92 million (3.82%); real estate, Php 59.02 million (1.14%); and pharmaceutical, Php 11.49 million (0.22%).

Sale of LPG cooking gas covered about 97% of total revenues on LPG products. Sales volume of LPG (cooking gas) for the year increased by 38%, albeit they include bulk sales [as opposed to retail sales] which have little margin. Sales volume of industrial gases expanded by 44%.

Industrial gas revenues went up by 11.17% to Php 197.92 million. Real estate sales increased by 8.64% to Php 59.02 million. Sales on pharmaceutical products also increased by 2.34% to Php 11.49 million.

Market Demand and Price Movement

The international contract price of LPG in the world market (or "CP") has direct influence on local LPG prices. Through the above-same comparative quarters, the average LPG contract price (CP) decreased from US$ 802.17 per MT (2022) to US$708.17 per MT (2023), or a fall of 11.72%. The peso-sale revenue of LPG would have been much higher had it not been for said fall in average CP.

Amid the LPG industry's sluggish growth during the past 4 years, PGI had a 10% average growth in annual sales volume, based on data from the Department of Energy (DOE).

Competition

PGI is one of the major players in the LPG industry, especially in the Visayas and Mindanao regions. It has a market share of 15% based on DOE's latest data (Q3-2022). As reported in our annual report, PGI's market shares are: 11% in Luzon (including NCR); 23% in Visayas; and 28% in Mindanao.

Over the past several years, Pryce's nationwide expansions in its marine-fed terminals, refilling plants, and sales centers, with deliberate attention to their strategic locations, is leading to an increasing presence of the PRYCEGAS brand in the country. The company believes that its current market share of 15% (per DOE's 3Q-2022 report) will increase further in 2023, amid the aforesaid sluggish growth of the LPG industry in recent years.

Profitability

Gross margin rose to 26.6% for the year practically equalled previous year's margin; such rise was on account of higher sales of LPG products as mentioned above. The Company delivered a first-quarter net income of Php 511.54 million during the year, 27% higher than 2021's Php 402.77 million.

The increasing presence of the PRYCEGAS brand in the country, as mentioned above, have gradually yielded positive results in terms of increases in revenue, income, and market share. This augurs well for the company's outlook on growth expectations for 2023.

Liquidity

Liquid assets of the company as of March 31, 2023 aggregated Php 3.281 billion, consisting of Php 2.405 billion of Cash and Php 876 million of financial assets at FVPL. These liquid resources had an increase of 4.90% from the audited figure of Php 3.128 billion as of December 31, 2022. Other liquid assets of the company are Trade and Other Receivables in the amount of Php 800 million

Current ratio as of March 31, 2023 was at 1.51:1 while total debt-to-equity ratio stood at 0.44:1.

Balance Sheet Changes

Compared to the December 31, 2022 audited accounts, the considerable movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	5.47%	Increase in income
Prepayments and other current assets	(16.78%)	Application of creditable withholding tax and input VAT
Dividends payable	(89.22%)	Payment of dividends
Income tax payable	(27.20%)	Payment of income tax
Customers' deposits	48.56%	Additional deposits for real estate products
Retirement benefit obligations	(28.85%)	Additional cash contributions to the retirement fund
Retained earnings	7.20%	Due to net income in Q1-2023
Non-controlling interest	5.71%	Share in net income in Q1-2023

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2023 (March 31, 2023)	**2022 (March 31, 2022)**	Percent Growth/ (Decline)
REVENUE	5,182,997,022	4,716,162,682	9.89%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2023 (March 31, 2023)	**2022 (March 31, 2022)**	Percent Growth/ (Decline)
LPG (in MT)	96,080	69,426	17%

The measurements of profitability are shown below.

	2023 (March 31, 2023)	**2022 (March 31, 2022)**
Return on Assets (%)	2.80%	2.20%
Return on Equity (%)	4.09%	3.20%
Net profit margin (%)	12.14%	9.70%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2023 (March 31, 2023)	**2022 (March 31, 2022)**
Current ratio	1.51	1.60
Debt to equity ratio	0.44	0.43

PART II – OTHER INFORMATION

During the 1st quarter of 2023, the reports filed with the SEC by way of SEC 17-C pertain to: (a) Demise of one of our directors, Ramon R. Torralba, Jr. - Jan 30, 2023; and (b) Notice of Annual Stockholders' Meeting of Pryce Corporation, to be held on June 23, 2023.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRYCE CORPORATION
By:

JOSE MA. C. ORDENES
Treasurer-SVP

SALVADOR P. ESCAÑO
Chairman & CEO

May 11, 2023

PRYCE CORPORATION AND SUBSIDIARIES

Financial Statements
March 31, 2023 and December 31, 2022

PRYCE CORPORATION and SUBSIDIARIES
Consolidated Statements of Financial Position
As at March 31, 2023 (Unaudited) and December 31, 2022 (Audited)

	2023	Audited 2022
ASSETS		
Current assets		
Cash - note 4	**2,404,619,836**	2,279,811,108
Financial assets at fair value through profit or loss (FVPL) - note 5	**876,252,941**	847,869,429
Trade and other receivables (net) - note 6	**800,216,289**	780,563,520
Inventories - note 7	**2,783,378,542**	2,780,434,196
Real estate projects - note 8	**1,171,123,157**	1,157,784,998
Prepayments and other current assets - note 9	**87,764,900**	105,465,208
	8,123,355,665	7,951,928,459
Noncurrent assets		
Property, plant and equipment (net) - notes 10 and 11	**13,715,281,428**	13,720,811,665
Right-of-use asset (net) - note 31	**149,095,739**	151,711,111
Investment properties - note 12	**389,328,616**	389,328,616
Deferred tax assets	**79,062,608**	79,062,608
Goodwill - note 13	**70,668,305**	70,668,305
Other noncurrent assets - note 14	**44,917,626**	44,831,311
	14,448,354,322	14,456,413,616
TOTAL ASSETS	**22,571,709,987**	22,408,342,075
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	**2,464,654,937**	2,444,190,548
Income tax payable	**106,935,213**	146,883,007
Customers' deposits - note 16	**180,993,541**	121,835,914
Lease liabilities (current) - note 31	**25,575,524**	26,464,935
Short-term debts - note 17	**2,552,558,762**	2,654,768,788
Dividends payable - note 20	**32,072,431**	297,469,055
	5,362,790,408	5,691,612,247
Noncurrent liabilities		
Retirement benefit obligation - note 28	**47,726,263**	67,078,565
Lease liabilities (net of current portion) - note 31	**131,112,499**	131,112,499
Deferred tax liabilities	**1,368,834,929**	1,380,789,320
	1,547,673,692	1,578,980,384
TOTAL LIABILITIES	**6,910,464,100**	7,270,592,631
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock - note 18	**2,024,500,000**	2,024,500,000
Additional paid-in capital	**369,834,820**	369,834,820
Retained earnings - note 20	**9,251,678,040**	8,630,395,116
Other comprehensive income - note 27	**3,841,131,583**	3,982,680,400
Treasury stock - note 19	**(636,703,363)**	(636,703,363)
	14,850,441,080	14,370,706,973
Non-controlling interest	**810,804,808**	767,042,471
TOTAL EQUITY	**15,661,245,887**	15,137,749,444
TOTAL LIABILITIES AND EQUITY	**22,571,709,987**	22,408,342,075

(The accompanying notes are an integral part of these consolidated financial statements)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Period Ended March 31, 2023 and 2022

	2023	2022
REVENUES - note 22		
Liquefied petroleum and industrial gases	**5,112,486,434**	4,650,608,915
Real estate	**59,021,032**	54,327,150
Pharmaceutical products	**11,489,556**	11,226,618
	5,182,997,022	4,716,162,682
COST OF SALES - note 23		
Liquefied petroleum and industrial gases	**3,821,096,225**	3,637,732,864
Real estate	**10,141,289**	9,343,727
Pharmaceutical products	**7,443,712**	7,297,301
	3,838,681,227	3,654,373,892
GROSS INCOME	**1,344,315,796**	1,061,788,790
OPERATING EXPENSES - note 24	**677,801,476**	583,360,110
INCOME FROM OPERATIONS	**666,514,320**	478,428,679
OTHER INCOME (CHARGES) - Net		
Finance costs - note 25	**(34,641,947)**	(20,753,668)
Fair value gain (loss) on financial assets at FVPL	**(15,393,888)**	(8,145,441)
Other income (net) - note 26	**12,640,708**	7,831,968
	(37,395,127)	(21,067,142)
NET INCOME BEFORE TAX	**629,119,193**	457,361,538
Provision for Income Tax	**(117,577,139)**	(54,588,057)
NET INCOME	**511,542,054**	402,773,481
Net income attributable to:		
Equity holders of the Parent Company	**467,779,718**	369,855,518
Non-controlling interests	**43,762,336**	32,917,963
	511,542,054	402,773,481
EARNINGS PER SHARE - note 29	**0.2468**	0.1951

(The accompanying notes are an integral part of these consolidated financial statements)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Period Ended March 31, 2023 and 2022 and December 31, 2022

	March 31 2023	March 31 2022	December 31 2022 Audited
CAPITAL STOCK	**2,024,500,000**	2,024,500,000	2,024,500,000
ADDITIONAL PAID-IN CAPITAL	**369,834,820**	369,834,820	369,834,820
OTHER COMPREHENSIVE INCOME	**3,841,131,583**	4,090,919,753	3,982,680,400
RETAINED EARNINGS (DEFICIT)			
At beginning of period	**8,630,395,116**	7,433,599,954	7,433,599,954
Net income for the period	**467,779,718**	369,855,518	1,537,342,777
Transfer of revaluation reserve deducted from operations through additional depreciation charges	**153,503,206**	43,284,746	190,289,732
Change in interest to OOC resulting from increase in interest of PGI from 99.26% to 99.90% (to PC indirectly from 91% to 91.26%)	**-**	-	-
Declaration of cash dividends	**-**	-	(530,837,347)
At end of period	**9,251,678,040**	7,846,740,218	8,630,395,116
TREASURY STOCK	**(636,703,363)**	(631,062,183)	(636,703,363)
	14,850,441,080	13,700,932,608	14,370,706,973
NON-CONTROLLING INTEREST			
At beginning of period	**767,042,471**	690,455,765	690,455,765
Net income for the period	**43,762,336**	32,917,963	149,233,875
Change in interest to OOC resulting from increase in interest of PGI from 99.26% to 99.90% (to PC indirectly from 91% to 91.26%)	**-**	-	-
Declaration of cash dividends	**-**	-	(72,647,169)
At end of period	**810,804,808**	723,373,728	767,042,471
TOTAL EQUITY	**15,661,245,887**	14,424,306,336	15,137,749,444

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Period Ended March 31, 2023 and 2022 and December 31, 2022

	March 31 2023	March 31 2022	December 31 2022 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**629,119,193**	457,361,538	2,059,107,440
Adjustments for :			
Depreciation - notes 10, 11 and 31	**180,014,075**	157,691,490	757,189,636
Retirement benefit expense	**10,647,699**	12,802,587	40,915,092
Finance costs - note 25	**34,641,947**	20,753,668	91,001,086
Unrealized loss (gain) on financial assets at FVPL - note 5	**15,393,888**	8,145,441	104,873,344
Loss (gain) on sale of financial assets at FVPL - note 26	**(6,165,058)**	-	122,852
Dividend income - note 26	**-**	-	(13,943,151)
Interest income - note 26	**(103,903)**	(429,106)	(1,511,866)
Unrealized foreign exchange gain	**-**	-	(34,470,101)
Gain on sale of property, plant and equipment	**(630,900)**	(645,645)	(5,172,707)
Operating income before working capital changes	**862,916,941**	655,679,973	2,998,111,625
Decrease (increase) in assets:			
Trade and other receivables	**(19,652,769)**	125,514,158	(566,548,928)
Inventories	**(2,944,346)**	19,908,881	(165,452,623)
Prepayments and other current assets	**17,700,308**	80,327,210	78,906,046
Real estate projects	**(13,338,159)**	(20,703,996)	(267,326,395)
Increase (decrease) in liabilities:			
Trade and other payables	**20,464,389**	(214,537,047)	(75,423,801)
Customers' deposits	**59,157,627**	(62,597,355)	(151,614,766)
Net cash from operations	**924,303,991**	583,591,824	1,850,651,158
Additions to financial assets at FVPL - note 5	**(63,968,801)**	(36,055,460)	(174,123,314)
Proceeds from sale of financial assets at FVPL	**26,356,458**	96,941,210	26,391,737
Dividends received - note 26	**-**	-	226,876,353
Interest received	**103,903**	429,106	1,511,866
Income taxes paid	**(157,524,933)**	(19,815,242)	(302,731,333)
Contributions and retirement benefits paid	**(30,000,000)**	(30,000,000)	(109,500,000)
Net cash from operating activities	**699,270,618**	595,091,438	1,519,076,467
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment - notes 10 and 11	**(173,285,657)**	(33,015,126)	(1,739,858,595)
Proceeds from sale of property, plant and equipment	**2,048,090**	947,081	48,373,702
Decrease (increase) in deferred tax and other assets	**-**	(2,538,356)	-
Decrease (increase) in other noncurrent assets	**(86,315)**	(41,257,567)	7,600,455
Net cash used in investing activities	**(171,323,882)**	(75,863,969)	(1,683,884,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts	**3,237,735,836**	1,888,380,106	10,050,888,698
Finance costs paid	**(34,027,553)**	(19,986,799)	(91,001,086)
Payment of short-term debts	**(3,339,945,862)**	(2,156,179,336)	(9,487,580,231)
Payment of dividends	**(265,396,624)**	(230,187,704)	(563,860,495)
Acquisition of treasury stocks	**(0)**	(118,451,720)	(124,092,900)
Payment of lease liabilities	**(1,503,804)**	(2,504,123)	(1,188,502)
Net cash from (used in) financing activities	**(403,138,008)**	(638,929,577)	(216,834,516)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**-**	-	34,470,101
NET INCREASE (DECREASE) IN CASH	**124,808,728**	(119,702,107)	(347,172,386)
CASH - note 4			
AT BEGINNING OF PERIOD	**2,279,811,108**	2,626,983,494	2,626,983,494
AT END OF PERIOD	**2,404,619,836**	2,507,281,387	2,279,811,108

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
As at and for the periods ended March 31, 2023 and December 31, 2022
(Expressed in Philippine Peso)

1. CORPORATE INFORMATION

Pryce Corporation (the "Parent Company") and its Subsidiaries (collectively referred to as the "Group") were incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on various dates as follows:

Name of company	Date of incorporation
Pryce Corporation (Parent Company)	September 7, 1989
Pryce Gases, Inc. (PGI)	October 8, 1987
Oro Oxygen Corporation (OOC)	April 4, 2006
San Fabian Oxygen Corporation	March 8, 2022
Pryce Pharmaceuticals, Inc. (PPhI)	March 10, 2000

The Parent Company is primarily engaged in acquiring, purchasing, leasing, holding, selling or otherwise dealing in land and or real estate or any interest or right therein as well as real or personal property of every kind and description including but not limited to shares of stock in industrial, commercial, manufacturing and any other similar corporations.

The Parent Company is a publicly-listed company which is 52.98% owned by Guild Securities, Inc., and 47.02% owned by PCD Nominee Corporation and other entities and individuals. The Parent Company's stock price amounted to ₱5.26 and ₱5.05 per share as at March 31, 2023 and December 31, 2022, respectively.

The Parent Company's registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue cor. Bagtikan Street, Makati City.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries it controls:

PGI

PGI is primarily engaged in the manufacture, production, purchase, sale and trade of all kinds of liquids and gases and other chemicals, other allied or related products, lease, operate, manage and construct and/or install for or on account of others, plants, equipment and machineries for the manufacture or production or distribution of the desired liquids and gases and other allied products. As at March 31, 2023 and December 31, 2022, PGI has ten (10) and nine (9) liquefied petroleum gas (LPG) marine-fed terminals, respectively. As at March 31, 2023 and December 31, 2022, PGI has twenty-nine (29) and twenty-eight (28) LPG refilling plants, respectively, of varying storage capacities.

Certain operations of PGI is registered with the Board of Investments (BOI) and entitled to Income Tax Holiday (ITH) provided under Republic Act No. 8479, otherwise known as the Downstream Oil Deregulation Act of 1998 (see Note 30).

PGI's registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue cor. Bagtikan Street, Makati City.

On February 19, 2018, the Parent Company acquired 8,500,000 shares of PGI from Marubeni Corporation for ₱15.98 million resulting to an increase in percentage (%) of ownership from 91.04% to 91.35%.

OOC

OOC is primarily engaged in the purchase, importation, sale and distribution and manufacture and/or production of all kinds of gases including LPG, industrial gases such as, oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment and other receptacles. As at March 31, 2023 and December 31, 2022, OOC has forty-two (42) LPG refilling plants of varying storage capacities.

OOC's registered office address is 1st Lower Level Pryce Plaza Hotel, Carmen Hill, Cagayan de Oro City.

On June 28, 2021, the BOD approved the conversion of advances amounting to ₱1.5 billion to equity through issuance of additional 1,499,999,800 shares of OOC. The conversion resulted in an increase of ownership by PGI to OOC from 99.62% in 2020 to 99.90% in 2021, and increase in indirect equity of the Parent Company to OOC from 91% to 91.26%.

PPhI

PPhI is primarily engaged in the trading of pharmaceutical products on wholesale and retail basis. PPhI's registered office address is LGF Skyland Plaza, corner Gil Puyat Avenue and Tindalo Street, Makati City.

SFOC

SFOC is primarily engaged in the trade, purchase, importation, swale, distribution, manufacture and production of all kinds of gases including industrial gases, such as oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment, and other receptacles.

SFOC's registered business address and principal office is at 17th Floor, Pryce Center, 1179 Chino Roces corner Bagtikan Street, San Antonio Village, Makati City, Philippines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in this note. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in conformity with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain property, plant and equipment, which have been measured using the revaluation model, and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements are presented in Philippine peso (₱), the Group’s functional and presentation currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls (see Note 1). Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not it has power over an investee, including:

- the contractual agreement with the other vote holders of the investee;
- rights, arising from contractual agreements; and
- the Group’s voting rights and potential voting rights.

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 financial statements from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to equity holders of the Parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Non-controlling interest represents the portion of profits or losses and net assets of consolidated subsidiaries not held by the equity holders of the Parent Company, and is presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and within the equity section of the consolidated statements of financial position, separately from equity attributable to the equity holders of the Parent Company.

Changes in the ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

The percentage (%) of ownership of the Parent Company as at March 31, 2023 and December 31, 2022 are as follows:

	Ownership and voting interest	
Name of subsidiary	**2023**	2022
PGI	**91.35%**	91.35%
OOC	**91.26%**	91.26%
SFOC	**91.33%**	91.33%
PPhI*	**88.66%**	88.66%

** Includes indirect equity ownership of 13.66% in 2023 and 2022.*

The summarized financial information in respect of the subsidiaries that have material non-controlling interest is set below:

The summarized statements of financial position as at March 31, 2023 and December 31, 2022 are as follows:

	2023				2022			
	PGI	**OOC**	**SFOC**	**PPhI**	PGI	OOC	SFOC	PPhI
Total current assets	**₱4,795,891,978**	**₱1,320,557,075**	**₱22,396,135**	**₱22,839,670**	₱4,730,581,255	₱1,224,187,465	₱22,396,135	₱22,579,367
Total noncurrent assets	**11,909,408,078**	**2,914,489,172**	**168,997,225**	**299,147**	11,907,506,927	2,940,833,837	168,997,225	349,803
Total assets	**16,705,300,056**	**4,235,046,247**	**191,393,360**	**23,138,817**	16,638,088,182	4,165,021,302	191,393,360	22,929,170
Current liabilities	**3,688,102,721**	**1,142,257,789**	**169,152,633**	**8,304,810**	3,965,141,173	1,216,757,579	169,152,633	8,100,631
Noncurrent liabilities	**981,214,859**	**211,950,496**	**20,000,000**	**-**	1,008,170,153	211,950,496	20,000,000	-
Total liabilities	**4,669,317,580**	**1,354,208,285**	**189,152,633**	**8,304,810**	4,973,311,326	1,428,708,075	189,152,633	8,100,631
Equity	**₱12,035,982,476**	**₱2,880,837,962**	**₱2,240,727**	**₱14,834,007**	₱11,664,776,856	₱2,736,313,227	₱2,240,727	₱14,828,539

The summarized statements of comprehensive income for the periods ended March 31, 2023 and 2022 are as follows:

	2023				2022			
	PGI	**OOC**	**SFOC**	**PPhI**	PGI	OOC	SFOC	PPhI
Revenues	**₱4,883,439,026**	**₱2,073,034,606**	**₱-**	**₱11,489,556**	₱4,457,606,167	₱1,953,559,624	₱-	₱11,226,618
Expenses	**(4,461,376,174)**	**(1,880,344,036)**	**-**	**(11,443,630)**	(4,045,130,430)	(1,938,614,779)	-	(11,111,604)
Income tax expense	**(62,198,075)**	**(48,165,835)**	**-**	**(40,458)**	(43,083,167)	(3,997,833)	-	(39,293)
Net income	**359,864,777**	**144,524,735**	**-**	**5,468**	369,392,570	10,947,012	-	75,721
Other comprehensive income	**-**	**-**	**-**	**-**	-	-	-	-
	₱359,864777	**₱144,524,735**	**₱-**	**₱5,468**	₱369,392,570	₱10,947,012	₱-	₱75,721
Net income attributable to:								
Equity holders of the Parent Company	**328,736,474**	**131,891,322**	**-**	**4,848**	337,440,113	9,990,095	-	67,132
Non-controlling interest	**31,128,303**	**12,633,413**	**-**	**620**	31,952,457	956,917	-	8,589
	₱359,864,777	**₱144,524,735**	**₱-**	**₱5,468**	₱369,392,570	₱10,947,012	₱-	₱75,721

Changes in accounting policies and disclosures

Property, Plant and Equipment before Intended Use (Amendments to PAS 16). The amendments to PAS 16, Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Group.

Reference to the Conceptual Framework (Amendments to PFRS 3). Minor amendments were made to PFRS 3, Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets and Philippine Interpretation IFRIC 21, Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Group.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Group.

Annual Improvements to PFRS Standards 2018–2020

- *PFRS 9, Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The annual improvements are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Group.

New Accounting standards, Interpretations and Amendments to existing Standards effective subsequent to January 1, 2022

Standards issued but not yet effective up to the date of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provides several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, Accounting Policies, Changes focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Deferred Tax Related to Assets and Liabilities arising form Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

<u>Deferred effectivity</u>

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). 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 FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2022 on its financial statements in the period of initial application.

Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

<u>Determination of fair value and fair value hierarchy</u>

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

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

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

The fair value of an asset or 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 unobservable inputs.

All assets and liabilities for which fair value is measured disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVPL, and for non-recurring measurement, such as investment property. External valuers are involved for valuation of significant assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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.

Fair value measurement disclosures of financial and nonfinancial assets are presented in Note 34 to the consolidated financial statements.

“Day 1” Difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. 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 the statement of comprehensive income 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.

Financial instruments

Initial recognition, measurement and classification

The Group recognizes financial assets and financial liabilities in the consolidated statements 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 market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Group classifies its financial assets as subsequently measured at amortized cost and FVPL. The classification of financial assets depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing the financial assets. The Group’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest (EIR) method.

Financial assets at amortized cost

Financial assets are measured at amortized when both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial measurement, financial assets at amortized cost are subsequently measured using the EIR method less allowance for impairment. Gains and losses are recognized in the profit or loss when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2023 and December 31, 2022, included under financial assets at amortized cost are the Group's cash, trade and other receivables, and advances to related parties (see Notes 4, 6 and 21).

Cash includes cash on hand and demand deposits.

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the profit or loss. Dividends on investments are recognized as Other income (net) in the statements of comprehensive income when the right of payment has been established.

As at March 31, 2023 and December 31, 2022, included under financial assets at FVPL are the Group's listed equity investments held for trading which the Group has not irrevocably elected to classify at FVOCI (see Note 5).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the EIR.

The EIR is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at March 31, 2023 and December 31, 2022, included in financial liabilities at amortized cost are the Group's trade and other payables (excluding deposit for park internment services and due to government agencies), short-term debts, dividends payable, and lease liabilities (see Notes 15, 17, 20 and 31).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payables and accrued expenses. Trade and other payables are classified as current liabilities if payment is due within one (1) year or less or in the normal operating cycle of the business if longer while non-trade payables are classified as current liabilities if payment is due within twelve (12) months or less. If not, these are presented as noncurrent liabilities.

Short-term debts represent cash payable to bank which are due within twelve (12) months.

Dividends payable represent dividends declared which remain unclaimed by stockholders as at the end of the reporting period.

Amortized cost and EIR method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the EIR for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the EIR to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the EIR to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted EIR to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial assets other than purchased or originated credit-impaired financial assets, the EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated by discounting the estimated future cash flows, including ECL, to the amortized cost of the debt instrument on initial recognition.

Interest income is recognized under Other income in the consolidated statements of comprehensive income.

Offsetting of financial assets and liabilities

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

Derecognition of financial assets and liabilities

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:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all 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 or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the 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 was discharged, 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 statements of comprehensive income.

Impairment of financial assets

The Group recognizes an allowance for ECL for all debt instruments that are measured at amortized cost. ECL are a probability-weighted estimate of credit losses over twelve (12) months or over the expected life of the financial asset depending on the degree of risk of default.

Credit losses are 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 the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Parent Company under the contract and the cash flows that the Parent Company expects to receive arising from the weighting of the multiple future economic scenarios, discounted at the asset's effective interest rate. The Company measures ECL of a financial instrument in a way that reflects: a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; b) the time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

The Group has applied the standard's simplified approach on its trade and other receivables and has calculated ECL based on lifetime expected credit losses. The Group does not track changes in credit risk, but instead recognize loss allowance based on lifetime ECL at each reporting date. The loss allowance shall only be adjusted if there is a decline in the fair value of real property which may be repossessed in case of default and such decline will render the fair value of the real property lower than the outstanding balance of the financial assets. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

Significant increase in credit risk is only assessed for receivables other than those arising from trade.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and for
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on receivables other than those arising from trade has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than thirty (30) days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- decrease in the net realizable value of the real estate property which can be recovered from the debtor of sale of real estate if it defaults.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables arising from sale of real estate, when the real estate property which can be recovered if the debtor defaults is no longer saleable.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Inventories

Inventories are composed of four (4) product lines namely: (1) LPG, cylinders, stoves and accessories, (2) industrial gases (3) real estate projects and (4) pharmaceutical products.

LPG, cylinders, stoves and accessories, and industrial gases are classified as follows:

- *Raw materials* – pertain to calcium carbide and liquid oxygen used in the production of acetylene under industrial gases line.

- *Finished goods* – composed of two (2) product lines which are (1) LPG, cylinders, stoves and accessories, and (2) industrial gases. LPG, cylinders, stoves and accessories includes LPG bulk, content, and LPG already filled in the cylinders. LPG accessories pertain to burners and regulators. On the other hand, industrial gases pertain to oxygen, acetylene and other related gases which are produced and sold in the market.

- *General supplies* – include cylinder maintenance, electric and oxygen supplies used for production.

Real estate projects include memorial park lots, subdivision lots, office units and land held for future development.

Pharmaceutical products represent medicines and other related products held for retail.

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realizable value (NRV).

Cost consists of purchase price, conversion costs and other costs incurred in bringing the inventories to its present location and condition. Cost of LPG, cylinders, stoves and accessories, industrial gases, and pharmaceutical products includes excise tax, overhead, freight and handling cost, refilling cost and exclude borrowing costs. On the other hand, cost of real estate projects includes expenditures for the development and improvement of subdivision lots and memorial lots, and construction of the office units.

Cost of LPG, cylinders, stoves and accessories, and industrial gases is determined using moving average method. Cost of real estate projects is determined using specific identification and cost allocation for non-specific cost. And, cost of pharmaceutical products is determined primarily on the basis of first-in, first-out (FIFO) method.

NRV for real estate projects is the estimated selling price less cost to complete and sell. On the other hand, NRV for finished goods is the estimated selling price in the ordinary course of business less the estimated cost of marketing and distribution. NRV for raw materials and materials and supplies is the current replacement cost. In case of supplies, NRV is the estimated realizable value of the supplies when disposed of at their condition at the end of reporting period.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Any increase in NRV in excess of the expense previously recognized is not recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments and other current assets

Prepayments are expenses paid in cash and recorded as asset before they are used or consumed, as the service or benefit will be received in the future. Prepayments expired are recognized as expense either with the passage of time or through use or consumption.

This account is mainly composed of prepaid rent, taxes and licenses, insurance, maintenance, input valued-added tax (VAT), deferred charges and other prepaid items. Prepaid rent, insurance, maintenance and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statements of comprehensive income when incurred.

Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted against output VAT in arriving at the VAT due and payable.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Advances to contractors and suppliers represent payments made for goods acquired but not yet received as at year-end.

Insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred.

Prepayments which are expected to be realized for not more than twelve (12) months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Property, plant and equipment

Property, plant and equipment are initially measured at cost. The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use, and the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. Expenditures for additions, major improvements and renewals are capitalized.

Subsequent to initial recognition, its property, plant and equipment are measured using cost model and revaluation model.

(a) Revaluation model

The Group's land and land improvements, buildings and structures, machinery and equipment, oxygen and acetylene cylinders, and machinery and office equipment are subsequently measured using revaluation model. These are carried at revalued amount, being the fair value at the date of revaluation as determined by an independent appraiser, less subsequent depreciation and impairment, provided that the fair value can be measured reliably. Additions subsequent to the date of appraisal are stated at revalued amount.

Revaluation is carried out regularly, so that the carrying amounts do not differ materially from its fair value as at the reporting date. If a revaluation results in an increase in value, it is credited to Revaluation reserves unless it represents the reversal of a revaluation decrease previously recognized as an expense, in which case it is recognized in profit or loss. A decrease arising as a result of a revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to Revaluation reserves.

Depreciation of property, plant and equipment at revalued amount commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
Land and land improvements	40
Buildings and structures	20-40
LPG plant, machinery and equipment	10-20
Oxygen and acetylene cylinders	15
Office equipment	9

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

When these are disposed of, any Revaluation reserves are transferred directly to retained earnings. The transfer to retained earnings should not be made through profit or loss.

(b) Cost model

The Group's LPG cylinders, transportation equipment, leasehold improvements, furniture, fixtures and equipment, and construction in-progress are subsequently measured using cost model. These are stated at cost less accumulated depreciation and any impairment in value.

Depreciation of property, plant and equipment at cost commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
LPG cylinders	15
Leasehold improvements	5-15
Transportation equipment	5-6
Furniture, fixtures and equipment	5

Construction in progress (CIP) is stated at cost. This includes cost of construction, plant and equipment and any other direct cost. CIP is not depreciated. Upon completion, these are reclassified to the specific Property, plant and equipment (net) accounts.

Leasehold improvements are depreciated over its useful life, which is shorter than the lease term.

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

When property, plant and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in used. No further depreciation is charged against current operations.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Cost includes purchase price and any other cost directly attributable to bringing the assets to its working condition and location for its intended use. Subsequent to initial recognition, investment properties are measured at cost less impairment loss, if any. Subsequent expenditures relating to an item of investment properties that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for that asset in prior years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements 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 fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

As at March 31, 2023 and December 31, 2022, included in investment properties are the Group’s parcels of land, which are held for lease and memorial lots, which are held for capital appreciation.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business acquisition over the fair values of the identifiable net assets and liabilities acquired. Subsequent to initial recognition, it is measured at cost less any accumulated impairment losses.

Should the fair values of the identifiable net assets and liabilities acquired exceeds the cost of business acquisition, the resulting gain is recognized as a bargain purchase in the consolidated statements of comprehensive income. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of the CGU 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 this circumstance is measured based on the relative values of the operation disposed of and portion of the CGU retained.

When a subsidiary is sold, the difference between the selling price and the net assets plus the carrying amount of goodwill is recognized in the consolidated statements of comprehensive income.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the amount of the CGU to which the goodwill has been allocated (or to the aggregate carrying amount of a group of CGU to which the goodwill relates but cannot be allocated), an impairment loss is recognized immediately in the consolidated statements of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Impairment of non-financial assets except inventories and goodwill

At the end of each reporting period, the Group assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Customers' deposits

Customers' deposits pertain to amount paid in advance by customers in exchange of memorial lots or residential units which have not yet met the Group's revenue recognition criteria.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

None of the Group's short-term debts are used to finance acquisition, construction or production of qualifying assets. Hence, all of the Group's borrowing costs are recognized as expenses in the consolidated statements of comprehensive income in the period incurred.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one (1) of the following applies, (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or (d) there is a substantial change to the asset. Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b) above.

The Group leases commercial spaces and lots for its sales centers and refilling plants. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value items. For leases with a term of more than twelve (12) months, the Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, unless the underlying asset is of low value.

Right-of-use asset

At the commencement date of the lease (which is when the underlying asset is available for use), the Group recognizes the right-of-use assets. The right-of-use asset is initially measured at cost which consists of the amount of the lease liability plus any initial direct costs incurred and payments made at or prior to commencement date less lease incentives received and estimated costs to be incurred by the lessee for restoration or dismantling of the underlying asset to be suitable to the condition required by the terms and conditions of the lease. Subsequent to commencement date, the right-of-use asset shall be measured at cost less accumulated amortization and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use asset is amortized using the straight-line method over the shorter of its estimated useful life and the lease term as follows:

	In Years
Land	5 – 25
Commercial space	3 – 5

Lease liabilities

At the commencement date of the lease, (which is when the underlying asset is available for use), the Group recognizes lease liabilities measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group shall use an incremental borrowing rate.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another Standard.

Lease liabilities are subsequently measured to reflect changes in the lease term, exercising of a purchase option (using a revised discount rate), amounts expected to be paid under residual value guarantees (using unchanged discount rate), or future lease payments resulting from a change or a rate used to determine those payments (using an unchanged discount rate). Such remeasurements are treated as adjustments to the right-of-use 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 equipment and other rentals (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). 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.

Leases with variable lease payments

The Group recognizes payments for short-term and long-term leases with variable lease payments depending on the future revenue as expenses when incurred over the lease term.

Income taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carry-forward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Short-term employee benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits obligation

The Parent Company provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees. The Parent Company has an unfunded, noncontributory retirement plan. On the other hand, PGI provides retirement benefits to employees through a defined benefit plan. A defined benefits plan is a pension plan that determines the amount of pension benefit an employee would receive upon retirement, usually dependent on several factors such as age, salary and length of service.

The net 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 asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the remeasurement of net defined benefit liability or asset.

Retirement benefits expense comprises the following:

- Service cost
- Net interest on the defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost, which includes current service cost and gains and losses on settlement are recognized as expense in the consolidated statements of comprehensive income.

Past service cost is recognized as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognizes any termination benefits, or related restructuring costs.

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 the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified in the consolidated statements of comprehensive income in subsequent periods. All remeasurements are recognized in Remeasurement gains (loss) on retirement benefits obligation account under other comprehensive income, and is presented in the consolidated statements of financial position, are not reclassified to another equity account in subsequent periods.

Termination benefits

A termination benefit liability is recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits, which occurs when employee accept offer of benefits on termination, and as a result of the Group's decision to terminate an employee's employment, or
- when the Group recognizes costs for restructuring which involves the payment of termination benefits.

Termination benefits are measured in accordance with the nature of employee benefit, whether short-term employee benefit, post-employment benefit or other long-term employee benefits.

Related party relationships and transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the Group or of a parent of the Group; and (b) when any of the following conditions apply: (i) an entity and the Group are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Group; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Group; (viii) a person identified in (a) above has significant influence over the Group or is a member of the key management personnel of the Group or of a parent of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Capital stock represents the par value of the shares issued and outstanding as at reporting date.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares are deducted from APIC, net of tax. If APIC is not sufficient, the excess is charged against retained earnings. When the Group issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings and losses of the Group, and any other adjustments to it as required by other standards, less dividends declared.

Treasury stocks represent own equity instruments reacquired, the amount of the consideration paid, including directly attributable cost, net of any tax effects, is recognized as a reduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as APIC. Voting rights related to treasury stocks are nullified for the Group and no dividends are allocated to them.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

Dividend distribution

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the Parent Company's BOD. Stock dividends are treated as transfers from retained earnings to capital stock. Dividends for the year that are approved after the end of the reporting period are dealt with as a non-adjusting event after the end of reporting period.

Other comprehensive income (OCI)

OCI consists of items of income and expenses that are not recognized in profit or loss as required or permitted by other PFRS. The Group's OCI pertains to actuarial gains and losses from retirement benefits and revaluation increment, which is recognized in full in the period when it occurred, on certain items of property and equipment accounted using the revaluation model.

Revenue recognition

Revenue is recognized when or as control over distinct goods or services are transferred to customer such as when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits from the goods or services, given that a contract with enforceable rights and obligations exists and, among others, the collectability of consideration is probable taking into account the customer's creditworthiness.

Revenue recognized is the transaction price that reflects the consideration which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

To determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligation; and
(5) recognizing revenue when or as performance obligations are satisfied.

The Group recognizes revenues from the following sources:

(a) Sale of LPG, cylinders, stoves and accessories, and industrial gases

The Group sells LPG, cylinders, stove and accessories, and industrial gases (a) to the wholesale market, and (b) directly to customers through refilling and terminal plant, and retail outlets.

Revenue from sale to wholesale market is recognized when or as the Group transfers control of the assets at a point in time to the wholesale customers. Invoices for goods transferred are due upon receipt of goods at the wholesaler's specific location. Following delivery, the wholesaler has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Trade receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from sale to individual customers is recognized when control of the goods has been transferred, which is at the point the customer purchases the goods at refilling, terminal plant and retail outlet. Payment of the transaction price is due immediately when the customer purchases the goods.

(b) Sale of real estate

Revenues from sale of real estate arise from (a) sale of memorial lots, and (b) sale of subdivision lots and office units.

Revenues from sale of memorial lots are recognized at a point in time when control of the asset is transferred to the customer, generally when lots are allowed to be used for burial which is upon 100% payment for purchase of lawn lot and upon 50% payment for purchase of family estate.

Revenues from sale of subdivision lots and office units are recognized at a point in time when control is transferred to the customer which normally happens upon turnover of subdivision lots and office units to the buyer.

Real estate sales are recognized only when certain collection threshold was met over which the Group determines that collection of total contract price is reasonably assured. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold.

If the transaction does not qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sales, consideration received from customers are recognized as Customers' Deposits in the statements of financial position. Customers' deposit is recognized at the amounts received from customers and will be subsequently applied against the receivables when the related real estate sale is recognized.

Subsequent cancellations of prior years' real estate sales are recognized in profit loss in the current year as they occur. The original cost of memorial lots sold is reverted back to inventory while the outstanding receivables at the time of cancellation are reversed. The resulting difference is recognized as part of Other income in the statement of comprehensive income.

(c) Sale of pharmaceutical products

Revenues from sale of pharmaceutical products are recognized at a point in time when control of the asset is transferred to the customer which is upon sale of pharmaceutical products to customer.

(d) Revenue from rendering interment service

Revenue from rendering of interment service is recognized at the point of interment based on the actual services provided to the end of the reporting period.

(e) Interest income

Interest is recognized on a time proportion basis using the effective interest method.

(f) Dividend income

Dividend income is recognized when the Group's right to receive payment is established. The right to receive payment is usually established when the dividend is declared by BOD.

(g) Other comprehensive income

Other comprehensive income comprises items of income and expenses, including items previously presented under the consolidated statements of changes in equity, that are not recognized in profit or loss for the year in accordance with PFRS.

(h) Other income

Other income is recognized when earned.

Expense recognition

Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in the future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of of LPG, cylinders, stoves and accessories, industrial gases and pharmaceutical products sold is recognized as expense when the related goods are sold.

Cost of real estate projects sold before completion of the development and construction is determined based on the actual development costs incurred to date plus estimated cost to complete the project as determined by the Group's technical staff and contractors. These estimates are reviewed periodically to take into consideration the changes in cost estimates.

Selling expenses are costs incurred to sell or distribute inventories. General and administrative expenses constitute costs of administering the business which are expensed as incurred.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sale of memorial lots and subdivision lots. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions since the amortization period of the asset that the Group otherwise would have used is one (1) year or less. For contracts with payment terms of more than one (1) year, the mount of commission expensed out and paid to sales agent is amortized over the period of the contract.

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (functional currency). The consolidated financial statements are presented in Philippine peso (₱) the Group's functional and presentation currency.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and the amount can be estimated reliably. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement.

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. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Group’s operating business segment are organized and managed separately according to business activities. The Group’s management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group’s financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Group has no geographical segment for segment reporting format as the Group’s risks and rates of return are in the same economic and political environment as the Group is incorporated and operating in the Philippines.

The Group has three (3) operating business segments representing the Group’s (1) real estate, (2) LPG and industrial gases, and (3) pharmaceutical products.

Earnings per share

Earnings per share is computed by dividing net income by the number of common shares issued, subscribed and outstanding as of the end of the reporting period with retroactive adjustments for stock dividends declared.

Events after the reporting date

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments 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.

Significant accounting judgments in applying the Group's accounting policies

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the business model and solely for payments of principal and interest test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(c) Determining the timing of satisfaction of sale of memorial lots, subdivision lots and office units

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

a) any asset created or enhanced as the Group performs;
b) the ability of the customer to control such asset as it is being created or enhanced;
c) the timing of receipt and consumption of benefits by the customer; and,
d) the Group's enforceable right for payment for performance completed to date.

The Group concluded that revenues from sales of memorial lots, subdivision lots and office units are recognized at a point in time when control of the asset is transferred to the customer. For sale of memorial lots, control is generally transferred when lots are allowed to be used for burial which is upon 100% payment of purchase of lawn lot and upon 50% payment of family estate. For sale of subdivision lots and office units, control is transferred upon turnover to the buyer.

(d) Lease commitments

The Group has entered into various lease agreements for the lease of its sales center offices and LPG tanks as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. In 2018, the Group determined that significant risk and rewards of ownership of the properties were retained by the lessor and accounts for its lease as operating lease.

Starting January 1, 2019, all the existing leases of the Group, except for the leases with lease term of less than twelve (12) months and small value leases, qualified as leases under PFRS 16 which requires recognition of right-of-use asset and lease liability.

The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

(e) Contingencies

The Group has possible claims from or obligation to other parties from past events and whose existence may only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within its control. Management has determined that the present obligations with respect to contingent liabilities and claims with respect to contingent assets do not meet the recognition criteria, and therefore has not recorded such any amounts.

<u>Significant accounting estimates and assumptions</u>

(a) Estimating fair value of property, plant and equipment at revalued amounts

To determine the fair value of the land and land improvement, buildings and structures, LPG plant, machinery and equipment, oxygen and acetylene cylinders and office equipment at revalued amounts, the Group engaged an independent appraiser duly accredited by the SEC to determine its fair value. The independent appraisers used the Market Data Approach in the valuation wherein the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties. The market value of the properties amounted to ₱10.42 billion based on the latest appraisal dated April 28, 2022. Appraisal increase in 2021 amounted to ₱3.50 billion. Carrying amount of the properties amounted to ₱9.90 billion and ₱10.03 billion as at March 31, 2023 and December 31, 2022, respectively (see Note 10).

(b) Impairment of trade and other receivables

The Group makes use of simplified approach in determining the ECL for trade and other receivables.

Simplified approach is used for trade receivables since these are generally short term in nature and are protected by credit enhancement, where real property may be repossessed in case of default of debtor in the case of sale of real estate. Credit risk generally arises when there is a decline in the fair value of the real property and such decline will make the fair value of the real property lower than the carrying amount of the receivables. Fair value of real properties is not expected to change abruptly. Hence, simplified approach is used for determining allowance for ECL for these receivables.

Simplified approach is also used for computing ECL based on lifetime ECL for receivables other than those arising from trade since these are generally short term in nature.

In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The Parent Company does not track changes in credit risk for receivables arising from sale of real estate.

Management believes that there are no indications that its trade and other receivables are impaired as at March 31, 2023 and December 31, 2022 as these receivables are highly performing based on the historical credit experience with the debtors, the future economic conditions, and laws governing real estate sales.

The carrying amount of the Group's trade and other receivables as at March 31, 2023 and December 31, 2022 amounted to ₱800.22 million and ₱780.56 million, respectively (see Note

6). Advances to related parties amounted to nil as at March 31, 2023 and December 31, 2022, respectively (see Note 21).

(c) Determining the NRV of inventories

In determining the NRV of inventories, the management takes into account the most reliable evidence available at the time the estimates are made. Prices are affected by both internal and external factors that may cause inventory obsolescence. These factors may cause significant adjustment to the Group's inventories within the next reporting period.

The carrying amount of the Group’s inventories which are carried at cost as at March 31, 2023 and December 31, 2022 amounted to ₱2.78 billion (see Note 7). The carrying amount of the Group’s real estate projects which are also carried at cost as at March 31, 2023 and December 31, 2022 amounted to ₱1.17 billion and ₱1.16 billion, respectively (see Note 8).

(d) Estimating the useful lives of property, plant and equipment and right-of-use assets except land

The Group estimates the useful lives of its property, plant and equipment, and right-of-use assets, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated, if expectations differ from previous estimates due to physical wear and tear. In addition, the estimates are based on a collective assessment of industry practice and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

As at March 31, 2023 and December 31, 2022, the carrying amounts of property, plant and equipment, net of accumulated depreciation of ₱6.67 billion and ₱6.49 billion, amounted to ₱13.715 billion and ₱13.721 billion, respectively (see Notes 10 and 11).

As at March 31, 2023 and December 31, 2022, the carrying amount of right-of-use assets, net of accumulated depreciation of ₱95.67 million and ₱93.05 million, amounted to ₱149.10 million and ₱151.71 million, respectively (see Note 31).

(e) Estimating incremental borrowing rate for lease under PFRS 16

The Group cannot readily determine the interest rate implicit in the lease, hence it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate 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 incremental borrowing rate therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The incremental borrowing rate used by the Group ranges from 3.25% to 7.49%.

(f) Retirement benefits obligation

The present value of the retirement benefits obligation depends on a number of factors that are determined on an actuarial basis using the number of assumptions. The assumptions used in determining the retirement benefit expense include the discount rate and salary increase rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligation. In determining the appropriate discount rate, the Group considers the interest rates of government bonds and has terms of maturity approximating the terms of the related retirements benefit obligation.

Other key assumptions for retirement benefits obligation are based in part on current market conditions.

The carrying amount of the Group's retirement benefits obligation amounted to ₱47.73 million and ₱67.08 million as at March 31, 2023 and December 31, 2022, respectively (see Note 28).

(g) Recognition and realizability of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and future tax credits. At end of the reporting period, the Group reviews its deferred tax assets and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on industry trends and projected performance in assessing the sufficiency of taxable income.

As at March 31, 2023 and December 31, 2022, the Group recognized deferred tax assets amounting to ₱79.06 million.

(h) Impairment of goodwill

Determining whether goodwill is impaired requires estimation of the value of CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Management assessed that goodwill amounting to ₱70.67 million is not impaired as at March 31, 2023 and December 31, 2022.

(i) Impairment of non-financial assets other than inventories

Management is required to perform test of impairment when impairment indicators are present. Property, plant and equipment and investment properties are periodically reviewed to determine any indications of impairment. Management is required to make estimates to determine future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value in use. Though the management believes that the estimates and assumptions used in the determination of recoverable amounts are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Management believes that there are no indications that its inventories, real estate projects, property, plant and equipment and investment properties are impaired.

4. CASH

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Cash on hand	**₱11,594,526**	₱129,116,064
Cash in banks	**2,393,025,310**	2,150,695,044
	₱2,404,619,836	₱2,279,811,108

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from bank deposits is disclosed as part of the Other income account in the consolidated statements of comprehensive income in the amount of ₱104 thousand and ₱429 thousand for the periods ended March 31, 2023 and 2022, respectively (see Note 26).

There are no legal restrictions on the Group's cash as at March 31, 2023 and December 31, 2022.

5. FINANCIAL ASSETS AT FVPL

The movements of the account as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Cost		
Balance at beginning of period	**₱833,767,927**	₱686,159,202
Additions	**63,968,800**	174,123,314
Disposals	**(20,191,400)**	(26,514,589)
	877,545,327	833,767,927
Fair value gain (loss)	**(1,292,386)**	14,101,502
Balance at end of period	**₱876,252,941**	₱847,869,429

The movements of the fair value gain as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Balance at beginning of period	**₱14,101,502**	₱118,974,846
Fair value gain (loss) during the period	**(15,393,888)**	(104,873,344)
Balance at end of period	**(₱1,292,386)**	₱14,101,502

This consists of equity securities from various listed companies in the Philippines. The fair values of these securities have been determined directly by reference to published prices quoted in the active market at the end of the reporting period.

Proceeds from the sale of the Group's financial assets at FVPL for the periods ended March 31, 2023 and 2022 amounted to ₱26.36 million and ₱96.94 million, which resulted to gain on sale of ₱6.17 million and nil, respectively, and is presented under Other income in the consolidated statements of comprehensive income (see Note 26).

Cash dividend income earned from financial assets at FVPL is presented under Other income in the consolidated statements of comprehensive income amounting to nil for the periods ended March 31, 2023 and 2022, respectively (see Note 26).

6. TRADE AND OTHER RECEIVABLES

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Trade receivable	**₱179,511,529**	₱488,724,658
Dividend receivable	**212,933,202**	212,933,202
Advances to officers and employees	**59,755,032**	50,537,290
Receivables from memorial lot owners	**11,043,255**	11,043,255
Others	**341,705,690**	22,057,534
	804,948,708	785,295,939
Allowance for doubtful accounts	**(4,732,419)**	(4,732,419)
	₱800,216,289	₱780,563,520

Trade receivables arising from sale of LPG and industrial gases are usually due within thirty (30) to one hundred twenty (120) days and do not bear any interest. Trade receivables arising from sale of memorial lots, subdivision lots and office units are paid on a monthly basis with various terms ranging from one (1) to five (5) years.

Dividend receivable as of March 31, 2023 and December 31, 2022 includes property dividend from Philippine National Bank (PNB) to the Parent Company and PGI with a total of ₱212.93 million. On April 23, 2021, PNB has declared the property dividend of up to 239,353,710 common shares of PNB Holdings Corporation (PHC) with a par value of P100 per share to all stockholders of record as of May 18, 2021. The property dividend shall be paid at a ratio of 0.156886919 shares of PHC for every 1 share of PNB. As of to date, the property dividend is pending distribution.

Advances to officers and employees are, in general, non-interest bearing cash advance that are and collectible through salary deductions and advances related to operations for official business trip of the Group's officers and employees that are subject to liquidation.

Receivables from memorial lot owners are receivables pertaining to the maintenance adjustment charge billed by the Group for the expenses paid on behalf of the customers for the maintenance and upkeep of the sold memorial lots.

Others mainly consist of advances to brokers, overpayment to suppliers, vehicle insurance claims and receivables from SSS.

The details and movements in the allowance for doubtful accounts are as follows:

	2023	2022
Balance at beginning of period	**₱4,732,419**	₱4,732,419
Write-off	**-**	-
Balance at end of period	**₱4,732,419**	₱4,732,419

The Group recognized provision of doubtful accounts for its advances to resigned employees amounting to nil for the periods ended March 31, 2023 and December 31, 2022.

7. INVENTORIES

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Finished goods		
LPG, cylinders, stoves and accessories	**₱2,502,416,962**	₱2,350,625,608
Industrial gases	**60,061,289**	51,534,166
Pharmaceutical products	**6,711,515**	6,026,423
	2,569,189,766	2,408,186,197
Material and supplies	**191,477,484**	261,476,819
In-transit LPG	**-**	88,816,945
Raw materials	**22,711,292**	21,596,290
Industrial gases	**-**	357,945
	₱2,783,378,542	₱2,780,434,196

Inventories are stated at cost. In-transit LPG pertains to LPG inventories that are under the cost, insurance and freight (CIF) shipping term. The title and risk of loss shall pass to the Group on delivery of the goods to the carrier. As at March 31, 2023 and December 31, 2022, in transit LPG inventories are on board the carrier heading towards the Philippines marine fed terminal for customs clearance.

The Group's inventories are carried at cost, which is lower than the net realizable value.

There are no inventories pledged as security for liabilities as at March 31, 2023 and December 31, 2022.

Inventories charged to cost of sales for the periods ended March 31, 2023 and 2022 are as follows (see Note 23):

	2023	2022
LPG, cylinders, stoves and accessories	**₱3,710,002,029**	₱3,560,768,363
Industrial gases	**111,094,196**	76,964,501
Pharmaceutical products	**7,443,712**	7,297,301
	₱3,828,539,937	₱3,645,030,165

8. REAL ESTATE PROJECTS

Real estate projects as at March 31, 2023 and December 31, 2022 consist of:

	2023	2022
Memorial park lots	**₱348,876,834**	₱351,629,484
Land held for future development	**400,024,679**	397,131,879
Subdivision lots	**54,729,713**	54,729,713
Construction in progress	**367,491,931**	354,293,922
	₱1,171,123,157	₱1,157,784,998

The real estate projects are stated at cost which is lower than NRV.

As at March 31, 2023 and December 31, 2022, there is no material real estate project pledged as security for liabilities and no restriction on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any properties related to real estate projects.

The cost of real estate projects recognized as cost of sales in the Group's consolidated statements of comprehensive income amounted to ₱10.14 million and ₱9.34 million for the periods ended March 31, 2023 and 2022, respectively (see Note 23).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Prepayments		
Rent	**₱23,659,204**	₱19,600,657
Taxes and licenses	**22,122,962**	19,492,686
Insurance	**2,163,330**	4,079,336
Maintenance	**-**	2,041,704
Advances to suppliers		2,297,650
Input VAT	**-**	49,924,378
Creditable withholding tax	**3,661,659**	3,658,194
Others	**36,157,745**	4,370,603
	₱87,764,900	₱105,465,208

Prepaid rent pertains to advance payment for short-term lease agreements (see Note 31).

Prepaid taxes and licenses represent advance payment of business taxes for the succeeding period.

Prepaid insurance pertains to the portion of the insurance premium that has been paid in advance and has not been expired.

Prepaid maintenance pertains to maintenance costs paid in advance for the requalification procedures on LPG bulk tanks and other machinery.

Input VAT represents the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Group.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Others include advertising and terminal refilling and other plant repairs that are amortized within one (1) year.

10. PROPERTY, PLANT AND EQUIPMENT AT REVALUED AMOUNTS (NET)

Reconciliation of the carrying amounts as at March 31, 2023 and December 31, 2022 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

March 31, 2023

	Net carrying amounts, January 1, 2023 (As restated)	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, Mar. 31, 2023
Land and land improvements	**₱4,575,900,019**	**₱ 2,830,800**	**(₱230,143)**	**₱-**	**-**	**₱4,578,500,677**
Buildings and structures	**335,381,112**	**-**	**(32,788,718)**	**1,008,260,196**	**-**	**1,310,852,589**
LPG plant, machinery and equipment	**4,113,398,558**	**-**	**(74,955,535)**	**(984,855,910)**	**-**	**3,053,587,113**
Oxygen and acetylene cylinders	**1,000,975,536**	**-**	**(22,365,136)**	**(23,404,286)**	**-**	**955,206,114**
Office equipment	**509,457**	**-**	**(84,092)**	**-**	**-**	**425,365**
	₱10,026,164,682	**₱ 2,830,800**	**(₱130,423,624)**	**-**	**-**	**₱9,898,571,858**

	Revalued cost	Accumulated depreciation	Net carrying amounts, Mar. 31, 2023
Land and land improvements	**₱4,602,743,458**	**(₱24,242,782)**	**₱4,578,500,677**
Buildings and structures	**2,444,761,008**	**(1,133,908,419)**	**1,310,852,589**
LPG plant, machinery and equipment	**6,123,257,951**	**(3,069,670,838)**	**3,053,587,113**
Oxygen and acetylene cylinders	**1,961,009,008**	**(1,005,802,893)**	**955,206,114**
Office equipment	**73,278,234**	**(72,852,869)**	**425,365**
	₱15,205,049,659	**(₱5,306,477,801)**	**₱9,898,571,858**

December 31, 2022 (As restated)

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
Land and land improvements	₱4,558,210,885	₱10,371,092	(₱1,262,450)	₱8,580,493	₱-	₱4,575,900,019
Buildings and structures	664,738,365	5,522,608	(57,968,477)	(276,911,384)	-	335,381,112
LPG plant, machinery and equipment	4,109,210,335	42,050,868	(288,037,726)	250,175,081	-	4,113,398,558
Oxygen and acetylene cylinders	1,082,985,000	42,329,875	(98,938,468)	7,783,149	(33,184,020)	1,000,975,536
Office equipment	1,681,839	-	(1,172,382)	-	-	509,457
	₱10,416,826,423	₱100,274,443	(₱447,379,504)	(₱10,372,661)	(₱33,184,020)	₱10,026,164,682

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2022
Land and land improvements	₱4,599,912,658	(₱24,012,638)	₱4,575,900,020
Buildings and structures	1,179,986,006	(844,604,894)	335,381,112
LPG plant, machinery and equipment	7,300,692,511	(3,187,293,953)	4,113,398,558
Oxygen and acetylene cylinders	2,048,349,450	(1,047,373,914)	1,000,975,536
Office equipment	73,278,234	(72,768,778)	509,456
	₱15,202,218,859	(₱5,176,054,177)	₱10,026,164,682

Depreciation charged to operations was allocated as follows:

	Mar. 31, 2023	Mar. 31, 2022 (As restated)
Cost of sales	**₱69,095,460**	₱50,561,752
Operating expenses	**61,328,164**	44,877,904
	₱130,423,624	₱95,439,656

The above depreciation includes depreciation on appraisal increase amounting to ₱153.50 million and ₱43.28 million for the periods ended March 31, 2023 and 2022, which also represents transfer of realized portion of revaluation reserve to retained earnings.

The fair value of the property, plant and equipment were in reference to the appraisal report by an independent appraiser accredited by the SEC dated April 28, 2022. The value of the properties was determined using the Market Data Approach. In this method of valuation, the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties.

As at March 31, 2023 and December 31, 2022, the revaluation reserve on the property, plant and equipment carried at revalued amount is ₱3.81 billion and ₱3.95 billion, respectively, which is presented under Other Comprehensive Income (see Note 27).

No contractual commitments have been entered into by the Group for acquisition of any property, plant and equipment.

11. PROPERTY, PLANT AND EQUIPMENT AT COST (NET)

Details of property, plant and equipment are as follows:

March 31, 2023

	Net carrying amounts, January 1, 2023 (As restated)	**Additions**	**Depreciation**	**Reclassification**	**Disposals**	**Net carrying amounts, Mar. 31, 2023**
LPG cylinders and others	**₱1,232,870,011**	**₱129,278,126**	**(₱17,651,843)**	**-**	**(₱1,417,190)**	**₱1,343,079,105**
Transportation equipment	**462,206,520**	**11,957,868**	**(21,822,321)**	**-**	**-**	**452,342,066**
Leasehold improvement	**15,486**	**-**	**(7,743)**	**-**	**-**	**7,743**
Furniture, fixtures and equipment	**66,454,635**	**800,815**	**(7,493,174)**	**-**	**-**	**59,762,276**
CIP	**1,933,100,329**	**28,418,048**	**-**	**-**	**-**	**1,961,518,377**
	₱3,694,646,981	**₱170,454,857**	**(₱46,975,081)**	**-**	**(₱1,417,190)**	**₱3,816,709,567**

	Cost	**Accumulated depreciation**	**Net carrying amounts, Mar. 31, 2023**
LPG cylinders and others	**₱1,587,597,416**	**(₱244,518,310)**	**₱1,343,079,105**
Transportation equipment	**1,302,295,468**	**(849,953,401)**	**452,342,066**
Leasehold improvement	**17,590,509**	**(17,582,766)**	**7,743**
Furniture, fixtures and equipment	**308,374,673**	**(248,612,398)**	**59,762,276**
CIP	**1,961,518,377**	**-**	**1,961,518,377**
	₱5,177,376,443	**(₱1,360,666,875)**	**₱3,816,709,567**

December 31, 2022 (As restated)

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
LPG cylinders and others	₱122,598,955	₱789,773,384	(₱70,304,002)	₱399,051,569	(₱8,249,896)	₱1,232,870,011
Transportation equipment	588,734,829	73,581,843	(188,319,262)	(11,257,949)	(532,943)	462,206,520
Leasehold improvement	237,564	-	(222,078)	-	-	15,486
Furniture, fixtures and equipment	75,306,382	32,257,370	(38,402,333)	(2,507,231)	(199,553)	66,454,635
CIP	1,509,395,478	753,122,154	-	(328,382,721)	(1,034,583)	1,933,100,329
	₱2,296,273,208	₱1,648,734,751	(₱297,247,675)	₱56,903,668	(₱10,016,975)	₱3,694,646,981

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2022
LPG cylinders and others	₱1,459,840,062	(₱226,970,048)	₱1,232,870,011
Transportation equipment	1,290,337,599	(828,131,081)	462,206,520
Leasehold improvement	17,590,509	(17,575,023)	15,486
Furniture, fixtures and equipment	307,573,859	(241,119,224)	66,454,635
CIP	1,933,100,328	-	1,933,100,329
	₱5,008,442,357	(₱1,313,795,376)	₱3,694,646,981

Depreciation charged to operations was allocated as follows:

	Mar. 31, 2023	Mar. 31, 2022 (As restated)
Cost of sales	**₱32,557,887**	₱32,670,853
Operating expenses	**14,417,194**	25,648,321
	₱46,975,081	₱58,319,174

CIP pertains mainly to construction contracts for the site construction and installation of various mounded cylindrical LPG tank storage.

For the periods ended March 31, 2023 and 2022, certain property, plant and equipment was disposed of for a total consideration of ₱2.05 million and ₱947 thousand resulting into a gain of ₱631 thousand and ₱646 thousand, respectively. The gain on disposal was under Other income (net) in the consolidated statements of comprehensive income (see Note 26).

As at March 31, 2023 and December 31, 2022, there are no property, plant and equipment (at cost) pledged as security for liabilities and no restrictions on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any property, plant and equipment.

12. INVESTMENT PROPERTIES

This account consists of:

	2023	2022
Memorial lawn lots	**₱352,301,475**	₱352,301,475
Land	**37,027,141**	37,027,141
	₱389,328,616	₱389,328,616

There are no movements for the Group's investment properties for the periods ended March 31, 2023 and December 31, 2022.

The memorial lawn lots are operated by the Parent Company located in various memorial parks in Mindanao. These were transferred by the Parent Company to PGI during the latter's rehabilitation and were previously classified as *assets held for dacion en pago*. With the termination of the rehabilitation plan, these memorial lawn lots have been reclassified to investment properties as the Group intends to hold these properties for capital appreciation.

The land pertains to three (3) parcels of land located in Luzon, which were acquired in 2014. These parcels of land are held for lease by one of its subsidiaries.

As at March 31, 2023 and December 31, 2022, there are no investment properties pledged as security for liabilities and no restrictions on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any investment properties.

As at March 31, 2023 and December 31, 2022, the aggregate fair value of the investment properties amounted to ₱919.76 million (see Note 34).

The fair value of the memorial lawn lots is based on the latest selling price of the Parent Company for such memorial lawn lots. On the other hand, the fair value of the land was arrived at using comparative market data approach which considers the selling prices of similar or substitute properties within the same location and related market data and establishes an estimated value by process involving comparison. Listings and offerings were also considered. The properties used as basis in comparison are situated within the same location.

13. GOODWILL

Goodwill as at March 31, 2023 and December 31, 2022 mainly comprises the excess of the cost of acquiring the controlling shares of the subsidiaries over the fair value of the identifiable assets and liabilities acquired by the Parent Company.

	2023	2022
Attributable to:		
Investment in subsidiaries by Parent Company		
PGI	**₱68,897,066**	₱68,897,066
PPhI	**1,771,239**	1,771,239
	₱70,668,305	₱70,668,305

Acquisition of PGI

The recoverable amount of PGI's CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections. Cash flows beyond the five-year period are extrapolated using a growth rate determined by the management based on the assessment of market developments and changes in the environment in which the Company operates. The carrying value of goodwill amounted to ₱68.90 million as at March 31, 2023 and December 31, 2022. No impairment loss was recognized for goodwill arising from the acquisition of PGI.

The calculations of value in use for the PGI's CGU are most sensitive to the following assumptions:

- Budgeted gross margin – The management determined budgeted gross margin based on past performance and its expectations for the market development.
- Growth rate – The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate of the global LPG industry.
- Pre-tax discount rate – Discount rates` reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to

measure operating performance.

On the assessment of the value in use of PGI, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Acquisition of PPhI

On July 2, 2015, the Parent Company and its subsidiary, PGI, subscribed to 7.5 million and 1.495 million common shares of PPhI, respectively, at a subscription price of ₱1 per share for a total consideration of ₱7.50 million and ₱1.50 million, respectively. As a result of the subscription, the Parent Company owns 75% direct equity interest and 13.66% indirect equity interest (through PGI) in PPhI.

The following table summarizes the consideration transferred for the fair value of the net assets acquired assumed at the acquisition date.

Net assets	₱7,638,348
Share of non-controlling shareholders	(1,909,587)
	5,728,761
Total consideration transferred	(7,500,000)
Goodwill	₱1,771,239

14. OTHER NONCURRENT ASSETS

This account consists of:

	2023	2022
Advances to contractors and suppliers	**₱16,822,464**	₱17,932,367
Refundable deposits	**28,030,344**	26,834,125
Others	**64,818**	64,819
	₱44,917,626	₱44,831,311

Advances to contractors and suppliers pertain to deposits made to contractors and suppliers for the acquisition of property and equipment. The acquisition of property and equipment will be subsequently reclassified to property and equipment once the title has been transferred to the Group.

Refundable deposits mainly represent security deposits for leases that will be refunded at the end of the lease term.

15. TRADE AND OTHER PAYABLES

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Accounts payable:		
Trade	**₱2,002,675,877**	₱2,095,961,149
Nontrade	**-**	466,626
Deposits for park interment services	**182,253,147**	101,471,438
Accrued expenses	**83,891,244**	81,028,060
Cylinder deposits	**50,590,943**	50,662,190
Due to government agencies	**7,326,848**	60,619,490
Due to park maintenance fund	**69,972,088**	44,940,721
Deferred income	**-**	2,379,386
Others	**67,944,790**	6,661,488
	₱2,464,654,937	₱2,444,190,548

Trade payables pertain to amount due to supplier payable within 30 days from date of sale and do not bear interest. Nontrade payables to third parties pertain to payables other than to suppliers of raw materials.

Deposits for park interment services represent accumulated collections from memorial lot owners exclusively intended for future interment services. This amount is recognized in other income net of related cost of interment when the interment services are performed during burial.

Accrued expenses include accrued utilities, salaries and wages and others such as accrued rent and professional fees.

Cylinder deposits pertain to deposits made by customers for its industrial gases and 50kg. LPG cylinders lent out by the Group.

Due to government agencies include SSS, HDMF and PHIC payable, withholding taxes and other taxes payable.

Due to park maintenance fund represent contributions made by memorial lot owners for the upkeep and maintenance of the memorial cemetery.

Deferred income pertains to interest related to the car plans offered by the Group to certain officers and employees that were collected but not yet earned.

Other payables include reserve fund liability, which is a pool of funds contributed by the Group's officers to cover for future losses due to wrong management decisions and other liabilities.

16. CUSTOMERS' DEPOSITS

This account represents accumulated collections on memorial lots sold to customers but have not yet met the Group's specific revenue recognition criteria. Such deposits will be recognized as revenues when the revenue recognition criteria of the Group has been met.

The customers' deposits amounted to ₱180.99 million and ₱121.84 million as at March 31, 2023 and December 31, 2022, respectively.

17. SHORT-TERM DEBTS

Short-term debts consist of:

*(a) Parent Compa*ny

In the first three months of 2023, the Parent Company obtained credit facilities amounting to ₱50 million from a commercial bank at interest rate of 5.75% with tenure of 90 days.

(b) PGI

In the first three months of 2023, PGI obtained credit facilities amounting to ₱3.138 billion from various commercial banks at interest rates ranging from 4.75% to 5.90% with tenures of 60 to 90 days.

In the year 2022, PGI obtained credit facilities amounting to ₱9.901 billion from various commercial banks at interest rates ranging from 3.85% to 5.75% with tenures of 30 to 90 days.

(c) OOC

In the first three months of 2023, OOC obtained credit facilities amounting to ₱50 million from a commercial bank at an interest rate of 5.75% with a tenure of 90 days.

In the year 2022, OOC obtained credit facilities amounting to ₱150 million from various commercial banks at interest rates ranging from 4.45% to 6.0% with tenures of 90 to 120 days.

As at March 31, 2023 and December 31, 2022, the outstanding balance of short-term debts amounted to ₱2.55 billion and ₱2.65 billion, respectively. Total interest incurred charged to operations amounted to ₱31.45 million and ₱16.44 million for the periods ended March 31, 2023 and 2022, respectively (see Note 25).

18. CAPITAL STOCK

Details of this account are as follows:

	2023	2022
Common stock: ₱1 par value Authorized: 2,098,000,000 common shares	**₱2,098,000,000**	₱2,098,000,000
Subscribed, issued and fully paid: 2,024,500,000 shares	**₱2,024,500,000**	₱2,024,500,000

The Parent Company was incorporated on September 7, 1989 with an authorized capital stock of ₱1,000,000,000 divided into 600,000,000 shares of Class A common stock with the par value of ₱1.00 per share and 400,000,000 shares of Class B common stock with the par value of ₱1.00 per share. On March 30, 1990, it obtained the SEC's approval of the registration of its capital stock for sale to the public and on October 29, 1991, 150,000,000 of its Class ‘A’ shares were listed at the Makati Stock Exchange at the issue/offer price of ₱1.00 per share and 50,000,000 of its Class ‘B’ shares were likewise so listed at the same issue/offer price of ₱1.00 per share.

On March 21, 1994, the SEC approved the amendment of its Articles of Incorporation to consolidated Class B common stock with Class A common stock as the Parent Company’s authorized capital stock. Thus, the Parent Company’s capital stock stood at ₱1 billion divided into 1,000,000,000 common shares with the par value of ₱1.00 per share.

On July 31, 1996, the SEC approved the increase of the capital stock of the Parent Company from ₱1 billion divided into 1,000,000,000 shares with the par value of ₱1.00 per share to ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1.00 per share.

On December 13, 2017, the SEC approved the increase of the authorized capital stock of the Parent Company from ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1 per share to ₱2.098 billion divided into 2,098,000,000 shares with the par value of ₱1.00 per share.

The Parent Company’s shares are listed in the PSE. As at March 31, 2023 and December 31, 2022, the Parent Company’s stock price amounted to ₱5.26 and ₱5.05 per share, respectively.

As at March 31, 2023 and December 31, 2022, the Parent Company has three hundred sixty six (366) equity holders.

19. TREASURY STOCKS

In 2018, the BOD approved the common shares buy-back program under the following terms and conditions:

- The buy-back program shall be for a term of 24 months commencing on November 20, 2018 up to November 19, 2020.
- The Parent Company shall be authorized to repurchase up to ₱500 million worth of common shares.
- The buy-back program shall be executed in the open market through the trading facility of PSE.
- The buy-back program shall be implemented in an orderly manner and should not adversely affect the Parent Company and its subsidiaries’ prospective and existing projects.

On November 27, 2020, the BOD approved the following resolutions in relation to the aforementioned buy-back program:

- The BOD approved the extension of the aforesaid buyback program from November 19, 2020 up to such time when the appropriated ₱500 million fund has been totally spent for the purpose;
- Further, the BOD approved that after the aforesaid ₱500 million fund has been totally consumed, another buy-back program (Second Buy-back Program) will follow for which a similar fund of ₱500 million will be set aside and will last for one year.

As at March 31, 2023 and December 31, 2022, the Group has treasury stocks amounting to 128,809,831 shares with cost of ₱636.70 million.

20. RETAINED EARNINGS

Dividend declaration

Parent Company's dividend declaration

In a special meeting held on December 9, 2022, the Parent Company's BOD declared cash dividends amounting to ₱265.40 million which is equivalent to ₱0.14 per share to stockholders of record as of December 29, 2022 payable on January 25, 2023 out of its unrestricted retained earnings as of December 31, 2021.

In a special meeting held on April 29, 2022, the Parent Company's BOD declared cash dividends amounting to ₱265.44 million which is equivalent to ₱0.14 per share to stockholders of record as of May 27, 2022 payable on June 22, 2022 out of its unrestricted retained earnings as of December 31, 2021.

Cash dividends declared in 2023 and 2022 are summarized below:

Date declared	Date paid	Dividend per share	**2023**	2022
December 9, 2022	January 25, 2023	0.14	**₱-**	₱265,396,624
April 29, 2022	June 22, 2022	0.14	**-**	265,440,724
			₱-	₱530,837,348

PGI's dividend declaration

At the special meeting of PGI's BOD held on October 13, 2022, the Board approved distribution of a cash dividend to stockholders of record as of October 14, 2022 amounting to ₱420 million.

At the special meeting of PGI's BOD held on April 29, 2022, the Board approved distribution of a cash dividend to stockholders of record as of May 2, 2022 amounting to ₱420 million.

Cash dividends declared in 2023 and 2022 are summarized below:

Declared	Date paid	Dividend per share	**2023**	2022
October 13, 2022	October 14, 2022	0.15	**₱-**	₱420,000,000
April 29, 2022	May 10, 2022	0.15	**-**	420,000,000
			₱-	₱840,000,000

As at March 31, 2023 and December 31, 2022, dividends payable amounted to ₱32.07 million and ₱297.47 million, respectively.

21. RELATED PARTY TRANSACTIONS

Material Related Party Transactions (RPT)

The Group adopted the materiality threshold of ten percent (10%) of its total consolidated assets based on its latest consolidated audited financial statements. All material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD with at least a majority of the independent directors voting to approve the material RPT. The threshold shall apply to material RPTs entered between the Group, its subsidiary or affiliate or any related party.

22. REVENUES

The details of this account are as follows:

a) LPG and industrial gases

	2023	2022
LPG, cylinders, stoves and accessories	**₱4,914,564,760**	₱4,472,570,280
Industrial gases	**197,921,674**	178,038,635
	₱5,112,486,434	₱4,650,608,915

b) Real estate

Revenue from sale of real estate amounted to ₱59.02 million and ₱54.33 million for the periods ended March 31, 2023 and 2022, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱11.49 million and ₱11.23 million for the periods ended March 31, 2023 and 2022, respectively.

23. COST OF SALES

a) Cost of sales on LPG and industrial gases for the periods ended March 31 are as follows:

	2023	2022
LPG, cylinders, stoves and accessories	**₱3,710,002,029**	₱3,560,768,363
Industrial gases	**111,094,196**	76,964,501
	₱3,821,096,225	₱3,637,732,864

b) Cost of real estate amounted to ₱10.14 million and ₱9.34 million for the periods ended March 31, 2023 and 2022, respectively. The cost of real estate recognized in the consolidated statements of income on disposal is determined with reference to the specific costs incurred on the property sold.

c) Cost of sales on pharmaceutical products for the periods ended March 31 are as follows:

	2023	2022
Beginning inventory – note 7	**₱6,026,423**	₱7,346,805
Add: Purchases	**8,128,804**	6,326,146
Total good available for sale	**14,155,227**	13,672,951
Less: Ending inventory – note 7	**6,711,515**	6,375,650
	₱7,443,712	₱7,297,301

24. OPERATING EXPENSES

Operating expenses for the periods ended March 31 are as follows:

	2023	2022
Selling expenses	**₱401,191,124**	₱292,732,783
General and administrative expenses	**276,610,352**	290,627,327
	₱677,801,476	₱583,360,110

25. FINANCE COSTS

Finance costs for the periods ended March 31 are as follows:

	2023	2022
Short-term – note 17	**₱31,447,301**	₱16,438,396
Lease liabilities	**614,393**	766,869
Others	**2,580,253**	3,548,403
	₱34,641,947	₱20,753,668

26. OTHER INCOME

Other income for the periods ended March 31 are as follows:

	2023	2022
Cash dividend income - note 5	**₱-**	₱-
Gain (Loss) on sale of financial assets at FVPL – note 5	**6,165,058**	-
Sale of scrap and junked materials	**5,730,699**	-
Gain on sale of property, plant and equipment – note 11	**630,900**	645,645
Interest income from banks – note 4	**103,903**	429,106
Others	**10,148**	6,757,217
	₱12,640,708	₱7,831,968

27. OTHER COMPREHENSIVE INCOME

This account as at March 31, 2023 and December 31, 2022 consists of:

	2023	2022
Remeasurement gain on retirement benefits obligation		
At beginning of period	**₱28,195,857**	₱28,195,857
Remeasurement gain during the period	**-**	-
Deferred income tax effect on remeasurement gain	**-**	-
At end of period	**28,195,857**	28,195,857
Revaluation reserves		
At beginning of period	**3,954,484,543**	4,097,201,840
Transfer of revaluation reserves deducted from operations through additional depreciation charges – note 10	**(153,503,206)**	(190,289,732)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation	**11,954,389**	47,572,435
At end of period	**3,812,935,726**	3,954,484,543
Total other comprehensive income	**₱3,841,131,583**	₱3,982,680,400

28. RETIREMENT BENEFITS OBLIGATION

PGI maintains a retirement benefits plan covering employees on regular employment status. The plan is a funded noncontributory defined benefit plan that provides retirement benefits equal to the following: (a) 150% of monthly final salary for every year of service rendered for the first 20 years; (b) 175% of monthly final salary for every year of service rendered in excess of 20 years but not more than 25 years; and, (c) 200% of monthly final salary for every year of service rendered in excess of 25 years. The plans use the projected unit credit method of actuarial valuation in its retirement benefit cost computation.

The Group has funded, defined benefit retirement plan computed based on the projected unit credit method. It provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees.

Contributions and costs are determined in accordance with actuarial valuation made for the plan. The Group's latest actuarial valuation is as at December 31, 2020.

The amounts recognized in the consolidated statements of financial position arising from the Group's consolidated obligation in respect of retirement benefits as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Present value of defined benefit obligation	**₱424,013,244**	₱413,365,545
Fair value of plan assets	**(376,286,981)**	(346,286,981)
Net retirement benefits obligation	**₱47,726,263**	₱67,078,565

For the determination of the retirement benefits obligation, the following actuarial assumptions were used:

	2023	2022
Discount rate	**3.76%**	3.76%
Expected salary increase rate	**3.00%**	3.00%

The discount rate, also called the zero yield curve, as at March 31, 2023 and December 31, 2022 was derived by applying the procedure of bootstrapping on the bonds included in the PHP BVAL rates, projected as of the valuation date. Assumptions regarding mortality experience are based on 100% of the adjusted 1985 Unisex Annuity Table and 100% of the adjusted 1952 Disability Table reflecting experience improvement and Philippine experience.

29. EARNINGS PER SHARE

Earnings per share are computed based on the number of common shares outstanding as of the end of the current period.

	2023	2022
Net income attributable to the owners of the Parent Company	**₱467,779,718**	₱369,855,518
Number of common shares outstanding as of end of period	**1,895,690,169**	1,895,690,169
	₱ 0.247	₱ 0.195

30. INCOME TAX HOLIDAY REGISTRATION WITH BOI

PGI is registered with the BOI and entitled to ITH exemptions provided under Republic Act of 8479, otherwise known as the Downstream Oil Deregulation Act of 1998.

Registered Activity	Bulk Marketing of Petroleum Products (Lugait, Misamis Oriental LPG Terminal with 4,000 MT Combined capacity of Two (2) LPG Storage Tanks; Brgy. Calangahan, Lugait, Misamis Oriental)
Registered Capacity	Two (2) LPG Storage Tank with a Capacity of 4,000 MT
ITH entitlement Period	01 March 2022 to 28 February 2027 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (New Investment Through the Construction of additional 1,200 MT Storage Capacity of Astorga, Davao del Sur LPG terminal)
Registered Capacity	1,200 MT
ITH entitlement Period	01 January 2018 to 31 December 2022 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Sogod, Cebu LPG Terminal with additional 1,200 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 1,200 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Balingasag, Misamis Oriental LPG Terminal with additional 2,000 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 2,000 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum Products (Talisayan, Zamboanga City LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Purok, Talisayan, Zamboanga City)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 July 2019 to 30 June 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ajuy, Iloilo LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Barrido, Ajuy, Iloilo)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ayungon, Negros Oriental LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Iniban, Ayungon, Negros Oriental)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

As at December 31, 2022, there are seven (7) terminals and refilling plant operations enjoying ITH. While income on other LPG terminal and refilling plant operations, upon which ITH has expired, is subject to MCIT of 2% based on gross profit when it is greater than the RCIT of 30% or when the Group has zero or negative taxable income. The excess of MCIT over RCIT shall be carried forward and credited against RCIT for the three immediately succeeding taxable years.

As at March 31, 2023 and December 31, 2022, the Group is in compliance with the terms and conditions set forth by BOI.

31. LEASES

The Group has entered into various lease agreements for its sales centers, terminals, refilling plants and office units as a lessee.

Group as lessee

Long-term lease agreements

The Group has entered into various lease agreements with various local companies and individuals for its Visayas and Mindanao operations' sales center offices and lot for its refilling plants for a period ranging from three (3) to twenty (20) years. Monthly rent ranges from ₱8,000 to ₱134,000.

Provision on the renewal or extension of the lease agreements depends upon the mutual agreement of both lessor and lessee.

Right-of-use Assets

The reconciliation of right-of-use assets recognized from the aforementioned long-term lease agreements as at March 31, 2023 and December 31, 2022 is as follows:

March 31, 2023:

	Land	**Commercial space/unit**	**Total**
Cost			
Balance at beginning of period	**₱89,021,530**	**₱155,742,558**	**₱244,764,088**
Additions	**-**	**-**	**-**
Balance at end of period	**89,021,530**	**155,742,558**	**244,764,088**
Accumulated depreciation			
Balance at beginning of period	**48,133,766**	**44,919,211**	**93,052,977**
Depreciation	**81,843**	**2,533,528**	**2,615,371**
Balance at end of period	**48,215,609**	**47,452,739**	**95,668,348**
Carrying amount, Mar. 31, 2023	**₱40,805,921**	**₱108,289,819**	**₱149,095,739**

December 31, 2022:

	Land	**Commercial space/unit**	**Total**
Cost			
Balance at beginning of year	₱88,704,423	₱145,926,184	₱234,630,607
Additions	317,107	9,816,374	10,133,481
Balance at end of year	₱89,021,530	₱155,742,558	₱244,764,088
Accumulated depreciation			
Balance at beginning of year	₱38,037,696	₱37,029,797	₱75,067,493
Depreciation	10,096,070	7,889,414	17,985,484
Balance at end of year	48,133,766	44,919,211	93,052,977
Carrying amount, Dec. 31, 2022	₱40,887,764	₱110,823,347	₱151,711,111

Lease Liabilities

Lease liabilities, as shown in the statements of financial position as at March 31, 2023 and December 31, 2022 consist of:

	2023	2022
Current	**₱25,575,524**	₱26,464,935
Noncurrent	**131,112,499**	131,112,499
	₱156,688,023	₱157,577,434

Short-term lease agreements

The Group has entered into various operating lease agreements for its sales centers and office units with various local companies and individuals for a period of one (1) year renewable thereafter upon mutual agreement of both parties. Monthly rental payments range from ₱4,000 to ₱25,000.

Group as lessor

The Group entered into various operating leases on its machinery and equipment for a term of one to five years.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and financing activities. The Group's risk management is in the BOD, and focuses on actively securing the Group's short-term to medium-term cash flows by transacting only with reputable third parties. Long-term financial investments are managed to generate lasting returns.

The Group's principal financial instruments are composed of cash, trade and other receivables, financial assets at FVPL, trade and other payables (excluding deposit for interment services and due to government agencies), dividends payable, short-term debts and lease liabilities. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other financial instruments such as advances to related parties.

The Group is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include debt and equity investments.

The Group's activities expose it primarily to the financial risks of changes in equity price.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's financial instruments with a floating interest rate. Floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every quarter.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's short-term debts (see Note 17). The impact on the Group's equity is immaterial.

	Increase (Decrease) in Basis Points	**Effect on Income Before Tax**	**Effect on Equity After Tax**
2023	**1.00**	**(₱255,255,876)**	**(₱178,679,113)**
	0.50	**(127,627,938)**	**(89,339,557)**
	(1.00)	**255,255,876**	**178,679,113**
	(0.50)	**127,627,938**	**89,339,557**
2022 (As restated)	1.00	(₱265,476,879)	(₱185,833,815)
	0.50	(132,738,439)	(92,916,908)
	(1.00)	265,476,879	185,833,815
	(0.50)	132,738,439	92,916,908

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments as at March 31, 2023 and December 31, 2022 that are exposed to interest rate risks:

	Interest rates	Within 1 Year
2023		
Variable rate		
Short-term debts	**4.75% to 5.90%**	**₱2,552,558,762**
2022		
Variable rate		
Short-term debts	3.60% to 4.80%	₱2,654,768,788

Equity price risk

Equity price risk is the risk that the fair value of equity investment decreases as the result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the consolidated statements of financial position as at FVPL.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, income before income tax for the periods ended March 31, 2023 and December 31, 2022 would increase/decrease by ₱43.81 million and ₱42.39 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at March 31, 2023 and December 31, 2022 would increase/decrease by ₱30.67 million and ₱29.68 million, respectively.

Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group.

Credit risk management

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk exposure

In order to minimize credit risk, the Group has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The ECL arising from Group's receivables from sale of real estate is determined using the simplified approach and calculates ECL based on lifetime ECL. The Group does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date.

For receivables other than those from sale of real estate, the Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL	1
Doubtful	Amount is 120 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	2
In default	Amount is 120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	3
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	3

Generally, the maximum credit risk exposure of financial assets is the carrying amount of financial assets as shown in the face of consolidated statements of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet operating capital requirements. The Group aims to maintain flexibility in funding through an efficient collection of its receivables and from the continuous financial assistance extended by its related parties in the form of loans and advances.

33. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The capital that the Group manages includes all components of its equity as shown in the consolidated statements of financial position.

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total capital and net interest-bearing debt to total capital. Interest-bearing debt includes all short term and long term debt while net interest-bearing debt includes all short-term and long-term debt net of cash and financial assets at FVPL.

The equity ratios as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Total equity (a)	**₱15,661,245,887**	₱15,137,749,444
Total assets (b)	**22,571,709,987**	22,408,342,075
Equity ratio (a/b)	**69%**	68%

The Group is not subject to any externally imposed capital requirements.

34. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Group's assets, which are measured at fair value as at March 31, 2023 and December 31, 2022, are determined in particular, the valuation technique(s) and inputs used.

	Fair value as at Mar. 31 and Dec. 31			
	2023	2022 (As Restated)	Fair value hierarchy	Valuation technique
Financial assets at FVPL	**₱876,252,941**	₱847,869,429	Level 1	Quoted prices in an active market
Property, plant and equipment at revalued amounts	**9,898,571,858**	10,026,164,682	Level 2	Market data approach
	₱10,774,824,799	₱10,874,034,111		

Fair value of financial assets at FVPL is measured at quoted prices in an active market. The property, plant and equipment were appraised on April 28, 2022 by an independent appraiser accredited by the SEC. The value of the properties was determined using the Market Data Approach. In this method of valuation, the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties.

Assets and liabilities not measured at fair value

The following financial assets and liabilities are not measured at fair value on recurring basis but the fair value disclosure is required:

	2023		2022			
	Fair Value	**Carrying value**	Fair value	Carrying value	Fair value hierarchy	Valuation technique
Financial asset						
Refundable deposits	**₱23,614,125**	**₱28,030,344**	₱25,753,260	₱26,834,125	Level 3	(a)
Non-financial asset						
Investment properties	**₱919,763,559**	**₱389,328,616**	₱919,763,559	₱389,328,616	Level 2	(b)
Financial liabilities						
Lease liabilities	**₱131,112,499**	**₱131,112,499**	₱131,112,499	₱131,112,499	Level 3	(c)

(a) Refundable deposits

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate of 5.881% in 2023 and 5.934% in 2022.	The higher the discount rate, the lower the fair value.

(b) The fair value is determined by applying the market comparison approach. The valuation model is based on the market price of comparable real estate properties in the area in which the Group's parcels of land are located and the recent selling price of the memorial lawn lots of the Parent Company.

(c) Lease liabilities

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate from 3.83% to 7.53% in 2023 and 2022	The higher the discount rate, the lower the fair value.

The carrying amounts of cash, trade and other receivables, trade and other payables, short-term debts and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

There has been no transfer from one fair value hierarchy level to another.

35. CONTINGENCIES

The Group is involved in litigations, claims and disputes arising in the ordinary course of business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the consolidated financial position and results of operations of the Group.

36. EVENTS AFTER THE REPORTING DATE

Parent Company dividend declaration

On April 28, 2023, the BOD of the Parent Company declared cash dividends equivalent to ₱0.14 per common share payable on June 22, 2023 to all stockholders of record as of May 26, 2023. The payment will be funded out of its unrestricted retained earnings as of December 31, 2022.

PGI dividend declaration

On April 28, 2023, the BOD of PGI declared cash dividends equivalent to ₱0.15 per common share payable on May 12, 2023 to stockholders of record as of May 5, 2023. The payment will be funded out of its unrestricted retained earnings as of December 31, 2022.

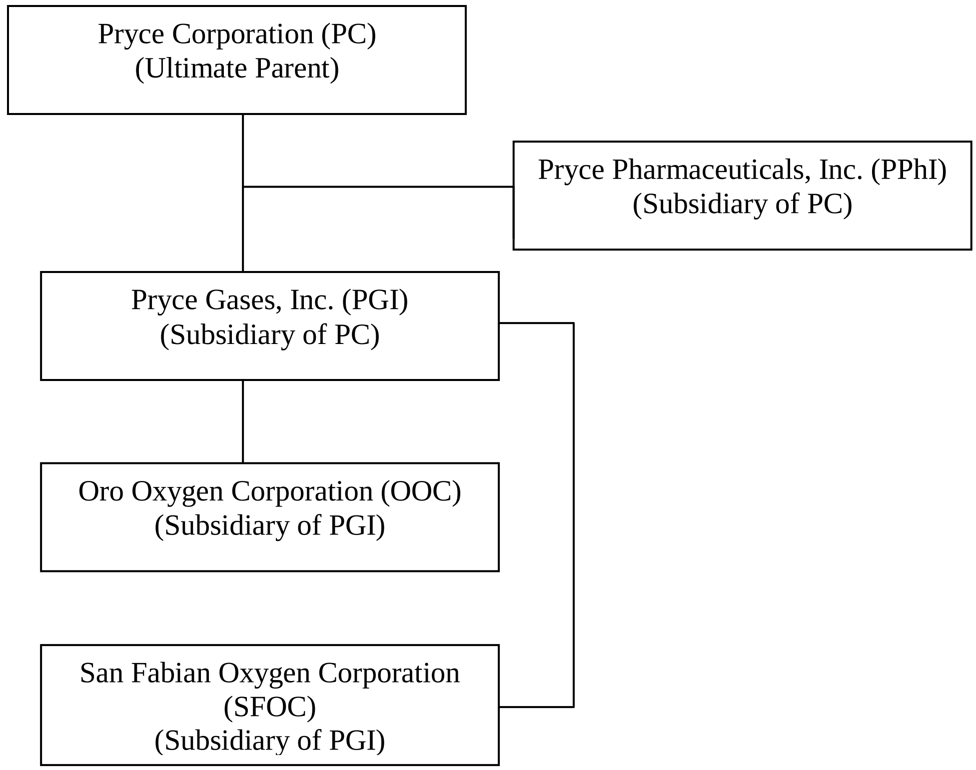
* * *

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX “A” - FINANCIAL SOUNDNESS

	Jan to Mar 2023	Jan to Mar 2022
Profitability ratios :		
Return on assets	**2.80%**	2.20%
Return on equity	**4.09%**	3.20%
Net profit margin	**12.14%**	9.70%

	Mar. 31 2023	Dec. 31 2022
Solvency and liquidity ratios:		
Current ratio	**1.515**	1.397
Debt to equity ratio	**0.441**	0.480
Financial leverage ratio:		
Asset to equity ratio	**1.441**	1.480
Debt to asset ratio	**0.306**	0.324
Interest rate coverage ratio	**19.161**	23.627

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX "B" – MAP OF CONGLOMERATE OR GROUP OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
MARCH 31, 2023



ANNEX C

PRYCE CORPORATION AND SUBSIDIARIES
MARCH 31, 2023

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as at March 31, 2023**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary				✔
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations	✔		
PFRS 4	Insurance Contracts			✔
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at March 31, 2023		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
PFRS 8	Operating Segments	✔		
PFRS 9 (2014)	Financial Instruments	✔		
PFRS 10	Consolidated Financial Statements	✔		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance	✔		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✔
PFRS 11	Joint Arrangements			✔
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✔
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✔
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✔
PFRS 13	Fair Value Measurement	✔		
PFRS 14	Regulatory Deferral Accounts			✔
PFRS 15	Revenue from Contracts with Customers	✔		
	Amendments to PFRS 15: Clarifications to PFRS 15	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at March 31, 2023		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Amendments to PAS 1: Disclosure Initiative	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
	Amendments to PAS 7: Disclosure Initiative	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 12	Income Taxes	✔		
	Amendments to PAS 12: Deferred Tax: Recovery of Underlying Assets	✔		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✔		
PAS 16	Property, Plant and Equipment	✔		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✔		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✔
PAS 17	Leases	✔		
PAS 19 (Revised)	Employee Benefits	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✔		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at March 31, 2023		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27 (Amended)	Separate Financial Statements			✔
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✔
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✔
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✔
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 32	Financial Instruments: Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting			✔
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets			✔
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✔		
PAS 40	Investment Property	✔		
	Amendments to PAS 40: Transfers of Investment Property			✔
PAS 41	Agriculture			✔
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at March 31, 2023		Adopted	Not Adopted	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✔		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✔
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✔
IFRIC 10	Interim Financial Reporting and Impairment			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✔
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-15	Operating Leases – Incentives			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures			✔
SIC-32	Intangible Assets - Web Site Costs			✔

Not Applicable – Standards and interpretations that are effective as at January 1, 2018 but will never be applicable to the Company due to the nature of its operations or not relevant to the Company because there are currently no related transactions.

Not Adopted – Standards and interpretations that are already issued but are not effective for the year ended December 31, 2018 and were not early adopted by the Company.

Please refer to Note 2 to the financial statements for related discussion on the assessed impact on the Company's financial statements on the adoption of new standards and interpretations effective in 2018 and onwards.

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
MARCH 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Atlas Mining	12,038,400	₱ 48,875,904	₱ 48,875,904	₱ -
Filinvest Land, Inc.	148,067,000	111,050,250	111,050,250	
First Philippine Holdings	3,783,095	229,633,867	229,633,867	
Global-Estate Resort, Inc,	153,245,500	139,453,405	139,453,405	
Global Ferronickel	10,651,000	26,520,990	26,520,990	
Megaworld Corporation	4,850,000	9,700,000	9,700,000	
Philippine National Bank	13,902,900	261,743,616	261,743,616	
Pilipinas Shell	659,100	10,875,150	10,875,150	
Vista Land & Escapes Inc.	22,456,000	38,399,760	38,399,760	
Total	369,652,995	₱ 876,252,942	₱ 876,252,942	₱ -

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED MARCH 31, 2023

Name of Debtor			Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
1	.	Aguadera, Jonax	Officer	882,609	71,030	18,165	-	935,474	-	935,474
2	.	Villegas, Franz Jonas	Officer	744,371	-	49,625	-	198,499	496,247	694,746
3	.	Dy, Carlitos Nazar	Officer	562,584	12,147	23,511	-	551,220	-	551,220
4	.	Pineda, Mheco	Staff	505,296	-	180	-	505,116	-	505,116
5	.	Delicano, Chadie	Staff	522,391	-	17,276	-	505,116	-	505,115
6	.	Maniwang, Felipe	Staff	513,790	-	8,674	-	505,116	-	505,116
7	.	Saballa, Fem	Staff	508,337	-	3,221	-	505,116	-	505,116
8	.	Mejos, Welvin	Staff	501,391	3,725	-	-	505,116	-	505,116
9	.	Ragas, Ma. Christa	Officer	509,968	-	28,610	-	300,163	181,195	481,358
10	.	Baco, Michael	Officer	454,298	-	40,994	-	394,667	18,637	413,304
11	.	Sulatre, Alexis	Officer	427,204	-	58,255	-	194,184	174,765	368,949
12	.	Bermejo, Ricky	Staff	367,519	-	250	-	367,269	-	367,269
13	.	Gomez, Roger	Officer	388,367	-	32,364	-	129,456	226,548	356,003
14	.	Paquis, Christian	Staff	468,885	-	113,860	-	355,024	-	355,025
15	.	Gubalani, Concepcion	Officer	348,219	1,740	4,707	-	345,252	-	345,252
16	.	Isidro, Joy	Officer	422,945	28,668	143,554	-	252,680	55,378	308,059
17	.	Leung, Carmen	Officer	348,181	175,979	220,578	-	174,684	128,898	303,582
18	.	Padernal, Kyle	Officer	334,427	-	32,364	-	129,456	172,607	302,063
19	.	Competente, Roque	Officer	342,775	-	40,994	-	247,210	54,571	301,781
20	.	Pingli, Allian	Staff	317,023	9,276	36,606	-	289,693	-	289,693
21	.	Pongos, Zachary	Staff	295,400	-	14,550	-	-	280,850	280,850
22	.	Abarro, Marlou	Staff	282,179	14,587	30,340	-	266,426	-	266,426
23	.	Culasito, Ariel	Staff	244,655	990	6,200	-	239,445	-	239,445
24	.	Luzano, Jun Ray	Staff	216,540	24,751	3,331	-	237,960	-	237,960
25	.	Pineda, Editha	Staff	-	320,833	95,827	-	225,006	-	225,006
26	.	Gabunas, Heide	Staff	233,581	-	21,576	-	212,005	-	212,005
27	.	Fernandez, Julie Ann	Officer	223,328	-	26,754	-	183,198	13,376	196,574
28	.	Seraña, Clefford	Staff	221,685	-	25,726	-	195,959	-	195,959
29	.	Dioquino, Domenic	Staff	220,308	913	27,315	-	193,906	-	193,906
30	.	Demetrio, Yvonne	Staff	270,828	210,912	295,647	-	186,093	-	186,093
31	.	Nuyad, Angelito	Staff	154,244	52,450	23,018	-	183,676	-	183,676
32	.	Limba, Elmer	Staff	213,234	741,168	771,704	-	182,698	-	182,698
33	.	Sumillano, Jeremy Riel	Officer	241,366	14,465	79,333	-	176,498	-	176,498
34	.	Cuady IV, Julius	Staff	176,252	-	500	-	175,752	-	175,752
35	.	Gojeling, Rhey	Officer	200,044	49,659	75,229	-	40,991	133,483	174,474
36	.	Namilit, Guillermo Jr	Staff	176,262	200	5,200	-	171,262	-	171,262
37	.	Collamat, Jeffry	Staff	166,403	3,046	9,720	-	159,729	-	159,729
38	.	Catingub, Nilo	Staff	160,125	818	9,720	-	151,223	-	151,223

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED MARCH 31, 2023

	Name of Debtor	Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
39 .	Noval, Rechie	Staff	154,922	745	8,720	-	146,947	-	146,947
40 .	Belviz, Joe Manny	Staff	138,614	-	-	-	138,614	-	138,614
41 .	Generale, Carlito	Staff	138,212	-	-	-	138,212	-	138,212
42 .	Isog, Renante	Staff	-	138,351	1,500	-	136,851	-	136,851
43 .	Villalobos, Randy	Officer	136,328	-	1,955	-	134,373	-	134,373
44 .	Padayhag, George Nanojan	Staff	130,554	-	3,720	-	126,834	-	126,834
45 .	Juan, Melissa	Staff	125,230	80,200	79,181	-	126,249	-	126,249
46 .	Ascaño, Mark Alf	Officer	149,515	-	26,754	-	42,498	80,263	122,761
47 .	Naive, Shojie	Staff	122,194	-	-	-	122,194	-	122,194
48 .	Tabada, Bryan Jade	Staff	-	138,101	22,645	-	115,456		115,456
49 .	Morales, Marivic	Staff	127,755	30,110	42,486	-	115,379	-	115,379
50 .	Plariza, Jesson	Staff	112,512	305	-	-	112,817	-	112,817
51 .	Campos, Rogelio	Staff	126,035	12,430	26,400	-	112,065	-	112,065
52 .	Amador, Roxly	Staff	108,050	-	-	-	108,050	-	108,050
53 .	Padla, Augustus	Staff	107,859	-	-	-	107,859	-	107,859
54 .	Espino, Ethel	Officer	140,057	-	32,321	-	107,736	-	107,736
55 .	Avila, Manuel	Officer	121,039	-	15,182	-	-	105,857	105,857
56	Ligason, Norman	Staff	121,608	800	17,220	-	105,188	-	105,188
57 .	Coopera, Roiza	Officer	127,988	-	31,458	-	96,530	-	96,530
58 .	Sangalang, Alexander	Staff	508,713	99,230	513,473	-	94,470	-	94,470
59	Samaco, Wilson	Staff	131,478	79,961	131,618	-	79,821	-	79,821
60	Solano, Jeofrey	Staff	225,935	21,643	245,656	-	1,922	-	1,922
61	Anciano, Warlito	Staff	100,569	1,020	101,589	-	-	-	0
62 .	Baludo, Daniel	Staff	410,075	-	410,075	-	-	-	(0)
63 .	Various Employees	Staff	33,805,034	67,852,858	56,867,936	-	43,883,193	906,765	44,789,956
TOTAL			**50,537,288**	**70,193,111**	**60,975,367**	**-**	**56,725,594**	**3,029,440**	**59,755,032**
					-			2	
				59,755,032					
						PGI		48,488,965	
						OOC		7,667,736	
						PC		3,188,618	
						PPHL		409,712	
						TOTAL		59,755,032	
1 .	Deguit, Ethelbert	Officer	2,374,569	-	-	-	1,648,897	725,672	2,374,569

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED MARCH 31, 2023

Name of Debtor	Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
49 . Rafisura, Reynante	Staff	120,825	-	-	-	-	120,825	120,825

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
MARCH 31, 2023

Name and designation of creditor	Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
Pryce Gases, Inc.	Oro Oxygen Corporation	-	-	-	-	-	-	-
Pryce Gases, Inc.	Pryce Corporation	₱ 57,063,412	-	₱ 1,569,940	-	-		₱ 55,493,472
Pryce Gases, Inc.	San Fabian LPG Corp.	20,000,000	-	-	-	-		20,000,000
Pryce Corporation	Pryce Gases,Inc.	-	-	-	-	-		-
Pryce Pharmaceuticals, Inc.	Pryce Gases, Inc.	-	-	-	-	-		-
		₱ 77,063,412	**-**	**₱ 1,569,940**	**-**	**-**	**-**	**₱ 75,493,472**

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS - OTHER ASSETS
MARCH 31, 2023

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
Goodwill	₱ 70,668,305	₱ –	₱ –	₱ –	₱ –	₱ 70,668,305

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
MARCH 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in the related statement of financial position
-N I L-	Not Applicable		

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)
MARCH 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
-N I L-	Not Applicable	Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
MARCH 31, 2023

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
-N I L-		Not Applicable		

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
MARCH 31, 2023

Title of issue	Number of shares authorized	Number of shares subscribed and outstanding	Number of shares reversed for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,024,500,000	1,895,690,169	–	460,173,464	60,457,165	1,375,059,540

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of March 31, 2023

Type of Accounts Receivable	Total	1-30 days	31-90 days	91-180 days	Over 180 days	1 year and above
a. Trade Receivables						
1. Subdivision/Condo	**2,422,674**	394,453	660,732	694,608	672,881	
2. Low-cost housing	**655,109**	113,620	125,508	132,010	141,167	142,804
3. Memorial Parks	**56,635,758**	8,208,259	9,707,742	10,248,820	10,648,757	17,822,180
4. Head Office	**11,043,255**					11,043,255
Totals	**70,756,796**	**8,716,332**	**10,493,982**	**11,075,438**	**11,462,805**	**29,008,239**
Less: Allow. For Doubtful Acct.						
Sub Total	***70,756,796***	***8,716,332***	***10,493,982***	***11,075,438***	***11,462,805***	***29,008,239***
b. Non-trade Receivables						
Advances to Officers & Employees	**3,188,618**	480,609	558,227	571,657	601,876	976,249
Advances to Suppliers & Contractors	**63,703**	18,230	21,879	23,594		
Others	**139,580,723**					139,580,723
Totals	**142,833,044**	**498,839**	**580,106**	**595,251**	**601,876**	**140,556,972**
Less: Allow. For Doubtful Acct.						
Sub Total	***142,833,044***	***498,839***	***580,106***	***595,251***	***601,876***	***140,556,972***
Grand Total	***213,589,840***	***9,215,171***	***11,074,088***	***11,670,689***	***12,064,681***	***169,565,211***

Accounts Receivable Description

Type of Receivables	Nature/Description	Collection period
1. Installment Receivables	**Subdivision**	1-7 years
	Low cost housing	1-15 years
	Memorial parks	1-3 years
	Condominium Office	1-5 years
	Commercial lot	1-3 years
	Head Office	1-3 months

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	6	8	0	6	3					

COMPANY NAME

PRYCE CORPORATION AND SUBSIDIARIES

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

17TH FLOOR, PRYCE CENTER, 1179 CHINO ROCES AVENUE CORNER BAGTIKAN STREET MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's email Address	Company's Telephone Number	Mobile Number
josema.ordenes@prycecorp.com	899-4401	0939-913-4985

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
THREE SIXTY SIX (366)	4th Wednesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JOSE MA. C. ORDENES	josema.ordenes@prycecorp.com	(+632) 8 899-4401	0939-913-4985

CONTACT PERSON's ADDRESS

17F Pryce Center 1179 Chino Roces ave. cor. Bagtikan St. Makati City

Note 1 : *In case of death, resgination 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.*

Pryce Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2022 and 2021 and For Each of the Three Years in the Period Ended December 31, 2022

and

Independent Auditors' Report

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PRYCE CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2022 and 2021, in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Diaz Murillo Dalupan and Company, 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, has expressed its opinion on the fairness of presentation upon completion of such audit.

SALVADOR P. ESCAÑO
Chairman

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 28 2023 DAY OF AT CITY OF MAKATI, AFFIANT EXHIBITING TO ME HIS/HER AS VALID AND COMPETENT PROOF OF HIS/HER LEGAL IDENTITY

EFREN A. PALMA
President

JOSE MA. C. ORDENES
Treasurer

Doc. No. 440
Page No. 89
Book No. 260
Series of 2023

Signed this 28th day of April 2023

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-069 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 / 01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Independent Auditors' Report

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Don Chino Roces Avenue
cor. Bagtikan Street, Makati City

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits 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 audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 audits 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.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the 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 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 financial statements.

Revenue recognition of real estate sales

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve application of significant judgments and estimates to: (a) identify the contracts with customers; (b) identify the performance obligations in the contract; (c) determine the transaction price; (d) allocate the transaction price to the performance obligations in the contract; and (e) recognize revenue when the entity satisfies a performance obligation.

Sale of memorial lots

Under PFRS 15, the Group has concluded that revenue from sale of memorial lots should be recognized at a point in time when control of the asset is transferred to the customer, generally when lots are allowed to be used for burial which is upon 100% payment of purchase of lawn lot and upon 50% payment of family estate.

Sale of subdivision lots and office units

Revenues from sale of subdivision lots and office units are recognized at a point in time when control over the subdivision lots and office units are transferred to the customer, this normally happen when the subdivision lots and the office units are turned-over to the buyer.

Audit response

We obtained an understanding of the Group's revenue recognition process with respect to real estate projects and tested the related controls. We performed inquiries on relevant personnel on sales, collection and reporting process. For the customer's deposit, we evaluated the management's basis by comparing this to the historical analysis of monthly sales collections report from total contract to buy report. We traced the analysis to supporting documents such as the monthly sales report and contract to buy. We obtained sales and collection reports and compared the data with the information in the Group's revenue calculation and monitoring schedule, and reviewed the disposition of differences noted. On a test basis, we traced reported lawn lot sales and subdivision lots and office units against actual collection to corresponding official receipt and contracts to buy and bank records.

We performed cut-off procedures by examining sales and collection reports for the month subsequent to the cut-off date. We evaluated the disclosures made in the financial statements related to adoption of PFRS 15.

Goodwill impairment assessment

The Group has goodwill amounting to ₱70.67 million related to acquisition of Pryce Gases, Inc. and Pryce Pharmaceuticals, Inc. The annual impairment test was significant to our audit as the assessment process is complex by nature and is based on management's judgment and assumptions.

Management has concluded that the goodwill is not impaired. This conclusion was based on a value in use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

Our procedures in relation to the management's impairment assessment included: Assessing the valuation methodology, Challenging the reasonableness of key assumptions based on our knowledge of the business and industry, and Reconciling input data to supporting evidence such as approved budgets and considering the reasonableness of these budgets. We found the assumptions made by management in relation to the value in use calculations to be reasonable based on available evidence. The significant inputs have been appropriately disclosed in note 13.

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, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' 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 PFRS, 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.

Auditors' responsibilities for the audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 auditors' 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 auditors' 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 group 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 audits.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Elirie S. Arañas.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2022, effective until March 14, 2025
By:

Elirie S. Arañas
Partner
CPA Certificate No. 0101773
SEC Accreditation No. 101773-SEC, Group A, issued on June 29, 2021 and
valid in the audit of 2020 to 2024 financial statements of SEC covered institutions
Tax Identification No. 207-051-549
PTR No. 9573299 January 8, 2023, Makati City
BIR Accreditation No. 08-001911-011-2022, effective until March 14, 2025

April 28, 2023

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	As at December 31	
	2022	2021
ASSETS		
Current assets		
Cash - note 4	**₱2,279,811,108**	₱2,626,983,494
Financial assets at fair value through profit or loss (FVPL) - note 5	**847,869,429**	805,134,048
Trade and other receivables (net)- note 6	**780,563,520**	482,089,530
Inventories - note 7	**2,780,434,196**	2,614,981,573
Real estate projects - note 8	**1,157,784,998**	890,458,603
Prepayments and other current assets - note 9	**105,465,208**	184,371,254
	7,951,928,459	7,604,018,502
Noncurrent assets		
Property, plant and equipment (net) - notes 10 and 11	**13,720,811,665**	12,713,099,631
Investment properties - note 12	**389,328,616**	389,328,616
Right-of-use assets - note 34	**151,711,111**	154,723,902
Deferred tax assets - note 29	**79,062,608**	75,078,985
Goodwill - note 13	**70,668,305**	70,668,305
Other non-current assets - note 14	**44,831,311**	52,431,766
	14,456,413,616	13,455,331,205
TOTAL ASSETS	**₱22,408,342,075**	21,059,349,707
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	**₱2,444,190,548**	2,519,614,350
Short-term debts - note 17	**2,654,768,788**	2,125,930,422
Dividends payable - note 20	**297,469,055**	257,845,034
Customers' deposits - note 16	**121,835,914**	273,450,680
Lease liabilities (current) - note 34	**26,464,935**	30,051,348
Income tax payable	**146,883,007**	43,007,460
	5,691,612,247	5,249,899,294
Noncurrent liabilities		
Retirement benefits obligation - note 28	**67,078,565**	135,663,472
Lease liabilities (noncurrent) - note 34	**131,112,499**	131,727,379
Deferred tax liabilities - note 29	**1,380,789,320**	1,410,881,789
	1,578,980,384	1,678,272,640
Total liabilities	**7,270,592,631**	6,928,171,934

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	As at December 31	
	2022	2021
(Continued)		
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock - note 18	**2,024,500,000**	2,024,500,000
Additional paid-in capital	**369,834,820**	369,834,820
Retained earnings	**8,630,395,116**	7,433,599,954
Other comprehensive income - note 27	**3,982,680,400**	4,125,397,697
Treasury stocks - note 19	**(636,703,363)**	(512,610,463)
	14,370,706,973	13,440,722,008
Non-controlling interest	**767,042,471**	690,455,765
Total equity	**15,137,749,444**	14,131,177,773
TOTAL LIABILITIES AND EQUITY	**₱22,408,342,075**	₱21,059,349,707

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	2022	2021	2020
REVENUES - note 22			
Liquefied petroleum gases, industrial gases and accessories	**₱18,445,944,672**	₱15,122,235,708	₱11,496,409,951
Real estate	**230,461,919**	169,285,634	157,562,718
Pharmaceutical products	**54,914,061**	45,833,242	54,669,495
Interment service fee	**36,563,297**	35,047,863	22,863,930
	18,767,883,949	15,372,402,447	11,731,506,094
COST OF SALES - note 23			
Liquefied petroleum gases, industrial gases and accessories	**14,302,102,341**	11,265,535,205	8,487,422,910
Real estate	**79,148,324**	52,046,815	57,387,700
Pharmaceutical products	**37,377,034**	31,166,605	37,208,403
Cost of interment	**30,252,313**	30,101,509	17,998,650
	14,448,880,012	11,378,850,134	8,600,017,663
GROSS PROFIT	**4,319,003,937**	3,993,552,313	3,131,488,431
OPERATING EXPENSES - note 24			
Selling expenses	**1,125,303,501**	950,017,615	661,091,567
General and administrative expenses	**995,053,507**	851,453,812	636,974,857
	2,120,357,008	1,801,471,427	1,298,066,424
INCOME FROM OPERATIONS	**2,198,646,929**	2,192,080,886	1,833,422,007
OTHER INCOME (CHARGES)			
Finance costs - note 25	**(91,001,086)**	(73,765,346)	(62,792,160)
Fair value gain (loss) - note 5	**(104,873,344)**	(127,121,889)	139,419,322
Other income (net) - note 26	**56,334,941**	181,118,801	138,253,726
	(139,539,489)	(19,768,434)	214,880,888
INCOME BEFORE INCOME TAX	**2,059,107,440**	2,172,312,452	2,048,302,895
INCOME TAX EXPENSE - note 29	**(372,530,788)**	(274,574,687)	(432,770,328)
NET INCOME FOR THE YEAR	**1,686,576,652**	1,897,737,765	1,615,532,567
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain on retirement benefit obligation (net of tax)	-	-	7,347,480
Revaluation reserve	-	2,626,727,807	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱1,686,576,652**	₱4,524,465,572	₱1,622,880,047
Net income attributable to:			
Equity holders of the Parent Company	**₱1,537,342,777**	₱1,743,651,020	₱1,480,711,834
Non-controlling interests	**149,233,875**	154,086,745	134,820,733
	₱1,686,576,652	₱1,897,737,765	₱1,615,532,567

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	2022	2021	2020
(Continued)			
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,537,342,777**	₱4,370,378,827	1,488,059,314
Non-controlling interests	**149,233,875**	₱154,086,745	134,820,733
	₱1,686,576,652	₱4,524,465,572	₱1,622,880,047
EARNINGS PER SHARE - note 30	**₱0.809**	₱0.904	₱0.754

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

	For the Years Ended December 31							
			Other comprehensive income (Note 27)					
	Capital stock (Note 18)	**Additional paid-in Capital**	**Revaluation reserves**	**Remeasurement gain**	**Retained earnings**	**Treasury stocks** (Note 19)	**Non-controlling interest**	**Total**
BALANCE AS AT JANUARY 1, 2021	₱2,024,500,000	₱369,834,820	₱1,455,732,990	₱28,195,857	₱6,031,009,241	₱391,853,806	₱605,674,031	₱10,123,093,133
Total comprehensive income for the year								
Net income for the year	-	-	-	-	1,743,651,020	-	154,086,745	1,897,737,765
Transfer of revaluation reserve deduction from operations through additional depreciation charges	-	-	(118,986,514)	-	118,986,514	-	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	29,746,628	-	-	-	-	29,746,628
Effect of change in income tax rate			103,980,928					103,980,928
Change in fair value of property and equipment at revalued amount - note 10	-	-	3,502,303,743	-	-	-		3,502,303,743
Deferred tax effect on increase in revaluation reserve			(875,575,935)					(875,575,935)
Change in interest to OOC resulting from increase in interest of PGI from 99.26% to 99.90% (to PC indirectly from 91% to 91.26%)	-	-	-	-	1,500,987	-	(1,500,987)	-
Transactions with owners								
Declaration of cash dividend - note 20	-	-	-	-	(461,547,808)	-	(67,804,024)	(529,351,832)
Reacquisition of shares - note 19	-	-	-	-	-	(120,756,657)	-	(120,756,657)
Total transactions with owners	-	-	-	-	(461,547,808)	(120,756,657)	(67,804,024)	(650,108,489)
BALANCE AS AT DECEMBER 31, 2021	**₱2,024,500,000**	**₱369,834,820**	**₱4,097,201,840**	**₱28,195,857**	**₱7,433,599,954**	**₱512,610,463**	**₱690,455,765**	**₱14,131,177,773**

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

	For the Years Ended December 31							
			Other comprehensive income (Note 27)					
	Capital stock (Note 18)	**Additional paid-in Capital**	**Revaluation reserves**	**Remeasurement gain**	**Retained earnings**	**Treasury stocks** (Note 19)	**Non-controlling interest**	**Total**
BALANCE AS AT JANUARY 1, 2022	₱2,024,500,000	₱369,834,820	₱4,097,201,840	₱28,195,857	₱7,433,599,954	₱512,610,463	₱690,455,765	₱14,131,177,773
Total comprehensive income for the year								
Net income for the year	-	-	-	-	1,537,342,777	-	149,233,875	1,686,576,652
Transfer of revaluation reserve deduction from operations through additional depreciation charges	-	-	(190,289,732)	-	190,289,732	-	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	47,572,435	-	-	-	-	47,572,435
Transactions with owners								
Declaration of cash dividend - note 20	-	-	-	-	(530,837,347)	-	(72,647,169)	(603,484,516)
Reacquisition of shares - note 19	-	-	-	-	-	(124,092,900)	-	(124,092,900)
Total transactions with owners	-	-	-	-	(530,837,347)	(124,092,900)	(72,647,169)	(727,577,416)
BALANCE AS AT DECEMBER 31, 2022	**₱2,024,500,000**	**₱369,834,820**	**₱3,954,484,543**	**₱28,195,857**	**₱8,630,395,116**	**₱636,703,363**	**₱767,042,471**	**₱15,137,749,444**

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,059,107,440**	₱2,172,312,452	₱2,048,302,895
Adjustments for :			
Depreciation - notes 10, 11 and 34	**757,189,636**	641,113,512	547,697,853
Finance costs - note 25	**91,001,086**	73,765,346	62,792,160
Retirement benefit expense - note 28	**40,915,092**	41,998,997	40,488,528
Provision for impairment - note 6	**-**	-	5,259,134
Gain on sale of property, plant and equipment - notes 10 and 11	**(5,172,707)**	(2,912,604)	(936,142)
Interest income - note 4	**(1,511,866)**	(1,866,177)	(1,876,957)
(Gain) loss on sale of financial assets at FVPL - note 5	**122,852**	4,270,285	(16,913,946)
Dividend income - note 26	**(13,943,151)**	(249,249,420)	(48,950,372)
Unrealized foreign exchange (gain) loss - note 26	**(34,470,101)**	74,483,751	(50,721,289)
Unrealized (gain) loss on financial assets at FVPL - note 5	**104,873,344**	127,121,889	(139,419,322)
Operating income before working capital changes	**2,998,111,625**	2,881,038,031	2,445,722,542
Decrease (increase) in assets:			
Trade and other receivables	**(566,548,928)**	80,937,726	(5,825,380)
Inventories	**(165,452,623)**	(844,320,038)	(548,597,388)
Prepayments and other current assets	**78,906,046**	(77,640,478)	22,926,297
Real estate projects	**(267,326,395)**	(38,417,372)	(9,474,940)
Increase (decrease) in liabilities:			
Trade and other payables	**(75,423,801)**	658,943,412	684,923,863
Customers' deposits	**(151,614,766)**	125,124,542	43,452,785
Net cash generated from operations	**1,850,651,158**	2,785,665,823	2,633,127,779
Proceeds from sale of financial assets at FVPL - note 5	**26,391,737**	785,279,940	335,585,727
Dividends received	**226,876,353**	36,316,218	48,950,372
Contributions and retirement benefits paid - note 28	**(109,500,000)**	(10,000,000)	(41,242,000)
Interest received - note 4	**1,511,866**	1,866,177	1,876,957
Income taxes paid	**(302,731,333)**	(441,037,139)	(478,149,648)
Additions to financial assets at FVTPL - note 5	**(174,123,314)**	(346,437,567)	(512,059,097)
Net cash provided by operating activities	**1,519,076,467**	2,811,653,452	1,988,090,090

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2022	2021	2020
(Continued)			
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment - notes 10 and 11	**48,373,702**	22,221,815	6,299,673
Collection of advances to related parties - note 21	**-**	-	50,343,485
Additions to other non-current assets - note 14	**7,600,455**	(6,182,189)	(6,277,053)
Additions to property, plant and equipment - notes 10 and 11	**(1,739,858,595)**	(1,711,802,432)	(932,422,322)
Net cash used in investing activities	**(1,683,884,438)**	(1,695,762,806)	(882,056,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts - note 17	**10,050,888,698**	7,410,428,882	5,309,186,813
Payment of lease liabilities - note 34	**(1,188,502)**	(43,397,183)	(16,349,283)
Finance costs paid - note 25	**(91,001,086)**	(58,522,180)	(54,718,221)
Acquisition of treasury stocks - note 19	**(124,092,900)**	(120,756,657)	(200,231,109)
Payment of dividends	**(563,860,495)**	(524,903,191)	(524,708,346)
Payment of short-term debts - note 17	**(9,487,580,231)**	(6,667,941,542)	(5,227,265,507)
Net cash used in financing activities	**(216,834,516)**	(5,091,871)	(714,085,653)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**34,470,101**	(35,308,764)	44,981,637
NET INCREASE IN CASH	**(347,172,386)**	1,075,490,011	436,929,857
CASH - note 4			
At beginning of year	**2,626,983,494**	1,551,493,483	1,114,563,626
At end of year	**₱2,279,811,108**	₱2,626,983,494	₱1,551,493,483

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
As at and for the years ended December 31, 2022 and 2021
and for each of the three years in the period ended December 31, 2022
(Expressed in Philippine Peso)

1. CORPORATE INFORMATION

Pryce Corporation (the "Parent Company") and its Subsidiaries (collectively referred to as the "Group") were incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on various dates as follows:

Name of company	Date of incorporation
Pryce Corporation (Parent Company)	September 7, 1989
Pryce Gases, Inc. (PGI)	October 8, 1987
Oro Oxygen Corporation (OOC)	April 4, 2006
Pryce Pharmaceuticals, Inc. (PPhI)	March 10, 2000
San Fabian Oxygen Corporation (SFOC)	February 23, 2019

The Parent Company is primarily engaged in acquiring, purchasing, leasing, holding, selling or otherwise dealing in land and or real estate or any interest or right therein as well as real or personal property of every kind and description including but not limited to shares of stock in industrial, commercial, manufacturing and any other similar corporations.

The Parent Company is a publicly-listed company which is 50.24% owned by Guild Securities, Inc., and 49.76% owned by PCD Nominee Corporation and other entities and individuals. The Parent Company's stock price amounted to ₱5.05 and ₱5.79 per share as at December 31, 2022 and 2021, respectively.

The Parent Company's registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue corner Bagtikan Street, Makati City.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries it controls:

PGI

PGI is primarily engaged in the manufacture, production, purchase, sale and trade of all kinds of liquids and gases and other chemicals, other allied or related products, lease, operate, manage and construct and/or install for or on account of others, plants, equipment and machineries for the manufacture or production or distribution of the desired liquids and gases and other allied products. As at December 31, 2021, the Company has eight (8) liquefied petroleum gas (LPG) marine-fed terminals and twenty-eight (28) refilling plants of varying storage capacities. As at December 31, 2022, there was an increase of one (1) LPG marine-fed terminal while refilling plants remained at twenty-eight (28).

Certain operations of PGI is registered with the Board of Investments (BOI) and entitled to Income Tax Holiday (ITH) provided under Republic Act No. 8479, otherwise known as the Downstream Oil Deregulation Act of 1998 (see Note 31).

PGI's registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue corner Bagtikan Street, Makati City.

On February 19, 2018, the Parent Company acquired 8,500,000 shares of PGI from Marubeni Corporation for ₱15.98 million resulting to an increase in percentage (%) of ownership from 91.04% to 9l.35%.

OOC

OOC is primarily engaged in the purchase, importation, sale and distribution and manufacture and/or production of all kinds of gases including LPG, industrial gases such as, oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment and other receptacles. As at December 31, 2022, OOC has 42 LPG refilling plants of varying storage capacities.

OOC's registered office address is 1st Lower Level Pryce Plaza Hotel, Carmen Hill, Cagayan de Oro City.

On June 28, 2021, the BOD approved the conversion of advances amounting to ₱1.5 billion to equity through issuance of additional 1,499,999,800 shares of OOC. The conversion resulted in an increase of ownership by PGI to OOC from 99.62% in 2020 to 99.90% 2021, and increase in indirect equity of the Parent Company to OOC from 91% to 91.26%.

PPhI

PPhI is primarily engaged in the trading of pharmaceutical products on wholesale and retail basis. PPhI's registered office address is LGF Skyland Plaza, corner Gil Puyat Avenue and Tindalo Street, Makati City.

SFOC

SFOC is primarily engaged in the trade, purchase, importation, swale, distribution, manufacture and production of all kinds of gases including industrial gases, such as oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment, and other receptacles.

SFOC's registered business address and principal office is at 17th Floor, Pryce Center, 1179 Chino Roces corner Bagtikan Street, San Antonio Village, Makati City, Philippines.

Authorization to issue the consolidated financial statements

The consolidated financial statements as at and for the year ended December 31, 2022, including its comparatives as at December 31, 2021, and for each of the three (3) years in the period ended December 31, 2022 were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on April 28, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in this note. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in conformity with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain property, plant and equipment, which have been measured using the revaluation model, and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional and presentation currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls (see Note 1). Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not it has power over an investee, including:

- the contractual agreement with the other vote holders of the investee;
- rights, arising from contractual agreements; and
- the Group's voting rights and potential voting rights.

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 financial statements from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to equity holders of the Parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Non-controlling interest represents the portion of profits or losses and net assets of consolidated subsidiaries not held by the equity holders of the Parent Company, and is presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and within the equity section of the consolidated statements of financial position, separately from equity attributable to the equity holders of the Parent Company.

Changes in the ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

If the Group losses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

The percentage (%) of ownership of the Parent Company as at December 31 are as follows:

	Ownership and voting interest	
Name of subsidiary	**2022**	2021
PGI	**91.35%**	91.35%
OOC	**91.26%**	91.26%
SFOC	**91.33%**	-
PPhI*	**88.66%**	88.66%

** Includes indirect equity ownership of 13.66% in 2022 and 2021.*

The summarized financial information in respect of the subsidiaries that have material non-controlling interest is set below:

The summarized statements of financial position as at December 31 are as follows:

	2022				2021		
	PGI	**OOC**	**SFOC**	**PPhI**	PGI	OOC	PPhI
Total current assets	**₱4,730,581,255**	**₱1,224,187,465**	**₱22,396,135**	**₱22,579,367**	₱4,050,760,730	₱1,159,645,012	₱19,388,082
Total noncurrent assets	**11,907,506,926**	**2,940,833,837**	**168,997,225**	**349,803**	11,640,031,129	2,411,890,549	1,122,760
Total assets	**16,638,088,181**	**4,165,021,302**	**191,393,360**	**22,929,170**	15,690,791,859	3,571,535,561	20,510,842
Current liabilities	**3,965,141,173**	**1,216,757,579**	**169,152,633**	**8,100,631**	3,836,948,776	698,148,438	6,704,860
Noncurrent liabilities	**1,008,170,153**	**211,950,496**	**20,000,000**	**-**	1,036,087,208	218,608,752	-
Total liabilities	**4,973,311,326**	**1,428,708,075**	**189,152,633**	**8,100,631**	4,873,035,984	916,757,190	6,704,860
Equity	**₱11,664,776,855**	**₱2,736,313,227**	**2,240,727**	**₱14,828,539**	₱10,817,755,875	₱2,654,778,371	₱13,805,982

The summarized statements of comprehensive income for the years ended December 31 are as follows:

	2022				2021		
	PGI	**OOC**	**SFOC**	**PPhI**	PGI	OOC	PPhI
Revenues	**₱17,555,796,265**	**₱7,524,376,488**	**₱4,801**	**₱54,914,106**	₱16,135,338,145	₱5,649,345,349	₱45,833,327
Expenses	**(15,571,227,952)**	**(7,432,470,131)**	**(328,892)**	**(53,635,921)**	(12,446,800,537)	(5,592,969,690)	(44,791,674)
Income tax expense	**(330,104,527)**	**(22,932,552)**	**64,818**	**(255,628)**	(250,379,917)	(13,951,768)	(208,314)
	₱1,654,463,785	**₱68,973,805**	**(₱259,273)**	**₱1,022,557**	₱3,438,157,691	₱42,423,891	₱833,339
Net income attributable to:							
Equity holders of the Parent Company	**₱1,511,352,668**	**₱62,945,494**	**(₱236,794)**	**₱906,599**	₱3,140,757,051	₱38,605,741	₱738,838
Non-controlling interest	**143,111,117**	**6,028,311**	**(22,479)**	**115,958**	297,400,640	3,818,150	94,501
	₱1,654,463,785	**₱68,973,805**	**(₱259,273)**	**₱1,022,557**	₱3,438,157,691	₱42,423,891	₱833,339

The summarized statements of cash flows for the years ended December 31 are as follows:

	2022				2021		
	PGI	**OOC**	**SFOC**	**PPhI**	PGI	OOC	PPhI
Net cash inflows (outflows) from operating activities	**₱1,634,736,569**	**₱542,385,522**	**₱168,828,541**	**₱810,202**	₱1,833,030,024	₱717,290,381	(₱3,070,032)
Net cash inflows (outflows) from investing activities	**(767,234,785)**	**(700,369,409)**	**(148,932,407)**	**(694,926)**	(1,323,216,812)	(2,117,609,937)	(294,762)
Net cash inflows (outflows) from financing activities	**(526,133,690)**	**150,000,000**	**2,500,000**	**-**	(160,848,322)	1,500,000,000	-
Net increase (decrease) in cash	**₱341,368,094**	**(₱7,983,887)**	**₱22,396,134**	**₱115,276**	₱348,964,890	₱99,680,444	(₱3,364,794)

Changes in accounting policies and disclosures

Property, Plant and Equipment before Intended Use (Amendments to PAS 16). The amendments to PAS 16, Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Reference to the Conceptual Framework (Amendments to PFRS 3). Minor amendments were made to PFRS 3, Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets and Philippine Interpretation IFRIC 21, Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Annual Improvements to PFRS Standards 2018–2020

- *PFRS 9, Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The annual improvements are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

New Accounting Standards, Interpretations and Amendments to existing Standards effective subsequent to January 1, 2022

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provides several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, Accounting Policies, Changes focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a

measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Deferred Tax Related to Assets and Liabilities arising form Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

<u>*Deferred effectivity*</u>

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). 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 FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2022 on its financial statements in the period of initial application.

Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Determination of fair value and fair value hierarchy

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

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

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

The fair value of an asset or 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 unobservable inputs.

All assets and liabilities for which fair value is measured disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVPL, and for non-recurring measurement, such as investment property. External valuers are involved for valuation of significant assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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.

Fair value measurement disclosures of financial and nonfinancial assets are presented in Note 37 to the consolidated financial statements.

“Day 1” Difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. 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 the statement of comprehensive income 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.

Financial instruments

Initial recognition, measurement and classification

The Group recognizes financial assets and financial liabilities in the consolidated statements 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 market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Group classifies its financial assets as subsequently measured at amortized cost and FVPL. The classification of financial assets depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing the financial assets. The Group’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest (EIR) method.

Financial assets at amortized cost

Financial assets are measured at amortized when both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial measurement, financial assets at amortized cost are subsequently measured using the EIR method less allowance for impairment. Gains and losses are recognized in the profit or loss when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, included under financial assets at amortized cost are the Group's cash, trade and other receivables, and advances to related parties (see Notes 4, 6 and 21).

Cash includes cash on hand and demand deposits.

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the profit or loss. Dividends on investments are recognized as "Other income" (net) in the statements of comprehensive income when the right of payment has been established.

As at December 31, 2022 and 2021, included under financial assets at FVPL are the Group's listed equity investments held for trading which the Group has not irrevocably elected to classify at FVOCI (see Note 5).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the EIR.

The EIR is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2022 and 2021, included in financial liabilities at amortized cost are the Group's trade and other payables (excluding deposit for park interment services and due to government agencies), short-term debts, dividends payable, and lease liabilities (see Notes 15, 17, 20 and 34).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payables and accrued expenses. Trade and other payables are classified as current liabilities if payment is due within one (1) year or less or in the normal operating cycle of the business if longer while non-trade payables are classified as current liabilities if payment is due within twelve (12) months or less. If not, these are presented as noncurrent liabilities.

Short-term debts represent cash payable to bank which are due within twelve (12) months.

Dividends payable represent dividends declared which remain unclaimed by stockholders as at the end of the reporting period.

Amortized cost and EIR method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the EIR for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the EIR to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the EIR to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted EIR to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial assets other than purchased or originated credit-impaired financial assets, the EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated by discounting the estimated future cash flows, including ECL, to the amortized cost of the debt instrument on initial recognition.

Interest income is recognized under Other income in the consolidated statements of comprehensive income.

Offsetting of financial assets and liabilities

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

<u>Derecognition of financial assets and liabilities</u>

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:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all 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 or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the 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 was discharged, 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 statements of comprehensive income.

<u>Impairment of financial assets</u>

The Group recognizes an allowance for ECL for all debt instruments that are measured at amortized cost. ECL are a probability-weighted estimate of credit losses over twelve (12) months or over the expected life of the financial asset depending on the degree of risk of default.

Credit losses are 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 the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of the multiple future economic scenarios, discounted at the asset's effective interest rate. The Group measures ECL of a financial instrument in a way that reflects: a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; b) the time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

The Group has applied the standard's simplified approach on its trade and other receivables and has calculated ECL based on lifetime expected credit losses. The Group does not track changes in credit risk, but instead recognize loss allowance based on lifetime ECL at each reporting date. The loss allowance shall only be adjusted if there is a decline in the fair value of real property which may be repossessed in case of default and such decline will render the fair value of the real property lower than the outstanding balance of the financial assets. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

Significant increase in credit risk is only assessed for receivables other than those arising from trade.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and for
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on receivables other than those arising from trade has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than thirty (30) days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- decrease in the net realizable value of the real estate property which can be recovered from the debtor of sale of real estate if it defaults.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables arising from sale of real estate, when the real estate property which can be recovered if the debtor defaults is no longer saleable.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Inventories

Inventories are composed of four (4) product lines namely: (1) LPG, cylinders, stoves and accessories, (2) industrial gases (3) real estate projects and (4) pharmaceutical products.

LPG, cylinders, stoves and accessories, and industrial gases are classified as follows:

- *Raw materials* – pertain to calcium carbide and liquid oxygen used in the production of acetylene under industrial gases line.

- *Finished goods* – composed of two (2) product lines which are (1) LPG, cylinders, stoves and accessories, and (2) industrial gases. LPG, cylinders, stoves and accessories includes LPG bulk, content, and LPG already filled in the cylinders. LPG accessories pertain to burners and regulators. On the other hand, industrial gases pertain to oxygen, acetylene and other related gases which are produced and sold in the market.

- *General supplies* – include cylinder maintenance, electric and oxygen supplies used for production.

Real estate projects include memorial park lots, subdivision lots, office units and land held for future development.

Pharmaceutical products represent medicines and other related products held for retail.

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realizable value (NRV).

Cost consists of purchase price, conversion costs and other costs incurred in bringing the inventories to its present location and condition. Cost of LPG, cylinders, stoves and accessories, industrial gases, and pharmaceutical products includes excise tax, overhead, freight and handling cost, refilling cost and exclude borrowing costs. On the other hand, cost of real estate projects includes expenditures for the development and improvement of subdivision lots and memorial lots, and construction of the office units.

Cost of LPG, cylinders, stoves and accessories, and industrial gases is determined using moving average method. Cost of real estate projects is determined using specific identification and cost allocation for non-specific cost. And, cost of pharmaceutical products is determined primarily on the basis of first-in, first-out (FIFO) method.

NRV for real estate projects is the estimated selling price less cost to complete and sell. On the other hand, NRV for finished goods is the estimated selling price in the ordinary course of business less the estimated cost of marketing and distribution. NRV for raw materials and materials and supplies is the current replacement cost. In case of supplies, NRV is the estimated realizable value of the supplies when disposed of at their condition at the end of reporting period.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Any increase in NRV in excess of the expense previously recognized is not recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments and other current assets

Prepayments are expenses paid in cash and recorded as asset before they are used or consumed, as the service or benefit will be received in the future. Prepayments expired are recognized as expense either with the passage of time or through use or consumption.

This account is mainly composed of prepaid rent, taxes and licenses, insurance and maintenance, input valued-added tax (VAT), creditable withholding tax, advances to suppliers and other prepaid items. Prepaid rent, insurance, maintenance and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statements of comprehensive income when incurred.

Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted against output VAT in arriving at the VAT due and payable.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Advances to contractors and suppliers represent payments made for goods acquired but not yet received as at year-end.

Insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred.

Prepayments which are expected to be realized for not more than twelve (12) months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Property, plant and equipment

Property, plant and equipment are initially measured at cost. The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use, and the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. Expenditures for additions, major improvements and renewals are capitalized.

Subsequent to initial recognition, its property, plant and equipment are measured using cost model and revaluation model.

(a) Revaluation model

The Group's land and land improvements, buildings and structures, machinery and equipment, oxygen and acetylene cylinders, and machinery and office equipment are subsequently measured using revaluation model. These are carried at revalued amount, being the fair value at the date of revaluation as determined by an independent appraiser, less subsequent depreciation and impairment, provided that the fair value can be measured reliably. Additions subsequent to the date of appraisal are stated at revalued amount.

Revaluation is carried out regularly, so that the carrying amounts do not differ materially from its fair value as at the reporting date. If a revaluation results in an increase in value, it is credited to Revaluation reserves unless it represents the reversal of a revaluation decrease previously recognized as an expense, in which case it is recognized in profit or loss. A decrease arising as a result of a revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to Revaluation reserves.

Depreciation of property, plant and equipment at revalued amount commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
Land and land improvements	40
Buildings and structures	20-40
LPG plant, machinery and equipment	10-20
Oxygen and acetylene cylinders	15
Office equipment	9

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

When these are disposed of, any Revaluation reserves are transferred directly to retained earnings. The transfer to retained earnings should not be made through profit or loss.

(b) Cost model

The Group's LPG cylinders, transportation equipment, leasehold improvements, furniture, fixtures and equipment, and construction in-progress are subsequently measured using cost model. These are stated at cost less accumulated depreciation and any impairment in value.

Depreciation of property, plant and equipment at cost commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
LPG cylinders	15
Leasehold improvements	5-15
Transportation equipment	5-6
Furniture, fixtures and equipment	5

Construction in progress (CIP) is stated at cost. This includes cost of construction, plant and equipment and any other direct cost. CIP is not depreciated. Upon completion, these are reclassified to the specific Property, plant and equipment (net) accounts.

Leasehold improvements are depreciated over its useful life, which is shorter than the lease term.

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

When property, plant and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in used. No further depreciation is charged against current operations.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Cost includes purchase price and any other cost directly attributable to bringing the assets to its working condition and location for its intended use. Subsequent to initial recognition, investment properties are measured at cost less impairment loss, if any. Subsequent expenditures relating to an item of investment properties that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for that asset in prior years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements 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 fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

As at December 31, 2022 and 2021, included in investment properties are the Group's parcels of land, which are held for lease and memorial lawn lots, which are held for capital appreciation.

<u>Business combinations and goodwill</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business acquisition over the fair values of the identifiable net assets and liabilities acquired. Subsequent to initial recognition, it is measured at cost less any accumulated impairment losses.

Should the fair values of the identifiable net assets and liabilities acquired exceeds the cost of business acquisition, the resulting gain is recognized as a bargain purchase in the consolidated statements of comprehensive income. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of the CGU 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 this circumstance is measured based on the relative values of the operation disposed of and portion of the CGU retained.

When a subsidiary is sold, the difference between the selling price and the net assets plus the carrying amount of goodwill is recognized in the consolidated statements of comprehensive income.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the amount of the CGU to which the goodwill has been allocated (or to the aggregate carrying amount of a group of CGU to which the goodwill relates but cannot be allocated), an impairment loss is recognized immediately in the consolidated statements of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Impairment of non-financial assets except inventories and goodwill

At the end of each reporting period, the Group assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Customers' deposits

Customers' deposits pertain to amount paid in advance by customers in exchange of memorial lots or residential units which have not yet met the Group's revenue recognition criteria.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

None of the Group's short-term debts are used to finance acquisition, construction or production of qualifying assets. Hence, all of the Group's borrowing costs are recognized as expenses in the consolidated statements of comprehensive income in the period incurred.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one (1) of the following applies, (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or (d) there is a substantial change to the asset. Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b) above.

The Group leases commercial spaces and lots for its sales centers and refilling plants. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value items. For leases with a term of more than twelve (12) months, the Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, unless the underlying asset is of low value.

Right-of-use asset

At the commencement date of the lease (which is when the underlying asset is available for use), the Group recognizes the right-of-use assets. The right-of-use asset is initially measured at cost which consists of the amount of the lease liability plus any initial direct costs incurred and payments made at or prior to commencement date less lease incentives received and estimated costs to be incurred by the lessee for restoration or dismantling of the underlying asset to be suitable to the condition required by the terms and conditions of the lease. Subsequent to commencement date, the right-of-use asset shall be measured at cost less accumulated amortization and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use asset is amortized using the straight-line method over the shorter of its estimated useful life and the lease term as follows:

	In Years
Land	5 – 25
Commercial space	3 – 5

Lease liabilities

At the commencement date of the lease, (which is when the underlying asset is available for use), the Group recognizes lease liabilities measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group shall use an incremental borrowing rate.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another Standard.

Lease liabilities are subsequently measured to reflect changes in the lease term, exercising of a purchase option (using a revised discount rate), amounts expected to be paid under residual value guarantees (using unchanged discount rate), or future lease payments resulting from a change or a rate used to determine those payments (using an unchanged discount rate). Such remeasurements are treated as adjustments to the right-of-use 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 equipment and other rentals (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). 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.

Leases with variable lease payments

The Group recognizes payments for short-term and long-term leases with variable lease payments depending on the future revenue as expenses when incurred over the lease term.

Income taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carry-forward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

<u>Employee benefits</u>

Short-term employee benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits obligation

The Group provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees. The Group has a funded, noncontributory retirement plan. On the other hand, PGI provides retirement benefits to employees through a defined benefit plan. A defined benefits plan is a pension plan that determines the amount of pension benefit an employee would receive upon retirement, usually dependent on several factors such as age, salary and length of service.

The net 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 asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the remeasurement of net defined benefit liability or asset.

Retirement benefits expense comprises the following:

- Service cost
- Net interest on the defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost, which includes current service cost and gains and losses on settlement are recognized as expense in the consolidated statements of comprehensive income.

Past service cost is recognized as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognizes any termination benefits, or related restructuring costs.

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 the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified in the consolidated statements of comprehensive income in subsequent periods. All remeasurements are recognized in Remeasurement gains (loss) on retirement benefits obligation account under other comprehensive income, and is presented in the consolidated statements of financial position, are not reclassified to another equity account in subsequent periods.

Termination benefits

A termination benefit liability is recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits, which occurs when employee accept offer of benefits on termination, and as a result of the Group's decision to terminate an employee's employment, or
- when the Group recognizes costs for restructuring which involves the payment of termination benefits.

Termination benefits are measured in accordance with the nature of employee benefit, whether short-term employee benefit, post-employment benefit or other long-term employee benefits.

Related party relationships and transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person’s family has control or joint control, has significant influence or is a member of the key management personnel of the Group or of a parent of the Group; and (b) when any of the following conditions apply: (i) an entity and the Group are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Group; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Group; (viii) a person identified in (a) above has significant influence over the Group or is a member of the key management personnel of the Group or of a parent of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Capital stock represents the par value of the shares issued and outstanding as at reporting date.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares are deducted from APIC, net of tax. If APIC is not sufficient, the excess is charged against retained earnings. When the Group issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings and losses of the Group, and any other adjustments to it as required by other standards, less dividends declared.

Treasury stocks represent own equity instruments reacquired, the amount of the consideration paid, including directly attributable cost, net of any tax effects, is recognized as a reduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as APIC. Voting rights related to treasury stocks are nullified for the Group and no dividends are allocated to them.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

<u>Dividend distribution</u>

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the Parent Company's BOD. Stock dividends are treated as transfers from retained earnings to capital stock. Dividends for the year that are approved after the end of the reporting period are dealt with as a non-adjusting event after the end of reporting period.

<u>Other comprehensive income (OCI)</u>

OCI consists of items of income and expenses that are not recognized in profit or loss as required or permitted by other PFRS. The Group's OCI pertains to actuarial gains and losses from retirement benefits and revaluation increment, which is recognized in full in the period when it occurred, on certain items of property and equipment accounted using the revaluation model.

<u>Revenue recognition</u>

Revenue is recognized when or as control over distinct goods or services are transferred to customer such as when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits from the goods or services, given that a contract with enforceable rights and obligations exists and, among others, the collectability of consideration is probable taking into account the customer's creditworthiness.

Revenue recognized is the transaction price that reflects the consideration which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

To determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligation; and
(5) recognizing revenue when or as performance obligations are satisfied.

The Group recognizes revenues from the following sources:

(a) Sale of LPG, cylinders, stoves and accessories, and industrial gases

The Group sells LPG, cylinders, stove and accessories, and industrial gases (a) to the wholesale market, and (b) directly to customers through refilling and terminal plant, and retail outlets.

Revenue from sale to wholesale market is recognized when or as the Group transfers control of the assets at a point in time to the wholesale customers. Invoices for goods transferred are due upon receipt of goods at the wholesaler's specific location. Following delivery, the wholesaler has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Trade receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from sale to individual customers is recognized when control of the goods has been transferred, which is at the point the customer purchases the goods at refilling, terminal plant and retail outlet. Payment of the transaction price is due immediately when the customer purchases the goods.

(b) Sale of real estate

Revenues from sale of real estate arise from (a) sale of memorial lots, and (b) sale of subdivision lots and office units.

Revenues from sale of memorial lots are recognized at a point in time when control of the asset is transferred to the customer, generally when lots are allowed to be used for burial which is upon 100% payment for purchase of lawn lot and upon 50% payment for purchase of family estate.

Revenues from sale of subdivision lots and office units are recognized at a point in time when control is transferred to the customer which normally happens upon turnover of subdivision lots and office units to the buyer.

Real estate sales are recognized only when certain collection threshold was met over which the Group determines that collection of total contract price is reasonably assured. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold.

If the transaction does not qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sales, consideration received from customers are recognized as Customers' Deposits in the statements of financial position. Customers' deposit is recognized at the amounts received from customers and will be subsequently applied against the receivables when the related real estate sale is recognized.
Subsequent cancellations of prior years' real estate sales are recognized in profit or loss in the current year as they occur. The original cost of memorial lots sold is reverted back to inventory while the outstanding receivables at the time of cancellation are reversed. The resulting difference is recognized as part of Other income in the statement of comprehensive income.

(c) Sale of pharmaceutical products

Revenues from sale of pharmaceutical products are recognized at a point in time when control of the asset is transferred to the customer which is upon sale of pharmaceutical products to customer.

(d) Revenue from rendering interment service

Revenue from rendering of interment service is recognized at the point of interment based on the actual services provided to the end of the reporting period.

(e) Interest income

Interest is recognized on a time proportion basis using the effective interest method.

(f) Dividend income

Dividend income is recognized when the Group's right to receive payment is established. The right to receive payment is usually established when the dividend is declared by BOD.

(g) Other comprehensive income

Other comprehensive income comprises items of income and expenses, including items previously presented under the consolidated statements of changes in equity, that are not recognized in profit or loss for the year in accordance with PFRS.

(h) Other income

Other income is recognized when earned.

Expense recognition

Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in the future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Cost of LPG, cylinders, stoves and accessories, industrial gases and pharmaceutical products sold is recognized as expense when the related goods are sold.

Cost of real estate projects sold before completion of the development and construction is determined based on the actual development costs incurred to date plus estimated cost to complete the project as determined by the Group's technical staff and contractors. These estimates are reviewed periodically to take into consideration the changes in cost estimates.

Selling expenses are costs incurred to sell or distribute inventories. General and administrative expenses constitute costs of administering the business which are expensed as incurred.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sale of memorial lots and subdivision lots. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions since the amortization period of the asset that the Group otherwise would have used is one (1) year or less. For contracts with payment terms of more than one (1) year, the mount of commission expensed out and paid to sales agent is amortized over the period of the contract.

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (functional currency). The consolidated financial statements are presented in Philippine peso (₱) the Group's functional and presentation currency.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and the amount can be estimated reliably. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement. 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. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Group's operating business segment are organized and managed separately according to business activities. The Group's management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group's financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Group has no geographical segment for segment reporting format as the Group's risks and rates of return are in the same economic and political environment as the Group is incorporated and operating in the Philippines.

The Group has three (3) operating business segments representing the Group's (1) real estate, (2) LPG and industrial gases, and (3) pharmaceutical products.

Earnings per share

Earnings per share is computed by dividing net income by the weighted average number of common shares issued, subscribed and outstanding during the year with retroactive adjustments for stock dividends declared.

Events after the reporting date

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments 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.

<u>Significant accounting judgments in applying the Group's accounting policies</u>

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the business model and solely for payments of principal and interest test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(c) Determining the timing of satisfaction of sale of memorial lots, subdivision lots and office units

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

a) any asset created or enhanced as the Group performs;
b) the ability of the customer to control such asset as it is being created or enhanced;
c) the timing of receipt and consumption of benefits by the customer; and,
d) the Group's enforceable right for payment for performance completed to date.

The Group concluded that revenues from sales of memorial lots, subdivision lots and office units are recognized at a point in time when control of the asset is transferred to the customer. For sale of memorial lots, control is generally transferred when lots are allowed to be used for burial which is upon 100% payment of purchase of lawn lot and upon 50% payment of family estate. For sale of subdivision lots and office units, control is transferred upon turnover to the buyer.

(d) Lease commitments

The Group has entered into various lease agreements for the lease of its sales center offices and LPG tanks as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. In 2018, the Group determined that significant risk and rewards of ownership of the properties were retained by the lessor and accounts for its lease as operating lease.

Starting January 1, 2019, all the existing leases of the Group, except for the leases with lease term of less than twelve (12) months and small value leases, qualified as leases under PFRS 16 which requires recognition of right-of-use asset and lease liability.

The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

(e) Contingencies

The Group has possible claims from or obligation to other parties from past events and whose existence may only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within its control. Management has determined that the present obligations with respect to contingent liabilities and claims with respect to contingent assets do not meet the recognition criteria, and therefore has not recorded such any amounts.

Significant accounting estimates and assumptions

(a) Estimating fair value of property, plant and equipment at revalued amounts

To determine the fair value of the land and land improvement, buildings and structures, LPG plant, machinery and equipment, oxygen and acetylene cylinders and office equipment at revalued amounts, the Group engaged an independent appraiser duly accredited by the SEC to determine its fair value. The independent appraisers used the Market Data Approach in the valuation wherein the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties. The market value of the properties amounted to ₱10.42 billion based on the latest appraisal dated April 28, 2022. Appraisal increase in 2021 amounted to ₱3.50 billion. Carrying amount of the properties amounted to ₱9.96 billion and ₱10.42 billion as at December 31, 2022 and 2021, respectively (see Note 10).

(b) Impairment of trade and other receivables

The Group makes use of simplified approach in determining the ECL for trade and other receivables.

Simplified approach is used for trade receivables since these are generally short term in nature and are protected by credit enhancement, where real property may be repossessed in case of default of debtor in the case of sale of real estate. Credit risk generally arises when there is a decline in the fair value of the real property and such decline will make the fair value of the real property lower than the carrying amount of the receivables. Fair value of real properties is not expected to change abruptly. Hence, simplified approach is used for determining allowance for ECL for these receivables.

Simplified approach is also used for computing ECL based on lifetime ECL for receivables other than those arising from trade since these are generally short term in nature.

In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The Group does not track changes in credit risk for receivables arising from sale of real estate.

Management believes that there are no indications that its trade and other receivables are impaired as at December 31, 2022 and 2021 as these receivables are highly performing based on the historical credit experience with the debtors, the future economic conditions, and laws governing real estate sales.

The carrying amount of the Group's trade and other receivables as at December 31, 2022 and 2021 amounted to ₱780.56 million and ₱482.09 million, respectively (see Note 6).

(c) Determining the NRV of inventories

In determining the NRV of inventories, the management takes into account the most reliable evidence available at the time the estimates are made. Prices are affected by both internal and external factors that may cause inventory obsolescence. These factors may cause significant adjustment to the Group's inventories within the next reporting period.

The carrying amount of the Group's inventories which are carried at cost as at December 31, 2022 and 2021 amounted to ₱2.78 billion and ₱2.61 billion, respectively (see Note 7). The carrying amount of the Group's real estate projects which are also carried at cost as at December 31, 2022 and 2021 amounted to ₱1.16 billion and ₱890.46 million (see Note 8).

(d) Estimating the useful lives of property, plant and equipment, and right-of-use assets except land

The Group estimates the useful lives of its property, plant and equipment, and right-of-use assets, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated, if expectations differ from previous estimates due to physical wear and tear. In addition, the estimates are based on a collective assessment of industry practice and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying values of property, plant and equipment and right of use assets are disclosed in Notes 10, 11 and 34.

(e) Estimating incremental borrowing rate for lease under PFRS 16

The Group cannot readily determine the interest rate implicit in the lease, hence it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate 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 incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The incremental borrowing rate used by the Group ranges from 3.25% to 7.49%.

(f) Retirement benefits obligation

The present value of the retirement benefits obligation depends on a number of factors that are determined on an actuarial basis using the number of assumptions. The assumptions used in determining the retirement benefit expense include the discount rate and salary increase rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligation. In determining the appropriate discount rate, the Group considers the interest rates of government bonds and has terms of maturity approximating the terms of the related retirements benefit obligation.

Other key assumptions for retirement benefits obligation are based in part on current market conditions.

The carrying amount of the Group's retirement benefits obligation amounted to ₱67.08 million and ₱135.66 million as at December 31, 2022 and 2021, respectively (see Note 28).

(g) Recognition and realizability of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and future tax credits. At end of the reporting period, the Group reviews its deferred tax assets and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on industry trends and projected performance in assessing the sufficiency of taxable income.

As at December 31, 2022 and 2021, the Group recognized deferred tax assets amounting to ₱79.06 million and ₱75.08 million, respectively (see Note 29).

(h) Impairment of goodwill

Determining whether goodwill is impaired requires estimation of the value of CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected based on the history of financial performance of the CGU, a material impairment loss may arise.

Management assessed that goodwill amounting to ₱70.67 million is not impaired as at December 31, 2022 and 2021 (see Note 13).

(i) Impairment of non-financial assets other than inventories

Management is required to perform test of impairment when impairment indicators are present. Property, plant and equipment and investment properties are periodically reviewed to determine any indications of impairment. Management is required to make estimates to determine future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value in use. Though the management believes that the estimates and assumptions used in the determination of recoverable amounts are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Management believes that there are no indications that its inventories, real estate projects, property, plant and equipment and investment properties are impaired.

4. CASH

This account consists of:

	2022	2021
Cash on hand	**₱129,116,064**	₱12,935,025
Cash in banks	**2,150,695,044**	2,614,048,469
	₱2,279,811,108	₱2,626,983,494

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from bank deposits is disclosed as part of the "Other income" account in the consolidated statements of comprehensive income in the amount of ₱1.51 million, ₱1.87 million and ₱1.88 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 26).

There are no legal restrictions on the Group's cash as at December 31, 2022 and 2021.

5. FINANCIAL ASSETS AT FVPL

The movement of the account as at December 31 is as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱686,159,202**	₱1,129,271,860
Additions	**174,123,314**	346,437,567
Disposals	**(26,514,589)**	(789,550,225)
	833,767,927	686,159,202
Fair value gain	**14,101,502**	118,974,846
Balance at end of year	**₱847,869,429**	₱805,134,048

The movements of the fair value gain (loss) as at December 31 are as follows:

	2022	2021
Balance at beginning of year	**₱118,974,846**	₱246,096,735
Fair value loss during the year	**(104,873,344)**	(127,121,889)
Balance at end of year	**₱14,101,502**	₱118,974,846

This consists of equity securities from various listed companies in the Philippines. The fair values of these securities have been determined directly by reference to published prices quoted in the active market at the end of the reporting period.

Proceeds from the sale of the Group's financial assets at FVPL for the years ended December 31, 2022 and 2021 amounted to ₱26.39 million and ₱785.28 million, which resulted to loss on sale of ₱0.12 million and gain on sale of ₱4.27 million, respectively, and is presented under Other income in the consolidated statements of comprehensive income (see Note 26).

Dividend income earned from financial assets at FVPL is presented under Other income in the consolidated statements of comprehensive income amounting to ₱13.94 million and ₱249.25 million, ₱48.95 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 26). The dividend income in 2021 includes property dividend from Philippine National Bank (PNB) to the Parent Company and PGI with a total of ₱212.93 million. On April 23, 2021, PNB has declared the property dividend of up to 239,353,710 common shares of PNB Holdings Corporation (PHC) with a par value of P100 per share to all stockholders of record as of May 18, 2021. The property dividend shall be paid at a ratio of 0.156886919 shares of PHC for every 1 share of PNB. As of to date, the property dividend is pending distribution.

Dividend receivable as at December 31, 2022 and 2021 amounted to ₱212.93 million (see Note 6).

6. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	2022	2021
Trade receivable	**₱488,724,658**	₱179,496,331
Dividend receivable – note 5	**212,933,202**	212,933,202
Advances to officers and employees	**50,537,290**	61,696,414
Receivables from memorial lot owners	**11,043,255**	11,043,255
Others	**22,057,534**	21,652,747
	785,295,939	486,821,949
Allowance for doubtful accounts	**(4,732,419)**	(4,732,419)
	₱780,563,520	₱482,089,530

Trade receivables arising from sale of LPG and industrial gases are usually due within thirty (30) to one hundred twenty (120) days and do not bear any interest. Trade receivables arising from sale of memorial lots, subdivision lots and office units are paid on a monthly basis with various terms ranging from one (1) to five (5) years.

Advances to officers and employees are, in general, non-interest bearing cash advance that are collectible through salary deductions and advances related to operations for official business trip of the Group's officers and employees that are subject to liquidation.

Receivable from memorial lot owners are receivables pertaining to the maintenance adjustment charge billed by the Group for the expenses paid on behalf of the customers for the maintenance and upkeep of the sold memorial lots.

Others mainly consist of dividend receivable, advances to brokers, overpayment to suppliers, vehicle insurance claims and receivables from SSS.

The details and movements in the allowance for doubtful accounts are as follows:

	2022	2021
Balance at beginning of year	**₱4,732,419**	₱5,259,134
Write-off	**-**	(526,715)
Balance at end of year	**₱4,732,419**	₱4,732,419

The Group recognized provision of doubtful accounts for its advances to resigned employees amounting to nil for the years ended December 31, 2022 and 2021 and ₱5,259,134 for the year ended December 31,2020 (see Note 24).

7. INVENTORIES

This account consists of:

	2022	2021
Finished goods		
LPG, cylinders, stoves and accessories	**₱2,350,625,608**	₱2,336,687,568
Industrial gases	**51,534,166**	71,672,276
Pharmaceutical products	**6,026,423**	10,942,919
	2,408,186,197	2,419,302,763
Material and supplies	**261,476,819**	185,659,766
In-transit LPG	**88,816,945**	-
Raw materials	**21,596,290**	10,019,044
Industrial gases	**357,945**	-
	₱2,780,434,196	₱2,614,981,573

Inventories are stated at cost. In-transit LPG pertains to LPG inventories that are under the cost, insurance and freight (CIF) shipping term. The title and risk of loss shall pass to the Group on delivery of the goods to the carrier. As at December 31, 2022 and 2021, in transit LPG inventories are on board the carrier heading towards the Philippines marine fed terminal for customs clearance.

The Group's inventories are carried at cost, which is lower than the net realizable value.

There are no inventories pledged as security for liabilities as at December 31, 2022 and 2021.

Inventories charged to cost of sales for the years ended December 31 are as follows (see Note 23):

	2022	2021
LPG, cylinders, stoves and accessories	**₱13,892,162,163**	₱10,640,705,473
Industrial gases	**360,245,188**	624,829,732
Pharmaceutical products	**37,377,034**	31,166,605
	₱14,289,784,385	₱11,296,701,810

8. REAL ESTATE PROJECTS

This account consists of:

	2022	2021
Memorial Park lots	**₱351,629,484**	₱444,302,292
Subdivision lots	**54,729,713**	57,291,409
Office units	**-**	13,155,030
Land held for future development	**397,131,879**	355,835,317
Construction in progress	**354,293,922**	19,874,555
	₱1,157,784,998	₱890,458,603

The real estate projects are stated at cost which is lower than NRV.

As at December 31, 2022 and 2021, there is no real estate project pledged as security for liabilities and no restriction on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any properties related to real estate projects.

The cost of real estate projects recognized as cost of sales in the Group's consolidated statements of comprehensive income amounted to ₱79.15 million, ₱52.05 million, and ₱57.39 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 23).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2022	2021
Prepayments		
Taxes and licenses	**₱19,492,686**	₱19,133,098
Rent – note 34	**19,600,657**	13,364,774
Insurance	**4,079,336**	10,014,810
Maintenance	**2,041,704**	-
Advances to suppliers	**2,297,650**	-
Input VAT	**49,924,378**	132,320,388
Creditable withholding tax	**3,658,194**	650,472
Others	**4,370,603**	8,887,712
	₱105,465,208	₱184,371,254

Prepaid rent pertains to advance payment for short-term lease agreements (see Note 34).

Prepaid taxes and licenses represent advance payment of business taxes for the succeeding year.

Prepaid insurance pertains to the portion of the insurance premium that has been paid in advance and has not been expired.

Prepaid maintenance pertains to maintenance costs paid in advance for the requalification procedures on LPG bulk tanks and other machinery.

Input VAT represents the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Group.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Others include advances to suppliers, advertising and terminal refilling and other plant repairs that are amortized within one (1) year.

10. PROPERTY, PLANT AND EQUIPMENT AT REVALUED AMOUNTS (NET)

Reconciliation of the carrying amounts as at December 31 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
Land and land improvements	**₱4,558,210,885**	**₱10,371,092**	**(₱1,262,450)**	**₱-**	**₱-**	**₱4,567,661,406**
Buildings and structures	**664,738,365**	**5,522,608**	**(57,968,477)**	**-**	**-**	**612,292,496**
LPG plant, machinery and equipment	**4,109,210,337**	**42,050,868**	**(288,037,726)**	**(72,499,524)**	**-**	**3,790,723,955**
Oxygen and acetylene cylinders	**1,082,985,000**	**42,329,875**	**(98,938,468)**	**-**	**(33,184,020)**	**993,192,387**
Office equipment	**1,681,839**	**-**	**(1,172,383)**	**-**	**-**	**509,456**
	₱10,416,826,426	**₱100,274,443**	**(₱447,379,504)**	**(₱72,499,524)**	**(₱33,184,020)**	**₱9,964,037,821**

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2021
Land and land improvements	**₱4,599,912,658**	**(₱23,670,759)**	**₱4,576,241,899**
Buildings and structures	**1,179,986,006**	**(845,782,788)**	**334,203,218**
LPG plant, machinery and equipment	**7,238,565,650**	**(3,187,293,953)**	**4,051,271,697**
Oxygen and acetylene cylinders	**2,048,349,450**	**(1,047,373,914)**	**1,000,975,536**
Office equipment	**73,278,234**	**(71,932,763)**	**1,345,471**
	₱15,140,091,998	**(₱5,176,054,177)**	**₱9,964,037,821**

<u>December 31, 2021</u>

	Net carrying amounts, January 1, 2021	Appraisal Increase/ decrease	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2021
Land and land improvements	₱1,662,274,886	₱2,403,723,637	₱92,774,463	(₱1,213,612)	₱405,380,111	(₱4,728,600)	₱4,558,210,885
Buildings and structures	1,064,754,671	(12,811,545)	12,344,784	(65,753,805)	(333,795,740)	-	664,738,365
LPG plant, machinery and equipment	3,583,841,434	665,046,817	231,830,073	(264,906,361)	(106,601,629)	-	4,109,210,334
Oxygen and acetylene cylinders	303,568,308	446,344,833	187,883,090	(57,176,767)	210,659,688	(8,294,152)	1,082,985,000
Office equipment	3,318,839	-	-	(1,637,000)	-	-	1,681,839
	₱6,617,758,138	₱3,502,303,742	₱524,832,410	(₱390,687,545)	₱175,642,430	(₱13,022,752)	₱10,416,826,423

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2021
Land and land improvements	₱4,580,961,072	(₱22,750,188)	₱4,558,210,884
Buildings and structures	1,456,238,123	(791,499,758)	664,738,365
LPG plant, machinery and equipment	7,041,919,494	(2,932,709,157)	4,109,210,337
Oxygen and acetylene cylinders	2,031,420,446	(948,435,446)	1,082,985,000
Office equipment	73,278,237	(71,596,398)	1,681,839
	₱15,183,817,372	(₱4,766,990,947)	₱10,416,826,422

If revalued property, plant and equipment were carried at cost, the carrying amounts would be as follows:

December 31, 2022

	Cost	**Accumulated depreciation**	**Net carrying amounts, December 31, 2022**
Land and land improvements	**₱801,225,242**	**(₱15,326,512)**	**₱785,911,730**
Buildings and structures	**372,684,953**	**(280,315,994)**	**92,368,959**
LPG plant, machinery and equipment	**6,199,890,504**	**(2,431,276,369)**	**3,768,614,135**
Oxygen and acetylene cylinders	**1,270,171,738**	**(773,934,028)**	**496,237,710**
Office equipment	**55,145,308**	**(55,145,308)**	**-**
	₱8,699,117,745	**(₱3,555,998,211)**	**₱5,143,121,234**

December 31, 2021

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2021
Land and land improvements	₱760,404,994	(₱14,845,521)	₱745,559,473
Buildings and structures	618,219,268	(444,936,357)	173,282,911
LPG plant, machinery and equipment	5,613,937,902	(2,318,760,740)	3,295,177,162
Oxygen and acetylene cylinders	959,718,961	(693,003,560)	266,715,401
Office equipment	55,145,308	(54,741,764)	403,544
	₱8,007,426,433	(3,526,287,942)	₱4,481,138,491

Depreciation charged to operations for the years ended December 31 was allocated as follows:

	2022	2021
Cost of sales – note 23	**₱224,098,240**	₱250,661,701
Selling expenses – note 24	**134,815,214**	78,840,464
General and administrative expenses – note 24	**82,960,692**	61,185,380
	₱447,379,504	₱390,687,545

As at December 31, 2022 and 2021, certain property, plant and equipment was disposed for a total consideration of ₱43.86 million and ₱13.02 million, resulting into a gain of ₱5.17 million and ₱2.91 million, respectively. The gains on disposal were reported under Other income in the consolidated statements of comprehensive income (see Note 26).

The above depreciation includes depreciation on appraisal increase amounting to ₱190.29 million and ₱118.98 million for the years ended December 31, 2022 and 2021, respectively, which also represents transfer of realized portion of revaluation reserve to retained earnings (see Note 27).

The fair value of the property, plant and equipment were in reference to the appraisal report by an independent appraiser accredited by the SEC dated April 28, 2022. The value of the properties was determined using the Market Data Approach. In this method of valuation, the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties.

As at December 31, 2022 and 2021, the revaluation reserves on the property, plant and equipment carried at revalued amount is ₱3.95 billion and ₱4.10 billion, which is presented under Other comprehensive income and are shown in Revaluation reserves in the consolidated statements of changes in equity (see Note 27).

No contractual commitments have been entered into by the Group for acquisition of any property and equipment.

As of December 31, 2022 and 2021, there is no restriction on the distribution of the balance to the shareholders.

11. PROPERTY, PLANT AND EQUIPMENT AT COST (NET)

Details of property, plant and equipment are as follows:

December 31, 2022

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
LPG cylinders and others	**₱ 584,024,132**	**₱797,766,048**	**(₱78,045,527)**	**(₱3,860,427)**	**(₱8,249,896)**	**₱1,291,634,330**
Transportation equipment	**588,734,829**	**73,581,843**	**(174,332,234)**	**(25,244,980)**	**(532,943)**	**462,206,515**
Leasehold improvement	**46,456**	**-**	**(30,970)**			**15,486**
Furniture, fixtures and equipment	**79,682,514**	**32,257,370**	**(39,415,916)**	**(2,507,231)**	**(199,553)**	**69,817,184**
CIP	**1,509,395,479**	**753,122,154**	**-**	**(328,382,721)**	**(1,034,583)**	**1,933,100,329**
	₱2,761,883,410	**₱1,656,727,415**	**(₱291,824,647)**	**(₱359,995,359)**	**(₱10,016,975)**	**₱3,756,773,844**

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2021
LPG cylinders and others	**₱1,521,259,917**	**(₱229,625,587)**	**₱1,291,634,330**
Transportation equipment	**1,290,337,599**	**(828,131,084)**	**462,206,515**
Leasehold improvement	**17,590,509**	**(17,575,023)**	**15,486**
Furniture, fixtures and equipment	**316,813,333**	**(246,996,149)**	**69,817,184**
CIP	**1,933,100,329**	**-**	**1,933,100,329**
	₱5,079,101,686	**(₱1,322,327,843)**	**₱3,756,773,844**

<u>December 31, 2021</u>

	Net carrying amounts, January 1, 2021	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2021
LPG plant, machinery & equipment	₱68,878,365	₱8,334,461	(₱7,853,254)	-	(₱4,606,500)	₱64,753,072
LPG cylinders	43,773,835	17,864,238	(3,792,190)	-	-	57,845,883
Transportation equipment	387,206,845	362,913,078	(159,706,057)	-	(1,679,037)	588,734,829
Leasehold improvement	80,278	191,108	(33,822)	-	-	237,564
Furniture, fixtures and equipment	65,504,898	50,192,165	(40,389,759)	-	(922)	75,306,382
CIP	875,606,612	747,474,972	-	(113,686,106)	-	1,509,395,478
	₱1,441,050,833	₱1,186,970,022	(₱211,775,082)	(₱113,686,106)	(₱6,286,459)	₱2,296,273,208

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2021
LPG plant, machinery & equipment	₱132,971,069	(₱63,611,497)	₱69,359,572
LPG cylinders	107,946,122	(54,706,739)	53,239,383
Transportation equipment	1,242,533,681	(653,798,852)	588,734,829
Leasehold improvement	17,590,509	(17,352,945)	237,564
Furniture, fixtures and equipment	278,023,272	(202,716,891)	75,306,381
CIP	1,509,395,479	-	1,509,395,479
	₱3,288,460,132	(₱992,186,924)	₱2,296,273,208

Depreciation charged to operations was allocated as follows:

	2022	2021
Cost of sales – note 23	**₱176,342,306**	₱119,620,527
Selling expenses – note 24	**70,382,288**	49,450,478
General and administrative expenses - note 24	**45,100,054**	42,704,077
	₱291,824,648	₱211,775,082

CIP pertains mainly to construction contracts for the site construction and installation of various mounded cylindrical LPG storage tank. These construction contracts amounted to ₱105 million for every 4,177 cubic meters.

For the years ended December 31, 2022 and 2021, certain property and equipment were disposed for a total consideration of ₱10.02 million and ₱6.29 million, resulting into a gain of nil.

As at December 31, 2022 and 2021, there are no property, plant and equipment (at cost) pledged as security for liabilities and no restrictions on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any property, plant and equipment.

12. INVESTMENT PROPERTIES

This account consists of:

	2022	2021
Memorial lawn lots – note 32	**₱352,301,475**	₱352,301,475
Land	**37,027,141**	37,027,141
	₱389,328,616	₱389,328,616

There are no movement for the Group's investment properties for the years ended December 31, 2022 and 2021.

The memorial lawn lots are operated by the Parent Company located in various memorial parks in Mindanao. These were transferred by the Parent Company to PGI during the latter's rehabilitation and were previously classified as *assets held for dacion en pago*. With the termination of the rehabilitation plan, these memorial lawn lots have been reclassified to investment properties as the Group intends to hold these properties for capital appreciation.

The land pertains to three (3) parcels of land located in Luzon, which were acquired in 2014. These parcels of land are held for lease by one of its subsidiaries.

As at December 31, 2022 and 2021, there is no investment property pledged as security for liabilities and no restrictions on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any investment properties.

As at December 31, 2022 and 2021, the aggregate fair value of the investment property amounted to ₱919.76 million (see Note 37).

The fair value of the memorial lawn lots is based on the latest selling price of the Parent Company for such memorial lawn lots. On the other hand, the fair value of the land was arrived at using comparative market data approach which considers the selling prices of similar or substitute properties within the same location and related market data and establishes an estimated value by process involving comparison. Listings and offerings were also considered. The properties used as basis in comparison are situated within the same location.

13. GOODWILL

Goodwill as at December 31 mainly comprises the excess of the cost of acquiring the controlling shares of the subsidiaries over the fair value of the identifiable assets and liabilities acquired by the Parent Company. This is attributable to the investment in subsidiaries of the Parent Company such as follow:

	2022	2021
PGI	**₱68,897,066**	₱68,897,066
PPhI	**1,771,239**	1,771,239
	₱70,668,305	₱70,668,305

Acquisition of PGI

The recoverable amount of PGI's CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections. Cash flows beyond the five-year period are extrapolated using a growth rate determined by the management based on the assessment of market developments and changes in the environment in which the Company operates. The carrying value of goodwill amounted to ₱68.90 million as at December 31, 2022 and 2021. No impairment loss was recognized for goodwill arising from the acquisition of PGI.

The calculations of value in use for the PGI's CGU are most sensitive to the following assumptions:

- Budgeted gross margin – The management determined budgeted gross margin based on past performance and its expectations for the market development.
- Growth rate – The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate of the global LPG industry.
- Pre-tax discount rate – Discount rates` reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

On the assessment of the value in use of PGI, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Acquisition of PPhI

On July 2, 2015, the Parent Company and its subsidiary, PGI, subscribed to 7.5 million common shares of PPhI, respectively, at a subscription price of ₱1 per share for a total consideration of ₱7.50 million and ₱1.50 million, respectively. As a result of the subscription, the Parent Company owns 75% direct equity interest and 13.66% indirect equity interest (through PGI) in PPhI.

The following table summarizes the consideration transferred for the fair value of the net assets acquired assumed at the acquisition date.

Net assets	₱7,638,348
Share of non-controlling shareholders	(1,909,587)
	5,728,761
Total consideration transferred	(7,500,000)
Goodwill	₱1,771,239

14. OTHER NONCURRENT ASSETS

This account consists of:

	2022	2021
Advances to contractors and suppliers	**₱17,932,367**	₱8,790,042
Refundable deposits	**26,834,125**	25,277,741
Others	**64,819**	
	₱44,831,311	₱34,067,783

Advances to contractors and suppliers pertain to deposits made to contractors and suppliers for the acquisition of property and equipment. The acquisition of property and equipment will be subsequently reclassified to property and equipment once the title has been transferred to the Group.

Refundable deposits mainly represent security deposits for leases that will be refunded at the end of the lease term.

15. TRADE AND OTHER PAYABLES

This account as at December 31 consists of:

	2022	2021
Accounts payable:		
Trade	**₱2,095,961,149**	₱2,009,657,809
Nontrade	**466,626**	6,102,723
Deposits for park interment services	**101,471,438**	189,301,305
Cylinder deposits	**50,662,190**	104,885,080
Due to park maintenance fund	**44,940,721**	81,184,721
Accrued expenses	**81,028,060**	59,536,726
Due to government agencies	**60,619,490**	58,265,098
Deferred income	**2,379,386**	2,784,231
Others	**6,661,488**	7,896,657
	₱2,444,190,548	₱2,519,614,350

Trade payables pertain to amount due to supplier payable within 30 days from date of sale and do not bear interest. Nontrade payables to third parties pertain to payables other than to suppliers of raw materials.

Deposits for park interment services represent accumulated collections from memorial lot owners exclusively intended for future interment services. This amount is recognized in other income net of related cost of interment when the interment services are performed during burial.

Details of accrued expenses are as follows:

	2022	2021
Utilities	**₱-**	₱15,712,904
Accrued salaries and wages	**18,772,560**	14,474,794
Other accrued expenses	**62,255,500**	29,349,028
	₱81,028,060	₱59,536,726

Other accrued expenses include accrued rent and professional fees.

Cylinder deposits pertain to deposits made by customers for its industrial gases and 50kg. LPG cylinders lent out by the Group.

Due to government agencies include SSS, HDMF and PHIC payable, withholding taxes and other taxes payable.

Due to park maintenance fund represent contributions made by memorial lot owners for the upkeep and maintenance of the memorial cemetery.

Deferred income pertains to interest related to the car plans offered by the Group to certain officers and employees that were collected but not yet earned.

Other payables include reserve fund liability, which is a pool of funds contributed by the Group's officers to cover for future losses due to wrong management decisions and other liabilities.

16. CUSTOMERS' DEPOSITS

This account represents accumulated collections on memorial lots sold to customers but have not yet met the Group's specific revenue recognition criteria. Such deposits will be recognized as revenues when the revenue recognition criteria of the Group has been met.

The customers' deposits amounted to ₱121.84 million and ₱273.45 million as at December 31, 2022 and 2021, respectively.

17. SHORT-TERM DEBTS

Short-term debts consist of:

PGI

For the years ended December 31, 2022 and 2021, PGI obtained short-term loans with term ranging from 30 to 120 days and are intended solely for working capital requirements and corporate expenses.

In 2022 and 2021, the Company obtained short-term loans denominated in US dollar from Rizal Commercial Banking Corporation (RCBC) amounting to ₱2,657.95 million and ₱2,547.80 million, respectively, at interest rates of 3.50% to 5.25% with terms of 90 to 120 days.

In 2022 and 2021, the Company also obtained short-term loans from Land Bank of the Philippines (LBP) /United Coconut Planters Bank (UCPB) amounting to ₱2,740.20 million and ₱3,396.94 million, respectively, of which ₱1,124.01 million and ₱548.65 million, respectively, is denominated in US dollar, at interest rates ranging from 3.50% to 3.85% for a term of 60 to 90 days. These short-term loans are unsecured.

In 2022 and 2021, the Company obtained short-term loans denominated in US dollar from Robinsons Bank Corporation amounting to ₱1,314.40 million and ₱982.77 million, respectively, at interest rates ranging of 3.50% to 4.75% with terms of 90 to 120 days. The short-term loans are unsecured.

In 2022 and 2021, the Company obtained short-term loans denominated in US dollar from Philippine Bank of Communications amounting to ₱2,463.23 million and ₱482.95 million at interest rates ranging of 3.50% to 4.75% with terms of 90 to 120 days. The short-term loans are unsecured.

In 2022, the Company obtained short-term loans denominated in US dollar from CTBC Bank amounting to ₱420.86 million at interest rates ranging of 4.88% to 5.5% with terms of 30 to 90 days. The short-term loans are unsecured.

The movement in short-term debts as at December 31 is as follows:

	2022	2021
Beginning balance	**₱ 2,125,930,422**	₱1,396,793,723
Availment of loans during the year	**10,050,888,698**	7,410,428,882
Payments during the year	**(9,487,580,231)**	(6,667,941,542)
Unrealized foreign exchange gain	**(34,470,101)**	(13,350,641)
Ending balance	**₱2,654,768,788**	₱2,125,930,422

Total interest incurred charged to operations amounted to ₱76.75 million and ₱58.52 million for the years ended December 31, 2022 and 2021, respectively (see Note 25).

18. CAPITAL STOCK

Details of this account as at December 31 are as follows:

	2022	2021
Common stock: ₱1 par value		
Authorized: 2,098,000,000 common shares	**₱2,098,000,000**	₱2,098,000,000
Subscribed, issued and fully paid:		
2,024,500,000 shares	**₱2,024,500,000**	₱2,024,500,000

The Parent Company was incorporated on September 7, 1989 with an authorized capital stock of ₱1,000,000,000 divided into 600,000,000 shares of Class A common stock with the par value of ₱1.00 per share and 400,000,000 shares of Class B common stock with the par value of ₱1.00 per share.

On March 30, 1990, it obtained the SEC's approval of the registration of its capital stock for sale to the public and on October 29, 1991, 150,000,000 of its Class 'A' shares were listed at the Makati Stock Exchange at the issue/offer price of ₱1.00 per share and 50,000,000 of its Class 'B' shares were likewise so listed at the same issue/offer price of ₱1.00 per share.

On March 21, 1994, the SEC approved the amendment of its Articles of Incorporation to consolidate Class B common stock with Class A common stock as the Parent Company's authorized capital stock. Thus, the Parent Company's capital stock stood at ₱1 billion divided into 1,000,000,000 common shares with the par value of ₱1.00 per share.

On July 31, 1996, the SEC approved the increase of the capital stock of the Parent Company from ₱1 billion divided into 1,000,000,000 shares with the par value of ₱1.00 per share to ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1.00 per share.

On December 13, 2017, the SEC approved the increase of the authorized capital stock of the Parent Company from ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1 per share to ₱2.098 billion divided into 2,098,000,000 shares with the par value of ₱1.00 per share.

The Parent Company's shares are listed in the Philippine Stock Exchange (PSE). As at December 31, 2022 and 2021, the Parent Company's stock price amounted to ₱5.05 and ₱5.79 per share, respectively.

As at December 31, 2022 and 2021, the Parent Company has outstanding shares of 1,895,690,169 and 1,918,230,869, net of treasury stock of 128,809,831 and 106,269,131, respectively.

As at December 31, 2022 and 2021, the Parent Company has three hundred sixty-six (366) and three hundred sixty (360) equity holders, respectively.

19. TREASURY STOCKS

In 2018, the BOD approved the common shares buy-back program under the following terms and conditions:

- The buy-back program shall be for a term of 24 months commencing on November 20, 2018 up to November 19, 2020.
- The Parent Company shall be authorized to repurchase up to ₱500 million worth of common shares.
- The buy-back program shall be executed in the open market through the trading facility of PSE.
- The buy-back program shall be implemented in an orderly manner and should not adversely affect the Parent Company and its subsidiaries' prospective and existing projects.

On November 27, 2020, the BOD approved the following resolutions in relation to the aforementioned buy-back program:

- The BOD approved the extension of the aforesaid buyback program from November 19, 2020 up to such time when the appropriated ₱500 million fund has been totally spent for the purpose;
- Further, the BOD approved that after the aforesaid ₱500 million fund has been totally consumed, another buy-back program (Second Buy-back Program) will follow for which a similar fund of ₱500 million will be set aside and will last for one year.

As at December 31, 2022 and 2021, the Parent Company has treasury stocks of 128,809,831 shares with cost of ₱636.70 million and 106,269,131 shares with cost of ₱512.61 million, respectively.

20. RETAINED EARNINGS

Dividend declaration

Parent Company's dividend declaration

In a special meeting held on December 9, 2022, the BOD declared cash dividends amounting to ₱265.40 million equivalent to ₱0.14 per share to stockholders of record as at December 29, 2022 payable on January 25, 2023.

In a special meeting held on April 29, 2022, the BOD declared cash dividends amounting to ₱265.55 million equivalent to ₱0.14 per share to stockholders of record as at May 27, 2022 payable on June 22, 2022.

In a special meeting held on December 6, 2021, the BOD declared cash dividends amounting to ₱230.19 million equivalent to ₱0.12 per share to stockholders of record as at January 5, 2022 payable on January 31, 2022.

In a special meeting held on May 21, 2021, the BOD declared cash dividends amounting to ₱231.36 million equivalent to ₱0.12 per share to stockholders of record as at June 15, 2021 payable on July 6, 2021.

Cash dividends declared in 2022 and 2021 are summarized below:

Date declared	Date paid	Dividend per share	**2022**	2021
December 9, 2022	January 25, 2023	₱0.14	**₱265,396,624**	₱-
April 29, 2022	June 22, 2022	0.14	**265,440,723**	-
December 6, 2021	January 31, 2022	0.12	**-**	230,187,704
May 21, 2021	July 6, 2021	0.12	**-**	231,360,104
			₱530,837,347	₱461,547,808

PGI's dividend declaration

At the special meeting of the BOD held on April 29, 2022, the Board approved distribution of a cash dividend to stockholders of record as of May 10, 2022 equivalent to ₱0.15 per share of the outstanding paid-up capital of the Company's 2,800,000,000 common shares amounting to ₱420 million payable on May 10, 2022 out of unrestricted retained earnings for cash dividends as of December 31, 2021.

At the special meeting of the BOD held on October 13, 2022, the Board approved distribution of a cash dividend to stockholders of record as of October 14, 2022 equivalent to ₱0.15 per share of the outstanding paid-up capital of the Company's 2,800,000,000 common shares amounting to ₱420 million payable on October 14, 2022 out of unrestricted retained earnings for cash dividends as of December 31, 2021.

At the special meeting of the BOD held on May 21, 2021, the Board approved distribution of a cash dividend to stockholders of record as of May 28, 2021 equivalent to ₱0.14 per share of the outstanding paid up capital of the Company's 2,800,000,000 common shares amounting to ₱392 million payable on June 4, 2021 out of unrestricted retained earnings for cash dividends as of December 31, 2020.

At the special meeting of the BOD held on October 22, 2021, the Board approved distribution of a cash dividend to stockholders of record as of October 28, 2021 equivalent to ₱0.14 per share of the outstanding paid up capital of the Company's 2,800,000,000 common shares amounting to ₱392 million payable on November 3, 2021 out of unrestricted retained earnings for cash dividends as of December 31, 2020.

Cash dividend declared and paid in 2022 and 2021:

Declared	Date paid	Dividend per share	**2022**	2021
May 2, 2022	May 10, 2022	₱0.15	**₱420,000,000**	₱-
October 14, 2022	October 14, 2022	0.15	**420,000,000**	-
May 25, 2021	June 4, 2021	0.14	**-**	392,000,000
October 22, 2021	November 3, 2021	0.14	**-**	392,000,000
			₱840,000,000	₱784,000,000

As at December 31, 2022 and 2021, dividends payable amounted to ₱297.47 million and ₱257.85 million, respectively.

21. RELATED PARTY TRANSACTIONS

The Group has no transactions with related parties as at December 31, 2022 and 2021.

The Group's outstanding advances from related parties in 2019 amounting to ₱50.34 million are fully settled in 2020.

Key management personnel compensation

Compensation of the Group's key management personnel are as follows:

	2022	2021
Salaries and other short-term benefits	**₱38,880,594**	₱32,091,158
Retirement benefits	**14,278,877**	4,281,128
	₱53,159,471	₱36,372,286

Material Related Party Transactions (RPT)

The Group adopted the materiality threshold of ten percent (10%) of its total consolidated assets based on its latest consolidated audited financial statements. All material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD with at least a majority of the independent directors voting to approve the material RPT. The threshold shall apply to material RPTs entered between the Group, its subsidiary or affiliate or any related party.

22. REVENUES

The details of this account are as follows:

a) LPG and industrial gases

	2022	2021	2020
LPG, cylinders, stoves and accessories			
Content	**₱17,046,191,973**	₱13,427,634,016	₱10,133,169,471
Cylinders	**512,704,976**	577,956,598	556,256,875
Stove and accessories	**153,240,810**	242,605,218	357,112,094
	17,712,137,759	14,248,195,832	11,046,538,440
Industrial gases			
Oxygen	**500,224,870**	561,959,517	344,085,536
Acetylene	**105,566,124**	85,094,145	65,552,036
Cylinders	**55,719,340**	157,946,420	-
Other gases	**72,296,579**	69,039,794	40,233,939
	733,806,913	874,039,876	449,871,511
	₱18,445,944,672	₱15,122,235,708	₱11,496,409,951

In 2022 and 2021, the Group sold portion of the new oxygen tanks/cylinders acquired for the year due to unexpected demand from consumers in response to the risk COVID-19 infection.

b) Real estate

Revenue from real estate amounted to ₱230.46 million, ₱169.29 million, and ₱157.56 million for the years ended December 31, 2022, 2021, and 2020, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱54.91 million, ₱45.83 million, and ₱54.67 million for the years ended December 31, 2022, 2021, and 2020, respectively.

d) Interment service fee

Interment service fee earned amounted to ₱36.56 million, ₱35.04 million and ₱23.87 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Reclassification

In 2021, the interment service fee and related direct cost of interment previously included at net amount under "Other income" was reclassified as part of revenue and cost sales and service of the Group because the management observed continuous growth from that income stream. Comparative figures for 2020 and 2019 were also reclassified for consistency and comparability.

23. COST OF SALES AND SERVICE

a) Cost of sales on LPG and industrial gases for the year ended December 31 are as follows:

	2022	2021	2020
LPG, cylinders, stoves and accessories			
Direct materials	**₱12,548,465,915**	₱9,520,528,441	₱7,534,726,174
Direct labor	**344,525,689**	343,139,169	132,374,043
Depreciation – notes 10, 11 and 34	**327,834,293**	311,572,358	295,803,294
Fuel and oil	**107,543,195**	90,070,850	11,813,610
Repairs and maintenance	**97,329,101**	86,286,961	24,113,524
Outside services	**70,450,669**	63,231,877	58,390,636
Freight and handling	**65,428,957**	64,329,672	41,761,949
Rent and utilities	**60,646,796**	53,950,519	30,796,590
Taxes and licenses	**19,558,321**	20,165,302	16,114,918
Insurance	**8,086,116**	5,294,868	7,638,185
Others	**291,988,101**	82,135,456	41,956,750
	13,941,162,163	10,640,705,473	8,195,489,673
Industrial gases			
Direct materials	**190,795,427**	402,693,421	189,254,295
Depreciation – notes 10 and 11	**75,542,098**	65,019,015	48,887,537
Direct labor	**46,240,181**	64,255,790	22,400,766
Rent and utilities	**9,596,926**	14,939,637	12,399,356
Repairs and maintenance	**6,663,054**	36,554,564	3,605,671
Outside services	**3,783,221**	6,820,138	6,089,637
Freight and handling	**3,319,566**	10,530,029	2,970,142
Taxes and licenses	**937,484**	882,454	1,057,486
Insurance	**495,664**	29,432	237,241
Interest	**425,625**	-	-
Others	**22,445,942**	23,105,252	5,031,106
	360,245,188	624,829,732	291,933,237
	₱14,302,102,341	₱11,265,535,205	₱8,487,422,910

b) Cost of real estate amounted to ₱79.15 million, ₱52.05 million, and ₱57.39 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 8). The cost of real estate recognized in the consolidated statements of comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

c) Cost of sales on pharmaceutical products for the years ended December 31 are as follows:

	2022	2021	2020
Beginning inventory – note 7	**₱7,346,805**	₱7,830,103	₱5,228,166
Add: Purchases	**36,056,652**	30,683,307	39,810,340
Total good available for sale	**43,404,457**	38,513,410	45,038,506
Less: Ending inventory – note 7	**6,026,423**	7,346,805	7,830,103
	₱37,377,034	₱31,166,605	₱37,208,403

d) Cost of interment sales amounted to ₱30.25 million, ₱30.10 million, and ₱18 million in 2022, 2021 and 2020, respectively.

24. OPERATING EXPENSES

Operating expenses for the years ended December 31 are as follows:

	2022	2021	2020
Selling expenses:			
Salaries, wages and benefits	**₱429,462,392**	₱420,830,153	₱347,658,640
Depreciation – notes 10, 11 and 34	**220,247,141**	160,632,683	124,807,168
Rent and utilities	**57,658,563**	73,033,496	26,920,480
Fuel and oil	**82,621,347**	53,802,347	35,149,181
Outside services	**48,564,878**	39,157,060	10,402,369
Travel and transportation	**39,312,846**	33,784,310	17,630,179
Freight and handling	**22,926,643**	29,934,478	14,784,456
Repairs and maintenance	**85,624,577**	28,182,338	18,539,782
Taxes and licenses	**30,592,572**	22,565,147	11,422,068
Commissions	**19,081,524**	17,649,519	15,742,204
Materials and supplies	**18,829,623**	16,796,624	11,937,513
Advertisements	**1,811,101**	10,918,052	7,651,884
Representation and entertainment	**6,291,060**	4,527,176	1,080,851
Dues and subscriptions	**2,410,722**	2,163,033	750,084
Insurance	**5,149,768**	1,417,562	6,597,222
Professional fees	**1,421,812**	523,442	314,278
Training and seminars	**227,587**	301,746	59,288
Others	**53,069,345**	33,798,449	9,643,920
	1,125,303,501	950,017,615	661,091,567

Forwarded

Continued			
General and administrative expenses:			
Salaries, wages and benefits	**₱351,734,187**	₱301,307,407	₱242,270,351
Repairs and maintenance	**208,920,735**	118,256,346	70,845,872
Depreciation – notes 10 and 11	**133,566,103**	103,889,456	78,199,854
Retirement benefits expense – note 28	**40,915,092**	41,998,997	40,488,528
Taxes and licenses	**36,886,557**	28,600,084	26,360,236
Travel and transportation	**36,127,230**	31,912,541	20,096,550
Fuel and oil	**29,216,374**	29,448,177	13,090,746
Materials and supplies	**27,355,135**	22,789,750	13,918,260
Professional fees	**23,830,938**	13,365,972	9,944,750
Rent and utilities	**21,004,094**	38,149,028	15,980,263
Outside services	**9,282,892**	11,589,963	5,637,855
Freight and handling	**7,637,851**	6,722,336	4,800,723
Meetings and conferences	**6,476,214**	6,570,805	2,066,311
Dues and subscriptions	**5,247,334**	7,982,126	6,671,421
Insurance	**4,221,035**	8,164,360	6,085,151
Representation and entertainment	**4,177,300**	4,395,917	1,562,872
Training and seminars	**2,047,471**	1,534,529	1,522,901
Donation	**1,082,412**	949,100	3,008,795
Advertisements	**539,912**	3,181,704	6,024,562
Provision for impairment – note 6	**-**	-	5,259,134
Others	**44,784,641**	70,645,214	63,139,722
	995,053,507	851,453,812	636,974,857
	₱2,120,357,008	₱1,801,471,427	₱1,298,066,424

Other general and administrative expenses pertain to communications and auxiliary expenses of the Group.

25. FINANCE COSTS

Finance costs for the years ended December 31 are as follows:

	2022	2021	2020
Short-term debts – note 17	**₱76,751,360**	₱58,522,180	₱54,718,221
Importations	**11,105,039**	9,299,591	3,033,720
Lease liability – note 34	**3,144,687**	5,943,575	5,040,219
	₱91,001,086	₱73,765,346	₱62,792,160

26. OTHER INCOME

Other income for the years ended December 31 are as follows:

	2022	2021	2020
Unrealized foreign exchange gain (loss)	**₱34,470,101**	(₱74,483,751)	₱50,721,289
Dividend income – note 5	**13,943,151**	249,249,420	48,950,372
Gain (loss) on sale of FA at FVPL – note 5	**(122,852)**	(4,270,285)	16,913,946
Sale of scrap and junked materials	**-**	3,974,954	14,730,816
Interest income from banks – note 4	**1,511,866**	1,866,177	1,876,957
Gain on sale of property, plant and equipment – notes 10 and 11	**5,172,707**	2,912,604	936,142
Rental income – note 34	**78,262**	113,171	247,000
Others	**1,281,706**	1,756,511	3,877,204
	₱56,334,941	₱181,118,801	₱138,253,726

27. OTHER COMPREHENSIVE INCOME

This account consists of:

	2022	2021
Remeasurement gain on retirement benefits obligation		
As at beginning of year	**₱28,195,857**	₱28,195,857
Revaluation reserves		
At beginning of year	**4,097,201,840**	1,455,732,990
Prior period adjustment		
Transfer of revaluation reserves deducted from operations through additional depreciation charges – note 10	**(190,289,732)**	(118,986,514)
Appraisal increase for the year, net of tax	**-**	3,502,303,743
Deferred tax effect on increase in revaluation reserve	**-**	(875,575,935)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation – note 29	**47,572,435**	29,746,628
At end of year	**3,954,484,543**	3,946,851,310
Effect of change in income tax rate	**-**	103,980,928
Total other comprehensive income	**₱3,982,680,400**	₱4,097,201,840

28. RETIREMENT BENEFITS OBLIGATION

PGI maintains a retirement benefits plan covering employees on regular employment status. The plan is a funded noncontributory defined benefit plan that provides retirement benefits equal to the following: (a) 150% of monthly final salary for every year of service rendered for the first 20 years; (b) 175% of monthly final salary for every year of service rendered in excess of 20 years but not more than 25 years; and, (c) 200% of monthly final salary for every year of service rendered in excess of 25 years. The plans use the projected unit credit method of actuarial valuation in its retirement benefit cost computation.

The Group has funded, defined benefit retirement plan computed based on the projected unit credit method. It provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees.

Contributions and costs are determined in accordance with actuarial valuation made for the plan. The Group's latest actuarial valuation is as at December 31, 2020.

The amounts recognized in the consolidated statements of financial position arising from the Group's consolidated obligation in respect of retirement benefits as at December 31 are as follows:

	2022	2021
Present value of defined benefit obligation	**₱413,365,545**	₱375,062,973
Fair value of plan assets	**(346,286,981)**	(239,399,501)
Net retirement benefits obligation	**₱67,078,565**	₱135,663,472

Movements in the present value of consolidated defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
Balance at beginning of year	**₱375,062,973**	₱336,639,405
Current service cost	**30,913,034**	38,074,365
Interest expense	**16,874,290**	10,555,299
Benefits paid	**(9,484,752)**	10,206,096
	38,302,572	38,423,568
Balance at end of year	**₱413,365,545**	₱375,062,973

Movements in the fair value of consolidated plan assets for the years ended December 31 are as follows:

	2022	2021
Balance at beginning of year	**₱239,399,501**	₱232,974,930
Contributions to the fund	**109,500,000**	10,000,000
Interest income	**6,872,232**	6,630,667
	116,372,232	16,630,667
Benefits paid	**(9,484,752)**	(10,206,096)
Balance at end of year	**₱346,286,981**	₱239,399,501

The retirement benefits expense recognized in the consolidated statements of comprehensive income for the years ended December 31 are as follows:

	2022	2021
Current service cost	**₱30,913,034**	₱38,074,365
Net interest costs		
Interest expense	**16,874,290**	10,555,299
Interest income	**(6,872,232)**	(6,630,667)
	₱40,915,092	₱41,998,997

The retirement benefits expense is included under general and administrative expenses in the consolidated statements of comprehensive income (see Note 24).

Remeasurement gain amounted to nil, net of deferred tax of nil for the year ended December 31, 2022 and 2021. The remeasurement gain is presented as part of other comprehensive income (see Note 27).

The fair value of consolidated plan assets consists of cash and cash equivalents as at December 31, 2022 and 2021.

The actual return on consolidated plan assets for the years ended December 31, 2022 and 2021 pertains to interest income amounting to ₱6.87 million and ₱6.63 million, respectively.

For the determination of the retirement benefits obligation, the following actuarial assumptions were used:

	2022	2021
Discount rate	**3.76%**	3.76%
Expected salary increase rate	**3.00%**	3.00%

The discount rate, also called the zero-yield curve, as at December 31, 2022 and 2021 was derived by applying the procedure of bootstrapping on the bonds included in the PHP BVAL rates, projected as of the valuation date. Assumptions regarding mortality experience are based on 100% of the adjusted 1985 Unisex Annuity Table and 100% of the adjusted 1952 Disability Table reflecting experience improvement and Philippine experience.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	**1%**	**(₱17,432,772)**	**₱20,827,435**
Salary increase rate	**1%**	**19,785,590**	**(16,954,670)**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the Group's consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement plan, the Group is exposed to a number of risks, the most significant of which is as follows:

- Changes in bond yield – A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The weighted average duration of the defined benefit obligation for the Group is 18 years in 2022 and in 2021. The weighted average duration of the defined benefit obligation for PGI is 18 years in 2022 and 2021.

The expected maturity analysis of the undiscounted retirement obligation as at December 31, 2022 and 2021 is as follows:

	After 1 year	Between 2-3 years	Between 4-5 years	Over 5 years	**Total**
Retirement benefits obligation	₱38,723,901	₱24,452,139	₱28,152,494	₱1,014,690,480	**₱1,106,019,014**

29. INCOME TAX

The components of income tax expense for the years ended December 31 are as follows:

	2022	2021	2020
Current tax expense	**₱359,246,320**	₱297,196,734	₱429,570,977
Deferred tax expense (benefit) on the origination and reversal of temporary differences	**13,284,468**	(22,622,047)	3,199,351
	₱372,530,788	₱274,574,687	₱432,770,328

The reconciliation of the income tax expense computed at the statutory tax rate to the income tax expense as reported in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Income before tax	**₱2,059,107,440**	₱2,172,312,452	₱2,048,302,895
Income tax expense at 25% in year 2022 and 2021, and 30% for the year 2020	**514,776,860**	543,078,113	614,490,868
Add (deduct) tax effect of the following			
Income on BOI-registered activities enjoying ITH	**(203,009,176)**	(262,305,606)	(168,594,243)
Nontaxable income	**(3,831,829)**	(63,598,284)	(9,531,477)
Gain on sale of financial assets at FVPL	**-**	1,720,259	(1,650,323)
Unrealized fair value (gain) loss on financial assets at FVPL	**22,201,215**	19,830,721	(18,189,874)
Amortization of deferred tax liability on interest expense capitalized to real estate projects	**2,549,996**	(2,549,996)	(3,059,995)
Unrealized profit on intercompany sales which remain unsold to third parties	**(13,378,866)**	(4,802,225)	(33,624,296)
Nondeductible expenses	**5,650,153**	13,480,764	17,245,658
Depreciation on appraisal increase	**47,572,435**	29,736,676	35,684,010
Effect of change in income tax rate	**-**	(15,735)	-
Reported income tax expense	**₱372,530,788**	₱274,574,687	₱432,770,328

The components of deferred tax assets and liabilities accounts in the consolidated statements of financial position are as follows:

	2022	2021
Deferred tax assets:		
Retirement benefits obligation	**₱39,629,165**	₱30,453,804
Lease liabilities	**38,250,338**	49,401,517
Provision for doubtful accounts	**1,183,105**	1,183,105
Unrealized foreign exchange loss	**-**	2,997,394
	₱79,062,608	₱84,035,820

	2022	2021
Deferred tax liabilities:		
Revaluation increment in property, plant and equipment	**₱1,336,276,641**	₱1,364,550,829
Right-of-use assets	**30,323,934**	38,680,976
Interest expense capitalized to property, plant and equipment and real estate projects	**5,099,987**	7,649,984
Unrealized foreign exchange gain	**9,088,758**	-
	₱1,380,789,320	₱1,410,881,789

In 2022 and 2021, the Group also recognized deferred tax benefit in other comprehensive income amounting to ₱47.57 million and ₱29.75 million which pertains to income tax effect on revaluation reserve charged to operations through additional depreciation (see Note 27).

The Group availed of the itemized deduction for purpose of income tax calculation in 2022 and 2021.

30. EARNINGS PER SHARE

Earnings per share are computed based on the weighted average number of common shares outstanding during the year.

	2022	2021	2020
Net income attributable to the owners of the Parent Company	**₱1,537,342,777**	₱1,743,651,020	₱1,480,711,834
Weighted average number of common shares	**1,901,304,944**	1,929,390,143	1,963,869,769
	₱0.809	₱0.904	₱0.754

Weighted average number of common shares as at December 31 is computed as follows:

December 31, 2022

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at January 31, 2022	**1,918,230,869**	**1/12**	**159,852,572**
As at February 28, 2022	**1,916,880,869**	**1/12**	**159,740,072**
As at March 31, 2022	**1,916,630,869**	**1/12**	**159,719,239**
As at April 30, 2022	**1,896,755,769**	**1/12**	**158,062,981**
As at May 31, 2022	**1,896,755,769**	**1/12**	**158,062,981**
As at June 30, 2022	**1,896,005,169**	**1/12**	**158,000,431**
As at July 31, 2022	**1,895,811,169**	**1/12**	**157,984,264**
As at August 31, 2022	**1,895,798,169**	**1/12**	**157,983,181**
As at September 30, 2022	**1,895,705,169**	**1/12**	**157,975,431**
As at October 31, 2022	**1,895,705,169**	**1/12**	**157,975,431**
As at November 30, 2022	**1,895,690,169**	**1/12**	**157,974,181**
As at December 31, 2022	**1,895,690,169**	**1/12**	**157,974,181**
			1,901,304,944

December 31, 2021

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at January 31, 2021	1,940,701,269	1/12	161,725,106
As at February 28, 2021	1,939,447,969	1/12	161,620,664
As at March 31, 2021	1,939,162,669	1/12	161,596,889
As at April 30, 2021	1,935,335,169	1/12	161,277,931
As at May 31, 2021	1,932,871,769	1/12	161,072,647
As at June 30, 2021	1,929,038,669	1/12	160,753,222
As at July 31, 2021	1,927,246,969	1/12	160,603,914
As at August 31, 2021	1,926,250,969	1/12	160,520,914
As at September 30, 2021	1,922,862,869	1/12	160,238,572
As at October 31, 2021	1,922,076,069	1/12	160,173,006
As at November 30, 2021	1,918,843,669	1/12	159,903,639
As at December 31, 2021	1,918,843,669	1/12	159,903,639
			1,929,390,143

December 31, 2020

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at January 31, 2020	1,987,901,269	1/12	165,658,439
As at February 28, 2020	1,985,491,269	1/12	165,457,606
As at March 31, 2020	1,984,342,269	1/12	165,361,856
As at April 30, 2020	1,981,717,269	1/12	165,143,106
As at May 31, 2020	1,980,767,269	1/12	165,063,939
As at June 30, 2020	1,975,602,269	1/12	164,633,522
As at July 31, 2020	1,947,305,269	1/12	162,275,439
As at August 31, 2020	1,947,305,269	1/12	162,275,439
As at September 30, 2020	1,947,278,269	1/12	162,273,189
As at October 31, 2020	1,946,461,269	1/12	162,205,106
As at November 30, 2020	1,941,338,269	1/12	161,778,189
As at December 31, 2020	1,940,927,269	1/12	161,743,939
			1,963,869,769

31. INCOME TAX HOLIDAY REGISTRATION WITH BOI

PGI is registered with the BOI and entitled to ITH exemptions provided under Republic Act of 8479, otherwise known as the Downstream Oil Deregulation Act of 1998.

Registered Activity	Bulk Marketing of Petroleum Products (Lugait, Misamis Oriental LPG Terminal with 4,000 MT Combined capacity of Two (2) LPG Storage Tanks; Brgy. Calangahan, Lugait, Misamis Oriental)
Registered Capacity	Two (2) LPG Storage Tank with a Capacity of 4,000 MT
ITH entitlement Period	01 March 2022 to 28 February 2027 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (New Investment Through the Construction of additional 1,200 MT Storage Capacity of Astorga, Davao del Sur LPG terminal)
Registered Capacity	1,200 MT
ITH entitlement Period	01 January 2018 to 31 December 2022 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Sogod, Cebu LPG Terminal with additional 1,200 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 1,200 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Balingasag, Misamis Oriental LPG Terminal with additional 2,000 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 2,000 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum Products (Talisayan, Zamboanga City LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Purok, Talisayan, Zamboanga City)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 July 2019 to 30 June 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ajuy, Iloilo LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Barrido, Ajuy, Iloilo)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ayungon, Negros Oriental LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Iniban, Ayungon, Negros Oriental)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

As at December 31, 2022 and 2021, there are seven (7) LPG terminals and refilling plant operations enjoying ITH. While income on other LPG terminal and refilling plant operations, upon which ITH has expired, is subject to MCIT of 2% based on gross profit when it is greater than the RCIT of 30% or when the Group has zero or negative taxable income. The excess of MCIT over RCIT shall be carried forward and credited against RCIT for the three immediately succeeding taxable years. The current income tax expense in 2022 and 2021 as shown in the statements of comprehensive income both represent the RCIT (see Note 29).

As at December 31, 2022 and 2021, the Group is in compliance with the terms and conditions set forth by BOI.

32. REAL ESTATE PROPERTIES TRANSFERRED THRU DACION EN PAGO COVERED BY THE REHABILITATION PLAN

In 2004, the Parent Company transferred real estate properties to PGI in exchange for PGI's shares of stock as capital equity contribution. The application for the increase in capital stock to ₱2.10 billion by PGI was approved by the SEC on June 30, 2004. Furthermore, the Bureau of Internal Revenue (BIR) issued a certification on November 5, 2004 and December 29, 2004 certifying the transferred real estate properties in exchange for shares of stock is a tax-free exchange.

The real estate properties transferred by Parent Company to PGI are accounted in the Group's consolidated financial statements as investment properties (see Note 12). These are measured at the par value of its capital stock issued to the Parent Company, which is equivalent to the fair values of the real estate properties transferred based on Court Order issued by the Regional Trial Court. A portion of the investment properties were transferred to its creditors by way of *dacion en pago* covered by the rehabilitation plan. As of December 31, 2022 and 2021, its remaining investment properties attributable to transferred real estate amounted to ₱352 million.

PGI real estate properties transferred to creditors by way of *dacion en pago* covered by the rehabilitation plan

In 2005 and 2004, PGI transferred significant portion of the above real estate properties to its creditors by way of *dacion en pago* based on fair values as determined in the Court Order issued by the Regional Trial Court on the rehabilitation plan of PGI. The difference between the fair value and cost (as reported in the books and records by the Parent Company) of these transferred properties amounted to ₱129 million in 2005 and ₱902 million in 2004 or an aggregate amount of ₱1.03 billion. Subsequent to 2005, there was no real estate properties of PGI transferred to creditors by way of *dacion en pago*.

The ₱1.03 billion as at December 31, 2018 represents the net difference between the fair value and the related cost the Parent Company's real estate properties transferred to PGI creditors in settlement of its debts covered by the rehabilitation plan. This amount was reclassified to retained earnings in 2018.

33. OPERATING BUSINESS SEGMENTS

The Group's reportable segments consist of: (1) real estate; (2) LPG and industrial gases; and (3) pharmaceutical products, which the Group operates and manages as strategic business units and organize by products and services.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation. Segment operating assets consist principally of operating cash, receivables and inventories, net of any allowance for impairment in value, while segment liabilities include all operating liabilities and consist principally of trade payables and other payables.

The Group's segment information is as follows:

	Real estate			**LPG and Industrial gases**			**Pharmaceutical products**		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
				(amounts in millions)					
Revenue from external customers	**₱230**	₱169	₱158	**₱18,446**	₱15,122	₱11,496	**₱55**	₱46	₱55
Results									
Income before tax	**746**	823	₱728	**₱1,984**	₱2,090	₱1,932	**₱1.3**	₱1.0	₱1.6
Income tax expense	**(19)**	(10)	(6)	**330**	264	(426)	**(.3)**	(.2)	(0.4)
Net income for the year	**726**	1,170	728	**1,654**	1,827	1,506	**1.0**	.8	1.2
Other information:									
Segment operating Assets	**2,214**	2,523	₱1,955	**₱4,730**	₱5,344	₱4,098	**₱23**	₱19	₱22
Segment liabilities	**615**	980	701	**4,973**	4,535	3,211	**8**	7	12
Capital expenditures	**1.3**	1.5	7	**858**	1,070	986	**-**	-	0.1
Depreciation	**38**	31	30	**572**	603	514	**.1**	.1	0.1

34. LEASES

The Group has entered into various lease agreements for its sales centers, terminals, refilling plants and office units as a lessee.

<u>Group as lessee</u>

Long-term lease agreements

The Group has entered into various lease agreements with various local companies and individuals for its Visayas and Mindanao operations' sales center offices and lot for its refilling plants for a period ranging from three (3) to twenty (20) years. Monthly rent ranges from ₱8,000 to ₱134,000.

Provision on the renewal or extension of the lease agreements depends upon the mutual agreement of both lessor and lessee.

Right-of-use Assets

The reconciliation of right-of-use assets recognized from the aforementioned long-term lease agreements is as follows:

December 31, 2022

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of year	**₱88,704,423**	**₱145,926,184**	**₱234,630,607**
Additions	**317,107**	**9,816,374**	**10,133,481**
Balance at end of year	**₱89,021,530**	**₱155,742,558**	**₱244,764,088**
Accumulated depreciation			
Balance at beginning of year	**₱38,037,696**	**₱37,029,797**	**₱75,067,493**
Depreciation	**10,096,070**	**7,889,414**	**17,985,484**
Balance at end of year	**48,133,766**	**44,919,211**	**93,052,977**
Carrying amount, December 31, 2022	**₱40,887,764**	**₱110,823,347**	**₱151,711,111**

December 31, 2021

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of year	₱69,202,893	₱95,387,432	₱164,590,325
Additions	19,958,741	58,684,582	78,643,323
Balance at end of year	89,161,634	154,072,014	243,233,648
Accumulated depreciation			
Balance at beginning of year	34,258,219	15,600,640	49,858,859
Depreciation	7,394,994	31,255,893	38,650,887
Balance at end of year	41,653,213	46,856,533	88,509,746
Carrying amount, December 31, 2021	₱47,051,210	₱107,215,481	₱154,723,902

The depreciation of right-of-use assets for the year ended December 31 is allocated as follows:

	2022	2021
Cost of sales – note 23	**₱2,935,845**	₱6,309,145
Selling expense – note 24	**15,049,639**	32,341,742
	₱17,985,484	₱38,650,887

Lease Liabilities

The movement in lease liabilities as at December 31 is as follows:

	2022	2021
As at beginning of year	**₱161,778,727**	₱120,638,643
Additions	**26,127,819**	76,630,137
Interest expense – note 25	**5,114,964**	7,907,130
Payments	**(35,444,076)**	(43,397,183)
As at end of year	**₱157,577,434**	₱161,778,727

Interest on lease liabilities for the year ended December 31 is allocated as follows:

	2022	2021
Cost of sales – note 23	**₱780,911**	₱1,963,555
Selling expense – note 24	**2,363,776**	5,943,575
	₱3,144,687	₱7,907,130

Lease liabilities, as shown in the consolidated statements of financial position as at December 31 consist of:

	2022	2021
Current	**₱26,464,935**	₱30,051,348
Noncurrent	**131,112,499**	131,727,379
	₱157,577,434	₱161,778,727

Interest expense relating to such leases amounting to ₱3.14 million in 2022 and ₱5.94 million in 2021 is presented as part of Finance costs under "Other income" in the consolidated statements of comprehensive income (see note 25).

The Group's future minimum lease payable related to the above leases as at December 31 is as follows:

	2022	2021
Not later than one (1) year	**₱48,178,667**	₱55,245,000
Later than one year and not later than five (5) years	**57,110,534**	101,361,115
Later than five (5) years	**18,964,196**	22,729,923
	₱124,253,397	₱179,336,038

Short-term lease agreements

The Group has entered into various operating lease agreements for its sales centers and office units with various local companies and individuals for a period of one (1) year renewable thereafter upon mutual agreement of both parties. Monthly rental payments range from ₱4,000 to ₱25,000.

Prepaid rent amounted to ₱19.60 million and ₱13.36 million in 2022 and 2021, respectively (see Note 9).

Total rent incurred for the years ended December 31 is allocated as follows:

	2022	2021
Cost of sales – note 23		
LPG, cylinders, stoves and accessories	**₱25,389,700**	₱11,462,229
Industrial gases	**5,545,695**	8,992,914
Operating expenses – note 24		
Selling expenses	**12,884,908**	32,159,986
General and administrative expenses	**5,776,869**	10,072,458
	₱49,597,172	₱62,687,587

Group as lessor

The Group entered into various operating leases on its machinery and equipment for a term of one to five years.

Rental income includes rental earned amounted to ₱0.08 million and ₱0.11 million for the years ended December 31, 2022 and 2021, respectively (see Note 26).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and financing activities. The Group's risk management is in the BOD, and focuses on actively securing the Group's short-term to medium-term cash flows by transacting only with reputable third parties. Long-term financial investments are managed to generate lasting returns.

The Group's principal financial instruments are composed of cash, trade and other receivables, financial assets at FVPL, trade and other payables (excluding deposit for interment services and due to government agencies), dividends payable, short-term debts and lease liabilities. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other financial instruments such as advances to related parties.

The Group is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include debt and equity investments.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange and equity price.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollars (USD). Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The Group monitors the movement of foreign exchange rates to avoid significant effect on its operations.

The foreign currency denominated monetary assets and liabilities and their translated functional currency equivalents are as follows:

	2022		2021	
	USD	**Philippine Peso (PHP)**	USD	Philippine Peso (PHP)
Asset				
Cash	**₱29,010**	**₱1,628,041**	24,819	1,260,036
Liabilities				
Trade payables	**5,840,554**	**327,771,890**	6,400,520	324,954,407
Short-term debts	**30,776,172**	**1,727,158,773**	36,795,022	1,868,083,242
	36,616,726	**2,054,930,663**	43,195,542	2,193,037,649
Net exposure	**(₱36,587,716)**	**(₱2,053,302,622)**	(43,170,723)	(2,191,777,613)

The foreign currency exchange rates used for USD to PHP were ₱56.12 and ₱50.77 in 2022 in 2021. As a result of translating this foreign currency denominated balances, the Group reported a net unrealized foreign currency exchange gain(loss) of ₱34.47 and ₱74.48 million in 2022 in 2021, and is presented as part of Other income account in the consolidated statements of comprehensive income (see Note 26).

Though foreign exchange gains and losses are recognized for such transactions and for translation of monetary assets and liabilities, the Group is periodically monitoring the movements of foreign exchange rates so as not to significantly affect its operations.

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in USD to PHP exchange rate, with all other variables held constant, of the Group's cash and trade payables before income tax as at December 31, 2022 and 2021 (due to the changes in the fair value of monetary assets and liabilities).

	Appreciation (depreciation) of PHP	Effect in income before tax	Effect in equity after tax
2022	**1.50**	**(₱3,084,838,056)**	**(₱2,313,628,542)**
	1.00	**(2,056,558,704)**	**(1,542,419,028)**
	(1.50)	**3,084,838,056**	**2,313,628,542**
	(1.00)	**2,056,558,704**	**1,542,419,028**
2021	1.50	(₱32,876,664)	(₱2,465,749,814)
	1.00	(21,917,776)	(1,643,833,210)
	(1.50)	32,876,664	2,465,749,814
	(1.00)	21,917,776	1,643,833,210

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's financial instruments with a floating interest rate. Floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every quarter.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's short-term debts (see Note 17). The impact on the Group's equity is immaterial.

	Increase (Decrease) in Basis Points	**Effect in Income Before Tax**	**Effect in Equity After Tax**
2022	**1.00**	**(₱25,469,878)**	**(₱19,102,408)**
	0.50	**(12,734,939)**	**(9,551,204)**
	(1.00)	**25,469,878**	**19,102,408**
	(0.50)	**12,734,939**	**9,551,204**
2021	1.00	(₱21,259,304)	(₱15,944,478)
	0.50	(10,629,652)	(7,972,239)
	(1.00)	21,259,304	15,944,478
	(0.50)	10,629,652	7,972,239

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments as at December 31, 2022 and 2021 that are exposed to interest rate risks:

	Interest rates	Within 1 Year
2022		
Short-term debts	**3.60% to 4.80%**	**₱ 2,654,768,788**
2021		
Short-term debts	3.60% to 4.80%	₱2,125,930,422

Equity price risk

Equity price risk is the risk that the fair value of equity investment decreases as the result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the consolidated statements of financial position as at FVPL.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, income before income tax for the years ended December 31, 2022 and 2021 would increase/decrease by ₱42.35 million and ₱40.26 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at December 31, 2022 and 2021 would increase/decrease by ₱31.63million and ₱30.20 million, respectively.

<u>Credit risk</u>

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group.

Credit risk management

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk exposure

In order to minimize credit risk, the Group has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The ECL arising from Group's receivables from sale of real estate is determined using the simplified approach and calculates ECL based on lifetime ECL. The Group does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date. For receivables other than those from sale of real estate, the Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL	1
Doubtful	Amount is 120 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	2
In default	Amount is 120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	3
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	3

Generally, the maximum credit risk exposure of financial assets is the carrying amount of financial assets as shown in the face of consolidated statements of financial position.

The table below shows the Group's maximum exposure to credit risk and the credit quality of the Group's financial assets:

		December 31, 2022			
		Basis of Recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks	(a)		**₱2,150,695,044**	**₱-**	**₱2,150,695,044**
Trade receivables	(b)	Lifetime ECL	**488,724,658**	**-**	**488,724,658**
Other receivables	(b)	Lifetime ECL	**296,571,281**	**4,732,419**	**291,838,862**
			₱2,935,990,983	**₱4,732,419**	**₱2,931,258,564**

		December 31, 2021			
		Basis of Recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks	(a)		₱2,614,048,469	₱-	₱2,614,048,469
Trade receivables	(b)	Lifetime ECL	179,496,331	-	179,496,331
Other receivables	(b)	Lifetime ECL	307,325,617	4,732,419	302,593,198
			₱3,100,870,417	₱4,732,419	₱3,096,137,998

(a) Cash in banks and advances to related parties are assessed to have low credit risk at each reporting period. Cash balances are held by reputable banking institutions. Advances to related parties may be offset against subsequent advances from related parties. The identified impairment loss on these financial assets is immaterial, hence no ECL is recognized.

(b) For trade and other receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses experienced before December 31, 2022 and 2021. 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. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Trade receivables arising from sale of real estate are covered by Section 4 of R.A. 6552, commonly known as the Maceda Law, where if the buyer fails to pay installments due after grace period of sixty (60) days, the seller may cancel the contract after thirty (30) days from receipt by buyer of notice of cancellation or demand for rescission of contract.

Trade receivables are generally collected within the normal credit terms. Hence, the Group assessed that the effect of computation of ECL on trade receivables would be insignificant. Further, trade receivables arising from sale of real estate are effectively collateralized by memorial lots and the fair value of the memorial lots sold when reacquired is sufficient to cover the outstanding balance of related receivables arising from the sale. Further, allowance was not provided for past due but not impaired trade and other receivables in 2022 and 2021 as amount involve is not significant. In the case of receivables from memorial lot owners, the outstanding receivables are related to customers with high credit standing and no experience of default in the past. Advances to officers and employees may be deducted from the salaries of the officers and employees. Other receivables have low credit risk being short-term in nature. Overall, the counterparties to trade and other receivables had no history of default upon demand of payment, hence, the management assessed that probability of default is remote.

The table below shows the aging analysis of the Group's financial assets:

December 31, 2022

	Neither past due nor impaired	**Past due but not impaired**				
		Less than 30 days	**31-60 days**	**61-90 days**	**Impaired**	**Total**
Cash in banks	**₱2,150,695,044**	**₱-**	**₱-**	**₱-**	**₱-**	**₱2,150,695,044**
Trade and other receivables	**780,563,520**	**-**	**-**	**-**	**4,732,419**	**785,295,939**
	₱2,931,258,564	**₱-**	**₱-**	**₱-**	**₱4,732,419**	**₱2,935,990,983**

December 31, 2021

	Neither past due nor impaired	Past due but not impaired				
		Less than 30 days	31-60 days	61-90 days	Impaired	Total
Cash in banks	₱2,614,048,469	₱-	₱-	₱-	₱-	₱2,614,048,469
Trade and other receivables*	480,220,717	-	1,769,705	99,107	4,732,419	486,821,948
	₱3,094,269,186	₱938,843	₱1,769,705	₱99,107	₱4,732,419	₱3,100,870,417

The expected loss rates are based on the payment profiles over a period of 24 months before December 31, 2022 and 2021 and the corresponding historical credit losses experienced within this period. The historical observed default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In 2022 and 2021, the Group's ECL rate is zero for accounts that are current because there has been no experience of loss or default from customers in the past. Moreover, the estimated ECL on past due receivables were deemed immaterial.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet operating capital requirements. The Group aims to maintain flexibility in funding through an efficient collection of its receivables and from the continuous financial assistance extended by its related parties in the form of loans and advances.

Presented in this table is the maturity profile of Group's financial liabilities based on contractual undiscounted payments:

December 31, 2022

	Within 1 year	Later than 1 year but not more than 5 years	Total
Trade and other payables*	**₱2,383,597,662**	**₱-**	**₱2,383,597,662**
Short-term debts	**2,654,768,788**	**-**	**2,654,768,788**
Dividends payable	**297,469,055**	**-**	**297,469,055**
Lease liabilities	**26,464,935**	**131,112,499**	**157,577,434**
Total	**₱5,215,861,677**	**₱131,112,499**	**₱5,346,974,176**

**Trade and other payables exclude deposit for park internment services amounting to ₱101.47 million, due to park maintenance fund amounting to ₱44.94 million and amount payable to government agencies amounting to ₱60.62 million as at December 31, 2022.*

December 31, 2021

	Within 1 year	Later than 1 year but not more than 5 years	Total
Trade and other payables*	₱2,190,863,226	₱-	₱2,190,863,226
Short-term debts	2,125,930,422	-	2,125,930,422
Dividends payable	257,845,034	-	257,845,034
Lease liabilities	55,245,000	124,091,039	179,336,039
	₱4,629,883,682	₱124,091,039	₱4,753,974,721

**Trade and other payables exclude deposit for park internment services amounting to ₱189.30 million, due to park maintenance fund amounting to ₱81.18 million and amount payable to government agencies amounting to ₱58.27 million as at December 31, 2021.*

36. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total capital and net interest-bearing debt to total capital. Interest-bearing debt includes all short-term and long-term debt while net interest-bearing debt includes all short-term and long-term debt net of cash and financial assets at FVPL.

The Group's ratio of interest-bearing debt to total capital as at December 31 is as follows:

	2022	2021
Total interest-bearing debt (a)	**₱2,654,768,788**	₱2,125,930,422
Total equity (b)	**15,137,749,444**	14,131,177,773
	₱17,729,518,232	₱16,257,108,195
Gearing ratio (a/b)	**15%**	15%

The Group's ratio of net interest-bearing debt to total capital as at December 31 is as follows:

	2022	2021
Total interest-bearing debt	**₱2,654,768,788**	₱2,125,930,422
Less: Cash in banks	**2,150,695,044**	2,614,048,469
Financial assets at FVPL	**847,869,429**	805,134,048
Net interest-bearing debt (a)	**(343,795,685)**	(1,293,252,095)
Total equity	**15,075,033,345**	14,131,177,773
Net interest-bearing debt and equity (b)	**₱14,731,237,660**	₱12,837,925,678
Gearing ratio (a/b)	**(2.33%)**	(10.07%)

The Group is not subject to any externally imposed capital requirements.

37. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Group's assets, which are measured at fair value at the end of each reporting period, are determined in particular, the valuation technique(s) and inputs used.

	Fair value as at December 31			
	2022	2021	Fair value hierarchy	Valuation technique
Financial assets at FVPL	**₱847,869,429**	₱805,134,048	Level 1	Quoted prices in an active market
Property, plant and equipment at revalued amounts	**9,964,027,821**	10,416,826,423	Level 2	Market data approach
	₱11,811,897,250	₱11,221,960,471		

Fair value of financial assets at FVPL is measured at quoted prices in an active market. The property, plant and equipment were appraised on April 28, 2022 by an independent appraiser accredited by the SEC. The value of the properties was determined using the Market Data Approach. In this method of valuation, the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties.

Assets and liabilities not measured at fair value

The following financial assets and liabilities are not measured at fair value on recurring basis but the fair value disclosure is required:

	2022		2021			
	Fair Value	**Carrying value**	Fair value	Carrying value	Fair value hierarchy	Valuation technique
Financial asset						
Refundable deposits	**₱25,753,260**	**₱26,834,125**	₱20,580,715	₱25,277,741	Level 3	(a)
Non-financial asset						
Investment properties	**₱919,763,559**	**₱389,328,616**	₱919,763,559	₱389,328,616	Level 2	(b)
Financial liabilities						
Lease liability	**₱131,112,499**	**₱131,112,499**	₱131,727,379	₱131,727,379	Level 3	(c)

(a) Refundable deposits

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate of 5.934% in 2022 and 4.197% in 2021.	The higher the discount rate, the lower the fair value.

(a) The fair value is determined by applying the market comparison approach. The valuation model is based on the market price of comparable real estate properties in the area in which the Group's parcels of land are located and the recent selling price of the memorial lawn lots of the Parent Company.

(b) Lease liabilities

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate from 3.83% to 7.53% in 2022 and 2021	The higher the discount rate, the lower the fair value.

The carrying amounts of cash, trade and other receivables, trade and other payables, short term debts and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

There has been no transfer from one fair value hierarchy level to another.

38. CONTINGENCIES

The Group is involved in litigations, claims and disputes arising in the ordinary course of business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

*   *   *

Independent Auditor's Report on Supplementary Schedules

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Don Chino Roces Avenue
cor. Bagtikan Street, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Pryce Corporation and Subsidiaries** (the Group) as at December 31, 2022 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 28, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2022, effective until March 14, 2025
By:

Elirie S. Arañas
Partner
CPA Certificate No. 0101773
SEC Accreditation No. 101773-SEC, Group A, issued on June 29, 2021 and
valid in the audit of 2020 to 2024 financial statements of SEC covered institutions
Tax Identification No. 207-051-549
PTR No. 9573299 January 8, 2023, Makati City
BIR Accreditation No. 08-001911-011-2022, effective until March 14, 2025

April 28, 2023

Independent Auditor's Report on
Components of Financial Soundness Indicators

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Chino Roces Avenue
cor. Bagtikan Street, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Pryce Corporation and Subsidiaries** (the Group) as at December 31, 2022 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 28, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2022, effective until March 14, 2025
By:

Elirie S. Arañas
Partner
CPA Certificate No. 0101773
SEC Accreditation No. 101773-SEC, Group A, issued on June 29, 2021 and
valid in the audit of 2020 to 2024 financial statements of SEC covered institutions
Tax Identification No. 207-051-549
PTR No. 9573299 January 8, 2023, Makati City
BIR Accreditation No. 08-001911-011-2022, effective until March 14, 2025

April 28, 2023

PRYCE CORPORATION AND SUBSIDIARIES
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DECEMBER 31, 2022

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C	Accounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements
D	Long-Term Debt
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PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2022

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Philippine National Bank	3,783,095	₱229,066,402	₱229,066,402	-
First Philippine Holdings Corp.	13,697,900	260,260,100	260,260,100	-
Global-Estate Resorts, Inc.	152,475,000	141,801,750	141,801,750	-
Global Ferronickel	10,651,000	26,734,010	26,734,010	-
Vista Land & Escapes Inc.	15,390,000	25,393,500	25,393,500	-
Ginebra San Miguel Inc.	12,038,400	43,819,776	43,819,776	-
Filinvest Land, Inc.	121,839,000	109,655,100	109,655,100	-
Pilipinas Shell Petroleum Corporation	659,100	11,138,790	11,138,790	-
Total	330,533,495	₱847,869,428	₱847,869,428	₱-

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Name of Debtor	Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
1 .	Deguit, Ethelbert	Officer	₱1,137,299	₱1,482,181	₱244,910	₱-	₱1,648,897	₱725,672	₱2,374,569
2 .	Aguadera, Jonax	Officer	362,403	520,206	-	-	882,609	-	882,609
3 .	Villegas, Franz Jonas	Officer	942,870	-	198,499		198,499	545,872	744,371
4 .	Dy, Carlitos Nazar	Officer	430,509	152,850	20,775	-	562,584	-	562,584
5 .	Delicano, Chadie	Staff	522,391	-	-	-	522,391	-	522,391
6 .	Maniwang, Felipe	Staff	513,790	-	-	-	513,790	-	513,790
7 .	Ragas, Ma. Christa	Officer	624,407	-	114,439	-	300,163	209,805	509,968
8 .	Sangalang, Alexander	Staff	355,145	153,569	-	-	508,713	-	508,713
9 .	Saballa, Fem	Staff	508,337	-	-	-	508,337	-	508,337
10 .	Pineda, Mheco	Staff	505,296	-	-	-	505,296	-	505,296
11 .	Mejos, Welvin	Staff	501,391	-	-	-	501,391	-	501,391
12 .	Paquis, Christian	Staff	368,569	181,028	80,712	-	468,885	-	468,885
13 .	Baco, Michael	Officer	618,276	-	163,977	-	194,667	259,631	454,298
14 .	Sulatre, Alexis	Officer	660,225	-	233,021	-	194,184	233,021	427,204
15 .	Isidro, Joy	Officer	556,699	-	133,754	-	343,833	79,112	422,945
16 .	Baludo, Daniel	Staff	-	654,895	244,820	-	410,075	-	410,075
17 .	Gomez, Roger	Officer	529,093	-	140,726	-	129,456	258,912	388,367
18 .	Bermejo, Ricky	Staff	-	367,519	-	-	367,519	-	367,519
19 .	Gubalani, Concepcion	Officer	885,737	372,482	910,001	-	348,219	-	348,219
20 .	Leung, Carmen	Officer	649,907	622,631	924,358	-	192,960	155,221	348,181
21 .	Competente, Roque	Officer	506,752	-	163,977	-	247,210	95,565	342,775
22 .	Padernal, Kyle	Officer	463,883	-	129,456	-	129,456	204,971	334,427
23 .	Pingli, Allian	Staff	388,366	84,425	155,768	-	317,023	-	317,023
24 .	Pongos, Zachary	Staff	650,436	70,820	425,856	-	14,550	280,850	295,400
25 .	Abarro, Marlou	Staff	-	331,612	49,433	-	282,179	-	282,179
26 .	Demetrio, Yvonne	Staff	142,169	515,462	386,803	-	270,828	-	270,828
27 .	Culasito, Ariel	Staff	-	412,614	167,959	-	244,655	-	244,655
28 .	Sumillano, Jeremy Riel	Officer	-	269,079	27,713	-	241,366	-	241,366
29 .	Gabunas, Heide	Staff	264,348	-	30,767	-	233,581	-	233,581
30 .	Solano, Jeofrey	Staff	-	225,935	-	-	225,935	-	225,935
31 .	Fernandez, Julie Ann	Officer	330,345	-	107,017	-	183,198	40,131	223,328
32 .	Seraña, Clefford	Staff	305,959	-	84,274	-	221,685	-	221,685
33 .	Dioquino, Domenic	Staff	-	245,477	25,169	-	220,308	-	220,308
34 .	Luzano, Jun Ray	Staff	254,843	246,428	284,731	-	216,540	-	216,540
35 .	Limba, Elmer	Staff	278,338	-	65,104	-	213,234	-	213,234
36 .	Gojeling, Rhey	Officer	379,988	-	179,945	-	41,532	158,512	200,044
37 .	Namilit, Guillermo Jr	Staff	-	200,363	24,101	-	176,262	-	176,262
38 .	Cuady IV, Julius	Staff	176,810	-	559	-	176,252	-	176,252
39 .	Collamat, Jeffry	Staff	192,165	11,567	37,329	-	166,403	-	166,403
40 .	Catingub, Nilo	Staff	189,944	5,390	35,209	-	160,125	-	160,125
41 .	Noval, Rechie	Staff	184,547	5,915	35,541	-	154,922	-	154,922
42 .	Nuyad, Angelito	Staff	-	515,424	361,180	-	154,244	-	154,244
43 .	Ascaño, Mark Alf	Officer	256,532	-	107,017	-	42,498	107,017	149,515
44 .	Espino, Ethel	Officer	247,793	-	107,736	-	129,283	10,773	140,057
45 .	Belviz, Joe Manny	Staff	-	138,614	-	-	138,614	-	138,614
46 .	Generale, Carlito	Staff	-	138,212	-	-	138,212	-	138,212
47 .	Villalobos, Randy	Officer	230,828	45	94,545	-	136,328	-	136,328
48 .	Samaco, Wilson	Staff	-	132,229	752	-	131,478	-	131,478

Name of Debtor		Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
49 .	Padayhag, George Nanojan	Staff	144,913	-	14,359	-	130,554	-	130,554
50 .	Coopera, Roiza	Officer	205,437	-	77,450	-	127,988	-	127,988
51 .	Morales, Marivic	Staff	-	373,271	245,516	-	127,755	-	127,755
52 .	Campos, Rogelio	Staff	199,023	9,752	82,740	-	126,035	-	126,035
53 .	Juan, Melissa	Staff	-	215,760	90,530	-	125,230	-	125,230
54 .	Naive, Shojie	Staff	128,301	-	6,108	-	122,194	-	122,194
55 .	Ligason, Norman	Staff	-	202,380	80,771	-	121,608	-	121,608
56 .	Avila, Manuel	Officer	250,494	-	129,455	-	-	121,038	121,039
57 .	Rafisura, Reynante	Staff	217,486	-	96,660	-	-	120,825	120,825
58 .	Plariza, Jesson	Staff	-	112,512	-	-	112,512	-	112,512
59 .	Amador, Roxly	Staff	108,050	-	-	-	108,050	-	108,050
60 .	Padla, Augustus	Staff	-	647,588	539,730	-	107,859	-	107,859
61 .	Anciano, Warlito	Staff	-	101,859	1,290	-	100,569	-	100,569
62 .	Melendez, Archie	Staff	159,644	-	72,166	-	87,477	-	87,477
63 .	Paragas, Emelito	Staff	218,334	185,078	320,271	-	83,140	-	83,140
64 .	Lominoque, Marilyn	Staff	147,057	188,577	252,748	-	82,886	-	82,886
65 .	Canlas, Robie	Staff	125,176	-	71,401	-	53,775	-	53,775
66 .	Mameng, Edenor	Staff	418,060	-	366,825	-	51,235	-	51,235
67 .	Lagunay, Jose Jr.	Staff	129,456	-	86,304	-	-	43,152	43,152
68 .	Apalla, Mark Artem	Staff	216,235	-	191,495	-	24,740	-	24,740
69 .	Canlas, Janice	Staff	101,000	-	89,537	-	11,463	-	11,463
70 .	Yucot, Jimrey	Staff	102,672	-	102,672	-	-	-	-
71 .	Eng, Alfio	Staff	156,811	-	156,811	-	-	-	-
72 .	Morales, Ellen	Staff	187,898	-	187,898	-	-	-	-
73 .	Paasa, Christy Ann	Officer	120,826	-	120,825	-	-	-	-
74 .	Galabit, German	Staff	133,621	-	133,621	-	-	-	-
75 .	Abuyog, Rudy	Officer	527,932	-	527,932	-	-	-	-
76 .	Cariño, Bobby Michael	Staff	140,964	-	140,964	-	-	-	-
77 .	Veloso, Rolando	Officer	130,811	-	130,811	-	-	-	-
78 .	Altare, Danilo	Staff	223,713	-	223,713	-	-	-	-
79 .	Causin, Peter	Staff	203,556	-	203,556	-	-	-	-
80 .	Malicse, Cham Abarca	Staff	151,692	-	151,692	-	-	-	-
81 .	Apuya, John Anthony	Staff	174,000	-	174,000	-	-	-	-
82 .	Alvior May Juleth	Staff	154,868	-	154,868	-	-	-	-
83 .	Tara, Joben	Staff	118,855	-	118,855	-	-	-	-
84 .	Rosario, Nubbin	Staff	100,919	-	100,919	-	-	-	-
85 .	Barut, Jacinto Jr	Staff	100,000	-	100,000	-	-	-	-
86 .	Grenio, Kieran	Staff	139,000	-	139,000	-	-	-	-
87 .	Tabada, Bryan Jade J.	Staff	216,944	-	216,944	-	-	-	-
88 .	Querol, Stephanie	Staff	337,040	-	337,040	-	-	-	-
89	Soriano, Jose Ariel	Staff	145,155	-	145,155	-	-	-	-
90	Varquez, Sandri	Staff	143,649	-	143,649	-	-	-	-
91	Namocot, Rey Anthony	Officer	269,818	-	269,818	-	-	-	-
92	Loayon, Charlene	Staff	310,419	-	310,419	-	-	-	-
93	Abillar, Rojun	Staff	150,369	-	150,369	-	-	-	-
94	Various Employees	Staff	38,369,826	105,268,816	112,766,870	-	30,854,657	17,116	30,871,773
	TOTAL		**₱61,696,413.67**	**₱115,362,564.80**	**₱126,521,688.57**	**₱-**	**₱46,870,094.05**	**₱3,667,195.49**	**₱50,537,289.96**

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022

Name and designation of creditor	Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-Current	Balance at end of period
Pryce Gases, Inc.	Pryce Corporation	₱163,112,463	₱-	₱106,049,051	₱-	₱57,063,412	₱-	₱57,063,412
Pryce Gases, Inc.	San Fabian Oxygen Corporation	-	20,000,000	-	-	-	20,000,000	20,000,000
		₱163,112,463	₱20,000,000	₱106,049,051	₱-	₱ 57,063,412	₱20,000,000	₱ 77,063,412

(i) Pryce Gases, Inc. advances to Oro Oxygen Corporation amounting to ₱1.5 billion was converted to equity through issuance of additional 1,499,999,800 shares, while the remaining advances of ₱53.5 million has been fully collected in cash.

Notes:
(i) If collection was other than in cash, explain.
(ii) Give reasons for write-off.

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2022

Title of Issue and Type of Obligation (i)	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-term Debt" in related Statement of Financial Position (ii)	Amounnt shown under Caption "Long-Term Debt" in related Statement of Financial Position (iii)
	Not Applicable		

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022

Name of related parties	Balance at beginning of period	Balance at end of period

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

Name of issuing entity of securities guaranteed by the	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee (ii)

Not Applicable

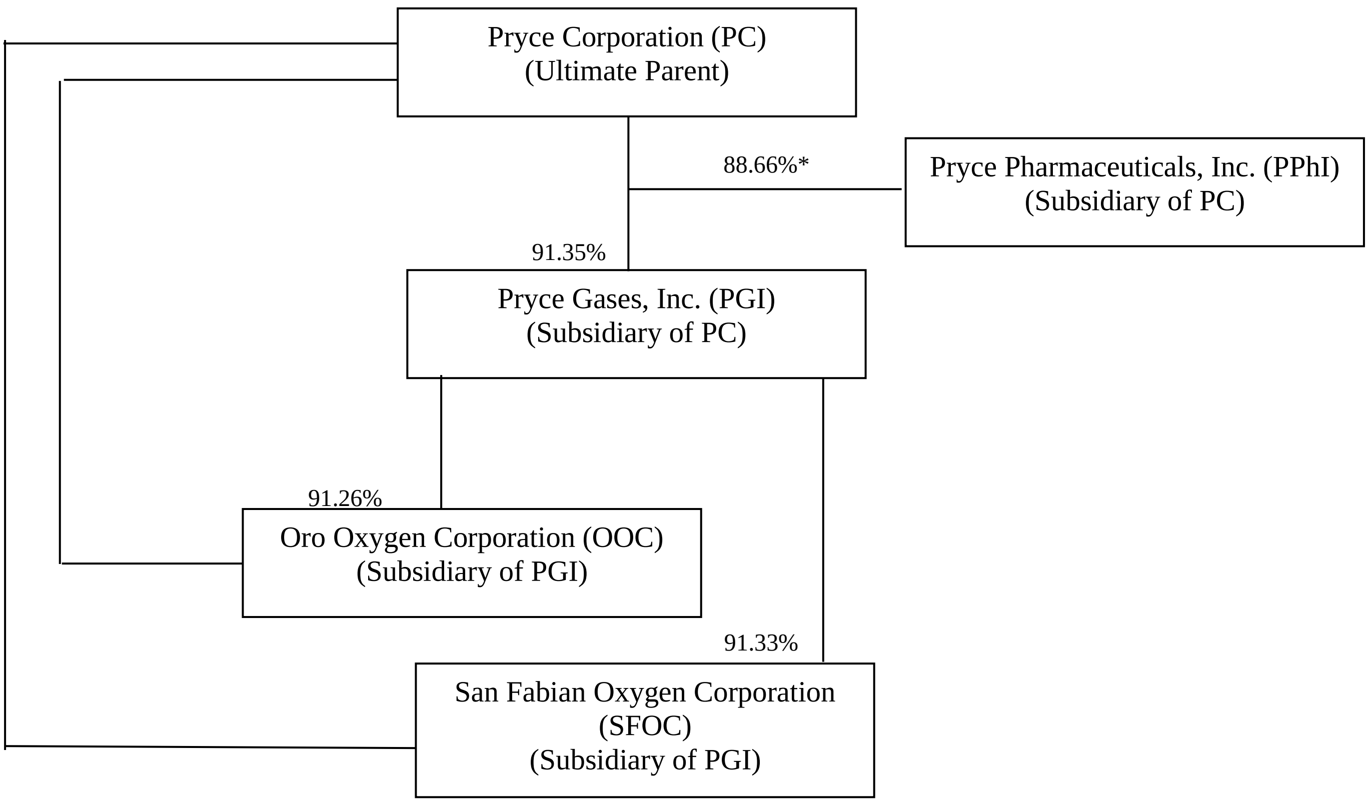
PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2022

Title of issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common shares	2,098,000,000	2,024,500,000	-	460,173,464	28,064,757	1,375,059,540

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2022

Ratio	Formula		2022	2021	2020
A. Current and liquidity ratios					
Current ratio	Total current assets	7,951,928,459	1.40	1.45	1.56
	Divided by: Total current liabilities	5,691,612,247			
	Current ratio	1.40			
Acid test ratio	Total current assets	7,951,928,459	0.69	0.75	1.26
	Less: Prepayments and other current assets	105,465,208			
	Inventories (including real estate projects)	3,938,219,194			
	Total quick assets	3,908,244,057			
	Divided by: Total current liabilities	5,691,612,247			
	Acid test ratio	0.69			
B. Solvency ratio	Total assets	22,408,342,075	3.08	3.04	3.14
	Divided by: Total liabilities	7,270,592,631			
	Solvency ratio	3.08			
C. Debt-to-equity ratio	Total liabilities	7,270,592,631	0.48	0.49	0.47
	Divided by: Total consolidated stockholders' equity	15,137,749,444			
	Debt-to-equity ratio	0.48			
D. Asset-to-equity ratio	Total assets	22,408,342,075	1.48	1.49	1.47
	Divided by: Total consolidated stockholders' equity	15,137,749,444			
	Asset-to-equity ratio	1.48			
E. Interest rate coverage ratio	Net income before tax	2,059,107,440	23.63	30.45	33.62
	Add: Interest expense	91,001,086			
		2,150,108,526			
	Divided by: Interest expense	91,001,086			
	Interest rate coverage ratio	23.63			
F. Profitability ratios					
Return on equity	Net income before tax	2,059,107,440	0.14	0.18	0.21
	Divided by: Average total stockholders' equity	14,634,463,609			
	Return on equity	0.14			
	Total shareholders' equity, beginning	14,131,177,773			
	Total shareholders' equity, ending	15,137,749,444			
	Average total shareholders' equity	14,634,463,609			
Return on assets	Net income before tax	2,059,107,440	0.09	0.12	0.15
	Divided by: Average total assets	21,733,845,891			
	Return on assets	0.09			
	Total assets, beginning	21,059,349,707			
	Total assets, ending	22,408,342,075			
	Average total assets	21,733,845,891			
Net profit margin	Net income after tax	2,059,107,440	0.11	0.14	0.17
	Divided by: Total consolidated revenue	18,767,883,949			
	Net profit margin	0.11			

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX "A" – MAP OF CONGLOMERATE OR GROUP
OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
DECEMBER 31, 2022



* *Includes indirect equity ownership of 13.66%*

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2022

PRYCE CORPORATION
17th Floor Pryce Center, 1179 Chino Roces Avenue Corner Bagtikan Street, Makati City, Philippines

Retained earnings available for declaration of dividend as at December 31, 2022 is computed as follows:

Unappropriated Retained Earnings, based on audited financial statements, beginning of the year			₱1,395,162,442
Add:	**Net income actually earned/realized during the year**		
	Net income during the period closed to Retained Earnings		726,457,407
Less:	**Non-actual/unrealized income net of tax:**		
	Fair value adjustment (mark-to-market gains)		-
Add:	**Non-actual losses**		
	Depreciation on revaluation increment (after tax)		9,816,745
Net income actually earned during the year			**2,131,436,594**
Add (Less):			
	Dividend declarations during the year	(₱530,837,347)	
	Treasury shares	(636,703,363)	
	Sub-Total		(1,167,540,710)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND			**₱963,895,884**

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of December 31, 2022

Type of Accounts Receivable	Total	1-30 days	31-90 days	91-180 days	Over 180 days	1 year and above
a. Trade Receivables						
1. Subdivision/Condo	**2,663,174**	472,371	656,414	710,709	823,680	-
2. Low-cost housing	**845,855**	87,740	126,812	152,033	188,315	290,955
3. Memorial Parks	**162,715,445**	23,457,221	24,819,027	25,502,114	29,565,249	59,371,834
4. Head Office	**11,043,255**					11,043,255
Totals	**177,267,729**	**24,017,332**	**25,602,253**	**26,364,856**	**30,577,244**	**70,706,044**
Less: Allow. For Doubtful Acct.						
Sub Total	***177,267,729***	***24,017,332***	***25,602,253***	***26,364,856***	***30,577,244***	***70,706,044***
b. Non-trade Receivables						
Advances to Officers & Employees	**2,595,861**	726,390	881,478	987,993		
Advances to Suppliers & Contractors	**-**					
Others	**139,580,723**					139,580,723
Totals	**142,176,584**	**726,390**	**881,478**	**987,993**	**-**	**139,580,723**
Less: Allow. For Doubtful Acct.						
Sub Total	***142,176,584***	***726,390***	***881,478***	***987,993***	**-**	***139,580,723***
Grand Total	***319,444,313***	***24,743,722***	***26,483,731***	***27,352,849***	***30,577,244***	***210,286,767***

Accounts Receivable Description

Type of Receivables	Nature/Description	Collection period
1. Installment Receivables	**Subdivision**	1-7 years
	Low cost housing	1-15 years
	Memorial parks	1-6 years
	Condominium Office	1-5 years
	Commercial lot	1-3 years
	Head Office	1-3 months