

# COVER SHEET

for  
**UNAUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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Company Name

C	I	R	T	E	K		H	O	L	D	I	N	G	S		P	H	I	L	I	P	P	I	N	E	S		
C	O	R	P	O	R	A	T	I	O	N	A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

Principal Office ( No./Street/Barangay/City/Town)Province)

1	1	6		E	A	S	T		M	A	I	N		A	V	E	N	U	E	,		P	H	A	S	E		V
S	E	Z	,		L	A	G	U	N	A		T	E	C	H	N	O	P	A	R	K	,		B	I	Ñ	A	N
L	A	G	U	N	A																							

Form Type

1	7	-	Q
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	T	O	C	K		I	S	S	U	E	R
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## COMPANY INFORMATION

Company's Email Address

N/A

No. of Stockholders

28

Company's Telephone Number/s

(632) 7729-6205

Annual Meeting  
Month/Day

26-May

Mobile Number

N/A

Fiscal Year  
Month/Day

31-Dec

## CONTACT PERSON INFORMATION

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

Name of Contact Person

Brian Gregory Liu

Email Address

[brian.liu@cirtek.ph](mailto:brian.liu@cirtek.ph)

Telephone Number/s

(632) 7729-6205

Mobile Number

N/A

Contact Person's Address

116 East Main Ave., Phase V SEZ Laguna Technopark, Biñan Laguna

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

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

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 CS2011102137 3. BIR Tax Identification No 007-979-726

4. Exact name of issuer as specified in its charter **Cirtek Holdings Philippines Corporation**

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

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office 116 East Main Avenue, Phase V-SEZ Laguna Technopark, Binan Laguna 4024 Postal Code

8. Issuer's telephone number, including area code +63 2 7729 6206 +63 49 541 2317

9. Former name, former address and former fiscal year, if changed since last report: **n/a**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common Shares</u>	<b>668,505,825/ n/a</b>

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

Yes [  ] No [  ]

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

**Philippine Stock Exchange – Common Shares and Preferred B2 Shares**  
**PDEX – Commercial Paper**

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

### **PART I--FINANCIAL INFORMATION**

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

Please see attached

#### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Please see attached

### **SIGNATURES**

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

Issuer.:

Signature and Title

  
**Emelita Cruzada**  
Chief Compliance Officer and Asst. Corporate Secretary

Date: May 19, 2023

Principal Financial/Accounting Officer/Controller:

Signature and Title.

  
**Brian Gregory Liu**  
EVP & Chief Financial Officer

Date: May 19, 2023

# CIRTEK HOLDINGS PHILIPPINES CORPORATION

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**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In US Dollars)

	NOTES	Marh 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	46,089,447	44,297,405
Trade and other receivables – net	7	33,483,585	36,457,599
Due from related parties	20	341,127	341,127
Inventories – net	8	65,847,495	67,635,435
Prepayment and other current assets	9	3,797,987	6,992,437
		<b>149,559,641</b>	<b>155,724,003</b>
<b>Non-current Assets</b>			
Other financial assets at amortized cost – net of current por	10	479,182	479,182
Property, plant and equipment – net	12	51,978,627	53,075,196
Intangible assets – net	13	95,626,366	95,820,004
Right-of-use assets – net	14	307,752	349,262
Deferred tax assets		282,549	282,549
Other non-current assets	15	6,223,619	5,732,395
		<b>154,898,094</b>	<b>155,738,588</b>
<b>TOTAL ASSETS</b>		<b>304,457,735</b>	<b>311,462,591</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LI A B I L I T I E S</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	23,372,140	26,172,689
Short-term loans	17	27,197,804	28,472,196
Long-term loans	18	5,347,134	7,147,134
Due to related parties	20	653,129	650,791
Dividend payable	32	126,955	126,955
Lease liabilities	19	208,790	163,484
Income tax payable		479,633	436,104
		<b>57,385,585</b>	<b>63,169,353</b>
<b>Non-current Liabilities</b>			
Long-term loans – net of current portion	18	25,675,615	25,675,615
Lease liabilities – net of current portion	19	113,625	195,889
Retirement benefit obligation	25	1,859,693	1,719,981
Deferred tax liabilities		3,143,600	2,920,365
		<b>30,792,533</b>	<b>30,511,850</b>
<b>TOTAL LIABILITIES</b>		<b>88,178,118</b>	<b>93,681,203</b>
<b>S T O C K H O L D E R S ' E Q U I T Y</b>			
Common Stock	31	14,562,067	14,562,067
Preferred Stock	31	3,925,528	3,925,528
Additional Paid-in Capital	31	179,726,321	179,726,321
Stock Warrants	31,32	6,458,070	6,458,070
Equity Reserve	31	4,030,214	4,030,214
Remeasurement	31	761,183	1,175,507
Retained Earnings	31	6,829,332	7,916,778
Parent Company shares held by a subsidiary	31	(13,097)	(13,097)
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>216,279,618</b>	<b>217,781,388</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>304,457,736</b>	<b>311,462,591</b>

See accompanying Notes to Interim Consolidated Financial Statements.

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In US Dollars)

For The Three Months Ended March 31

	NOTES	2023 ( Unaudited)	2022 ( Unaudited)
REVENUE FROM CONTRACTS WITH CUSTOMERS	21	17,111,237	19,758,052
COST OF SALES	22	12,422,862	13,929,427
		4,688,374	5,828,625
OPERATING EXPENSES	23	2,646,395	3,052,226
FINANCE COSTS	18	450,818	1,003,075
FINANCE INCOME	6,19	(416)	(1,128)
OTHER INCOME (EXPENSE) – net	26	33,876	96,316
PROFIT BEFORE TAX		1,625,453	1,870,768
INCOME TAX EXPENSE (BENEFIT)	27	54,200	96,643
PROFIT		1,571,253	1,774,125
OTHER COMPREHENSIVE INCOME			
ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Remeasurement – net	31	(414,324)	
TOTAL COMPREHENSIVE INCOME		1,156,929	1,774,125
Basic Earnings per Share	28	(0.0016)	(0.0007)

*See accompanying Notes to Interim Consolidated Financial Statements.*

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In US Dollars)

For The Three Months Ended March 31, 2023 (Unaudited)

	Note	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Equity Reserve	Other Comprehensive Income (Loss)		Retained Earnings	Parent Company shares held by a subsidiary	Total
							Investment at FVOCI	Net Changes in Fair Value of Equity			
Balance, December 31, 2022		14,562,067	3,925,528	6,458,070	179,726,321	4,030,214	1,175,507	-	7,916,778	(13,097)	217,781,389
Profit									1,571,253		1,571,253
Other comprehensive loss	31						(414,324)				(414,324)
Cash dividends declared	32								(2,658,700)		(2,658,700)
<b>Balance, March 31, 2023</b>		<b>14,562,067</b>	<b>3,925,528</b>	<b>6,458,070</b>	<b>179,726,321</b>	<b>4,030,214</b>	<b>761,183</b>	<b>-</b>	<b>6,829,332</b>	<b>(13,097)</b>	<b>216,279,618</b>

For the Three Months ended March 31, 2022 (Unaudited)

	Note	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Equity Reserve	Other Comprehensive Income (Loss)		Retained Earnings	Parent Company shares held by a subsidiary	Total
							Investment at FVOCI	Net Changes in Fair Value of Equity			
Balance, December 31, 2021		14,562,067	3,925,528	6,458,070	179,726,321	4,030,214	3,032,298	-	5,275,552	(35,865)	216,974,185
Profit									1,774,125		1,774,125
Cash dividends declared	32								(2,224,079)		(2,224,079)
Other comprehensive income	31									663	663
<b>Balance, March 31, 2022</b>		<b>14,562,067</b>	<b>3,925,528</b>	<b>6,458,070</b>	<b>179,726,321</b>	<b>4,030,214</b>	<b>3,032,298</b>	<b>-</b>	<b>4,825,598</b>	<b>(35,202)</b>	<b>216,524,894</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS**  
(In US Dollars)

		For The Three Months Ended March 31	
	NOTES	2023 (Unaudited)	2022 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,625,453	1,870,768
Adjustments for:			
Depreciation and amortization	12,22,23	2,014,288	2,647,475
Finance costs from loans	18	450,818	1,003,075
Retirement benefit costs	25	-	119,504
Finance income	6,19	(416)	(1,128)
Net unrealized foreign exchange losses (gains)	26	154,127	(359,162)
Operating cash flows before changes in working capital		4,244,270	5,280,532
Decrease (Increase) in operating assets:			
Trade and other receivables		2,922,638	930,778
Inventories		1,787,940	(45,555)
Prepayment and other current assets		3,194,450	42,231
Other noncurrent assets		(491,224)	
Increase (Decrease) in trade and other payables		(2,923,985)	(4,262,804)
Cash generated from (used in) operations		8,734,089	1,945,182
Interest received	6,19	416	1,128
Income taxes paid		(10,671)	535,185
Net cash from (used in) operating activities		8,723,834	2,481,495
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal assets held for sale	11	-	(2,719,921)
Acquisitions of:			
Product development costs	13	(313,203)	(423,237)
Property, plant and equipment	12	(317,991)	(1,757,349)
Net cash from (used in) investing activities		(631,195)	(4,900,507)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of:			
Lease liabilities	19	(36,958)	
Finance costs on loans	18	(378,759)	(1,003,075)
Cash dividends	32	(2,658,700)	(2,224,079)
Long-term loan	18	(1,800,000)	(1,200,000)
Short-term loan	17	(1,325,767)	(2,247,265)
Net movement in amounts owed by and owed to related parties		2,338	2,998,211
Net cash from (used in) financing activities		(6,197,846)	(3,676,208)
<b>EFFECTS OF FOREIGN EXCHANGE RATE IN CASH AND CASH EQUIVAL</b>		(102,752)	49,555
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,792,042	(6,045,665)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		44,297,405	71,415,234
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		46,089,447	65,369,569

*See accompanying Notes to Interim Consolidated Financial Statements.*



# CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Three-Month Period Ended March 31, 2023

*(With Comparative Audited Figures as of December 31, 2022 and Unaudited Figures for the Three Month Periods Ended March 31, 2022)*

### 1. CORPORATE INFORMATION AND STATUS OF OPERATION

Cirtek Holdings Philippines Corporation (TECH or the "Parent Company") was incorporated under the laws of the Republic of the Philippines on February 10, 2011. The principal activities of the Parent Company are to invest in, purchase or acquire personal property of every kind, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities.

The Parent Company was listed in the Philippine Stock Exchange (PSE) on November 18, 2011.

Prior to the listing, the Parent Company had undergone a corporate re-organization on March 1, 2011 which includes an acquisition from Cirtek Holdings, Inc. (CHI) of 155,511,952 common shares of Cirtek Electronics Corporation (CEC), and 50,000 shares of Cirtek Electronics International Corporation (CEIC), representing 100% of the outstanding capital stock of both companies. The above transaction was treated as a business combination of entities under common control and was accounted for similar to pooling-of-interests method.

Camerton, Inc. is the immediate parent of TECH, while Carmetheus Holdings, Inc. is the ultimate parent of TECH and its subsidiaries (the "Group").

TECH, through its subsidiaries CEC and CEIC, is primarily engaged in two major activities: (1) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services, and (2) the manufacture of value-added, highly integrated technology products. CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEIC sells integrated circuits principally in the United States of America, and assigns the production of the same to CEC. In 2014, CEIC acquired Remec Broadband Wireless Inc. (RBWI or REMEC), renamed as Cirtek Advanced Technologies and Solutions, Inc. (CATS), a manufacturer of value-added, highly integrated technology products. CATS offers complete "box build" turnkey manufacturing solutions to radio frequency, microwave and millimeter wave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

#### **Incorporation of Cirtek Corporation and Cirtek Cayman Ltd. (CCL, Merger Subsidiary)**

Cirtek Corporation was incorporated on July 7, 2017 under the laws of Delaware, USA, to engage in lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. Cirtek Corporation is a wholly-owned subsidiary of CEIC.

In the same period, CCL was incorporated in the Cayman Islands. CCL is a wholly-owned subsidiary of Cirtek Corporation and was merged with Quintel Cayman Ltd. (Quintel) in accordance with the Agreement and Plan of Merger (“Agreement”) between the Parent Company and the previous stockholders of Quintel.

**Acquisition of Quintel**

On July 28, 2017, the Parent Company’s Board of Directors (BOD), approved the acquisition of Quintel and its subsidiaries for \$83.2 million. Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks.

In accordance with the Agreement, CCL was merged with and into Quintel, with the latter surviving corporation. All outstanding shares, warrants, and stock options of the previous stockholders of Quintel were converted to a right to receive the consideration from TECH and Cirtek Corporation. As a result of the merger, each of CCL’s one hundred (100) issued and outstanding shares shall be converted into and exchanged for one (1) validly issued, fully paid and non-assessable share of the surviving company. On the other hand, each of Quintel’s issued and outstanding shares before the merger shall be cancelled and extinguished, and be converted automatically into the right to receive a portion of the purchase price.

The Group believes that Quintel’s cutting edge research and development and product capabilities significantly add to and complement the Group’s growing portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Furthermore, being the strategic manufacturing partner of Quintel products places the Group in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

On August 4, 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

**Commercial Papers**

On February 19, 2020, the Securities and Exchange Commission (SEC) approved the \$39,515,539 or ₱2,000,000,000 worth of Commercial Papers (CPs) of the Parent Company. On the following day, the CPs have been listed in the Philippine Dealing and Exchange Corporation. The CPs may be issued in lump-sum or in tranches as follows:

<b>Series</b>	<b>Discount Rate</b>	<b>Tenor</b>	<b>Denomination</b>
A	5.332%	91 days	Minimum of \$98,789 face value and increments of \$1,976
B	5.582%	182 days	Minimum of \$98,789 face value and increments of \$1,976
C	5.832%	364 days	Minimum of \$9,878 face value and increments of \$1,976

The proceeds will be used to refinance the existing debt of the Parent Company and finance working capital requirement.

On April 28,2021 the Company listed its \$20,657,743 or ₱1,000,000,000 worth of Commercial Papers (CP) with the Philippine Dealing and Exchange Corp as part of TECH’s \$123,946,458 or ₱6,000,000,000 CP Program. The CPs may be issued in lump-sum or in tranches as follows:

Series	Discount Rate	Tenor	Denomination
D	4.00%	182 days	Minimum of \$103,289 face value and increments of \$2,066
E	4.25%	364 days	Minimum of \$103,289 face value and increments of \$2,066

On December 6, 2022, the Company listed its P598,400,000 or \$10,662,865 worth of CPs with the PDEC as part of Company's Six Billion Pesos(P6,000,000,000)CP Program. The CPs may be issued in lump-sum or in tranches as follows:

Series	Discount Rate	Tenor	Denomination
F	6.887%	182 days	Minimum of \$89,095 face value and increments of \$1,782
G	7.770%	364 days	Minimum of \$89,095 face value and increments of \$1,782

The proceeds will be used to refinance the existing debt of the Parent Company and to finance working capital requirement.

## 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS).

The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

### 2.01 New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 16, *COVID-19-Related Rent Concessions beyond June 30, 2021*

The following are the amendments to PFRS 16:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
- require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The following are the amendments in reference to the conceptual framework:

- update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
- add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, *Lease Incentives* - The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to PAS 41, *Taxation in fair value measurements* - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

## **2.02 New and Revised PFRSs in Issue but Not Yet Effective**

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, to have significant impact on the consolidated financial statements.

### 2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

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

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in consolidated 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 reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added 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;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
  - accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

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

- Amendment to PAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- *PFRS 17, Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the statements of financial position as the total of the fulfillment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- *Amendments to PFRS 17, Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- *Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial



assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of consolidated financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

#### 2.02.01 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its consolidated financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

### **3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONDOLIDATED FINANCIAL STATEMENTS**

#### **3.01 Statement of Compliance**

The consolidated financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or amortized cost, inventories carried at lower of cost or net realizable value.

#### **3.02 Functional and Presentation Currency**

Items included in the consolidated financial statements of the Group are measured using United States Dollar (\$), the currency of the primary economic environment in which the Group operates (the “functional currency”).

The Group chose to present its consolidated financial statements using its functional currency.

### 3.03 Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Parent Company and its subsidiaries as of March 31, 2023 and December 31, 2022:

	Country of Incorporation	Functional Currency	Percentage of Ownership			
			March 31, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
CEC	Philippines	USD	100%		100%	
CEIC	BVI	USD	100%		100%	
CATS	BVI	USD		100%		100%
CATS – Philippine Branch	Philippines	USD		100%		100%
RBWRP	Philippines	USD		100%		100%
	United States of America					
Cirtek Corporation	America	USD		100%		100%
Quintel	Cayman Islands	USD		100%		100%
	United States of America					
Quintel USA	America	USD		100%		100%

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiaries) up to December 31 of each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

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

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

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

##### **4.01 Business Combination**

Business combination is a transaction or event in which an acquirer obtains control of one or more businesses. The Group accounts for each business combination by applying the acquisition method in accordance with PFRS 3. The Group elects to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about the facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with changes in fair value recognized either in profit or loss or other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

The Group recognizes goodwill as of the acquisition date as the excess of (a) and over (b) below:

- a) The aggregate of:
  - i. The consideration transferred, which is generally measured at acquisition-date fair value;
  - ii. The amount of any non-controlling interest in the acquiree; and
  - iii. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- b) The net of the acquisition-date amounts the identifiable assets acquired and the liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure

the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (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 has been allocated to a CGU and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Common control combination is a business combination wherein the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

The Group applied pooling of interest method in accounting for common control business combinations. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Furthermore, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received is also accounted for as an equity transaction.

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

## 5. Operating Segments

Financial information on the Group's business segments as of March 31, 2023, 2022 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Revenue from contracts with customers for the three months ended March 31, 2023 (Unaudited) are as follows:

	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
New product	\$ -	\$ -	\$ 3,945,488	\$ -	\$ 3,945,488
Integrated circuits	2,679,617	-	-	-	2,679,617
Discrete	2,121,200	-	-	-	2,121,200
Dual and quad flat no-leads	1,621,554	-	-	-	1,621,554
6 port antennas	-	-	1,620,460	-	1,620,460
Multichips	1,545,942	-	-	-	1,545,942
Analog	-	1,278,407	-	-	1,278,407
Hermetics	837,681	-	-	-	837,681
Microwave Network Inc.	-	479,732	-	-	479,732
8 port antennas	-	-	431,565	-	431,565
Cougar	-	117,302	-	-	117,302
Brackets	-	-	70,121	-	70,121
10 port antennas	-	-	51,729	-	51,729
Indoor radio frequency unit	-	42,464	-	-	42,464
NRE additional charging costs	-	24,342	-	-	24,342
Outdoor unit	-	13,204	-	-	13,204
Remec manufacturing services	-	13,136	-	-	13,136
12 port antennas	-	-	8,484	-	8,484
Others	-	192	208,616	-	208,808
<b>Total</b>	<b>\$ 8,805,994</b>	<b>\$ 1,968,779</b>	<b>\$ 6,336,463</b>	<b>\$ -</b>	<b>\$ 17,111,237</b>

	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Segment depreciation and amortization	\$ 1,107,448	\$ 358,900	\$ 12,918	\$ -	\$ 1,479,266
Segment interest income	282	134	-	-	416
Segment interest expense	393,850	-	56,968	-	450,818
Segment profit before income tax	11,037,768	388,439	600,574	(10,400,000)	1,626,781
Segment provision for income tax	43,529	-	10,671	-	54,200
Segment profit after income tax	\$ 10,994,239	\$ 388,439	\$ 589,903	\$ (10,400,000)	\$ 1,572,581

Other financial information of the operating segments as of March 31, 2023 (Unaudited) is as follows:

	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Current assets	\$ 366,069,733	\$ 77,846,054	\$ 12,677,280	\$ (306,253,292)	\$ 150,339,775
Non-current assets	136,223,325	24,232,845	5,928,157	(10,800,864)	155,583,463
	\$ 502,293,058	\$ 102,078,899	\$ 18,605,436	\$ (317,054,157)	\$ 305,923,237
Liabilities					
Current liabilities	\$ 174,857,933	\$ 79,658,247	\$ 27,469,053	\$ (224,601,986)	\$ 57,383,247
Non-current liabilities	27,520,572	-	-	3,271,962	30,792,533
	\$ 202,378,505	\$ 79,658,247	\$ 27,469,053	\$ (221,330,025)	\$ 88,175,780

Revenue from contracts with customers for the three months ended March 31, 2022:

	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Integrated circuits	2,990,062	-	-	-	2,990,062
Dual and quad flat no-leads	2,316,100	-	-	-	2,316,100
Discrete	2,271,918	-	-	-	2,271,918
Multichips	2,203,211	-	-	-	2,203,211
New product	\$ -	\$ -	\$ 2,133,625	\$ -	\$ 2,133,625
Remec manufacturing services	-	2,079,060	-	-	2,079,060
8 port antennas	-	500,675	1,018,120	-	1,518,795
12 port antennas	-	1,065,749	95,240	-	1,160,989
6 port antennas	-	486,379	654,760	-	1,141,139
Hermetics	863,649	-	-	-	863,649
16 port antennas	-	707,238	-	-	707,238
10 port antennas	-	38,868	26,214	-	65,082
Cougar	-	61,809	-	-	61,809
Brackets	-	-	48,756	-	48,756
Outdoor unit	-	16,103	-	-	16,103
Indoor radio frequency unit	-	11,412	-	-	11,412
Bridgewave	-	2,519	-	-	2,519
Others	-	63,268	103,317	-	166,585
	\$ 10,644,940	\$ 5,033,079	\$ 4,080,033	\$ -	\$ 19,758,052



	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Segment depreciation and amortization	\$ 1,037,672	\$ 250,331	\$ 21,636	\$ 293,730	\$ 1,603,369
Segment interest income	494	606	28	-	1,128
Segment interest expense	1,019,408	-	(16,333)	-	1,003,075
Segment profit (loss) before income tax	1,080,311	1,261,408	673,290	(1,144,241)	1,870,768
Segment provision for (benefit from) income tax	81,254	(9,953)	5,436	(-)	(96,643)
Segment profit (loss) after income tax	\$ 999,057	\$ 1,251,455	\$ 667,854	\$ (1,144,241)	\$ 1,774,125

Other financial information of the operating segments as of December 31, 2022 (Audited) is as follows:

	CEC	CATS -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
<b>Assets</b>					
Current assets	\$ 181,851,518	\$ 88,591,985	\$ 9,911,904	\$ (89,588,400)	\$ 190,767,006
Non-current assets	45,718,270	13,225,733	5,678,183	(78,585,460)	143,207,646
	\$ 227,569,788	\$ 101,817,718	\$ 15,590,086	\$ (11,002,940)	\$ 333,974,652
<b>Liabilities</b>					
Current liabilities	\$ 142,504,236	\$ 74,560,437	\$ -	\$ (137,702,708)	\$ 79,361,964
Non-current liabilities	2,617,415	-	-	35,470,378	38,087,792
	\$ 145,121,650	\$ 74,560,437	\$ -	\$ (102,232,330)	\$ 117,449,755

## 6. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and cash equivalents.

Cash and cash equivalents at the end of the reporting periods as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Cash on hand	\$ 239	\$ 239
Cash in banks	40,058,089	38,266,047
Cash equivalents	6,031,119	6,031,119
	<b>\$ 46,089,447</b>	<b>\$ 44,297,405</b>

Cash in banks earn interest at prevailing deposit rates. Cash equivalents earn 3.50% in both years.

Aggregate finance income earned and received amounted to \$416, and \$1,128 for the three months ended March 31, 2023 and 2022, respectively.

## 7. TRADE AND OTHER RECEIVABLES— net

The Group's trade and other receivables are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Trade	\$ 27,052,242	\$ 29,634,768
Allowance for expected credit losses (Note 31)	(741,012)	(741,012)
	<b>26,311,230</b>	28,893,756
Others	7,172,355	7,563,843
	<b>\$ 33,483,585</b>	<b>\$ 36,457,599</b>

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms.

Management believes that the expected credit losses provided are sufficient based on changes of the related financial assets' credit risks.

Others include accrued interest receivable from short-term deposits and non-trade receivable from suppliers which are expected to be collected within one year.

## 8. INVENTORIES– net

Details of the Group’s inventories are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Raw materials	\$ 49,744,656	\$ 48,075,743
Finished goods	11,597,805	14,581,569
Supplies and others	3,729,346	3,527,695
Spare parts and others	1,719,466	1,749,939
Work-in-process	-	554,267
	<b>66,791,273</b>	68,489,213
Allowance for inventory obsolescence	<b>(943,778)</b>	(853,778)
	<b>\$ 65,847,495</b>	<b>\$ 67,635,435</b>

The cost of inventories charged to expenses amounted to \$7,422,057 and \$8,029,030 for the three months in March 31, and 2022, respectively, as disclosed in Note 23.

## 9. PREPAYMENT AND OTHER CURRENT ASSETS

The details of the Group’s prepayment and other current assets are shown below:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Advances to suppliers	\$ 2,671,938	\$ 5,703,851
Loans to employees	776,206	774,612
Prepaid expenses	299,182	329,319
Security deposits	45,818	179,809
Others	4,843	4,843
	<b>\$ 3,797,987</b>	<b>\$ 6,992,437</b>

Advances to suppliers pertain mainly to down payments for production materials and services that are still to be delivered.

Loans to employees include loans extended to key management personnel as disclosed in Note 18.

## 10. OTHER FINANCIAL ASSETS AT AMORTIZED COST

Current and non-current portion of other financial assets at amortized cost is as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Current		
Time deposit	\$ -	\$ -
Non-current		
Government bonds	<b>479,182</b>	479,182
	<b>\$ 479,182</b>	\$ 479,182

On April 22, 2021, the Group acquired government bonds amounting to \$478,876 which will mature on February 24, 2028. The government bonds were purchased in compliance with the requirement for foreign corporations doing business in the Philippines to deposit with SEC securities worth at least \$8,909 or ₱500,000 and additional securities with market values equivalent to a certain percentage of the amount of Branch's gross income exceeds \$178,190 or ₱10,000,000. In 2022 and 2021, the bond amounting to \$19,556 and \$456,055, respectively, was redeemed. Effective interest rates per annum amounts to 3.57% in both years.

Finance income earned from the government bonds amounted to \$nil and \$6,885 in three months ended March 31 2023 and year ended December 31, 2022, respectively.

## 11. ASSETS HELD FOR SALE

When Cirtek Electronic International Corporation (CEIC) acquired RBW Realty and Property Inc. and Cirtek Advanced Technologies and Solutions – Philippine Branch (CATS - PH), the manufacturing activities of CATS - PH had been transferred to Cirtek Electronics Corporation (CEC) facility for operational efficiency measures. As a result, the investment properties and building improvements owned by the Company and CATS became idle. On December 9, 2014, the BOD approved the plan to sell and dispose these assets to interested buyers.

Hence, the properties were accounted for in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* from classification until December 31, 2017.

In 2018, the Group is no longer committed to sell these properties due to failure to locate buyers who are willing to pay at market value. Management planned to hold the land for currently undeterminable future use and the building will remain vacant but held to be leased out under operating leases. Hence, Management reclassified the non-current assets held for sale to investment properties in accordance with PAS 40, *Investment Properties*.

Investment properties were reclassified as asset held for sale on December 31, 2020, as the Management becomes committed to sell the properties in the subsequent year.

As of December 31, 2020, assets held for sale is measured at its fair value.

No impairment loss was recognized in relation to the reclassification.

As of March 31, 2023 and 2022, assets held for sale amounted to nil.

## 12. PROPERTY, PLANT AND EQUIPMENT– net

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Property, Plant and Equipment	\$ 128,631,809	\$ 120,195,845
Less: Accumulated Depreciation	(76,653,182)	(67,120,649)
Property, Plant and Equipment-net	\$ 51,978,627	\$ 53,075,196
Movement during the period:		
Balance, January 1	\$ 53,075,196	\$ 40,664,393
Cost:		
Additions	369,368	17,755,281
Disposal		(327,162)
Accumulated Depreciation		
Depreciation –Notes 20 and 21	(1,465,937)	(5,165,852)
Disposal		326,536
	\$ 51,978,627	\$ 53,075,196

The Group acquired assets as of March 31, 2023 and December 31, 2022 with a cost of \$369,368 and \$17,755,281, respectively.

Depreciation expense amounted to \$1,465,937 and \$1,356,789 for the three-month period ended March 31, 2023 and March 31, 2022, respectively.

In both three-month and twelve-month periods, the Group determined that there is no indication that impairment occurred on its properties, plant and equipment.

## 13. INTANGIBLE ASSETS– net

The carrying amounts of the Group’s intangible assets are as follows:

	March 2023 (Unaudited)	December 2022 (Audited)
Goodwill	\$ 55,541,157	\$ 55,541,157
Customer relationships	23,736,500	23,736,500
Product development costs	8,875,909	9,069,547
Trademark	7,472,800	7,472,800
	\$ 95,626,366	\$ 95,820,004

### Goodwill

The goodwill acquired through business combination is only attributable to the Quintel business. As a result of the Quintel acquisition, the Group recognized goodwill amounting to \$ 55,541,157 as of March 31, 2023 and December 31, 2022.

### Customer Relationships

Customer relationship represent Quintel’s established relationships with two of the largest telecon companies in the United States. Such relationships are deemed valuable given the length of their relationships (from as far back as 2008) and the

difficulty in establishing connections. Management strongly believes that the relationships with their current customers will drive Quintel's business in the long run.

The fair value of customer relationships is determined based on the discounted excess earnings, which is the difference between the post-tax cash flows attributable to the sales made to Quintel's current customers and the contributory asset charges used to generate the cash flows (i.e., multi-period excess earnings method). Customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing.

#### Technology Costs

Movements of technology costs are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
<b>Carrying amount</b>		
Cost	\$ -	\$ 5,874,600
Accumulated amortization	-	(5,189,230)
	-	685,370
<b>Movements during the year</b>		
Balance, January 1	-	685,370
Amortization (Notes 23)	-	(685,370)
Balance	\$ -	\$ -

The fair values of the Quintel's technology costs and trademark were determined based on discounted notional royalty savings after tax plus discounted tax amortization benefit resulting from the amortization of the required assets (i.e., relief from royalty method). The Group estimates that technology costs will have an economic life of five (5) years.

#### Trademark

Trademark is estimated to have an indefinite useful life.

The Group has determined that there is no indication that an impairment loss has occurred on its technology and trademark.

#### Product Development Cost

Movements of product development cost are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
<b>Carrying amount</b>		
Cost	\$ 13,536,984	\$ 9,350,051
Accumulated amortization	(4,467,437)	(3,005,926)
	<b>9,069,547</b>	<b>6,344,125</b>

<b>Movements during the year</b>		
Balance, January 1	9,069,547	6,344,125
Additions	313,203	4,186,933
Amortization (Notes 23)	(506,841)	(1,461,511)
<b>Balance</b>	<b>\$ 8,875,909</b>	<b>\$ 9,069,547</b>

Product development cost pertain to the capitalized cost of developing certain packages or products for the specific customers. The development cost met the requirements of PAS 38 for capitalization.

Additions in all years were paid in cash. The Group has determined that there is no indication that an impairment loss has occurred on its product development cost.

#### Software

As of March 31, 2023 and December 31, 2022, CEC has software with a total cost of \$39,278 which are fully amortized but are still used for in operations.

#### 14. RIGHT-OF-USE ASSETS– net

The details of the Group’s right-of-use assets are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
<b>January 1</b>		
Cost	\$ 566,290	832,633
Accumulated depreciation	(41,510)	(266,343)
<b>Carrying amount</b>	<b>524,780</b>	<b>566,290</b>
<b>Movements during the year</b>		
Balance, January 1	566,290	566,290
Additions	-	-
Depreciation (Notes 23 and 24)	(258,538)	(217,028)
<b>Carrying amount</b>	<b>307,752</b>	<b>349,262</b>
<b>March 31</b>		
Cost	385,136	832,633
Accumulated depreciation	(77,384)	(483,371)
<b>Carrying amount</b>	<b>\$ 307,752</b>	<b>349,262</b>

As of March 31, 2023 and December 2022, lease liabilities related to right-of-use asset amounted to \$322,415 and \$359,373, respectively, as disclosed in Note 20.

In both years, the Group determined that there is no indication that impairment occurred on its right-of-use assets.

## 15. OTHER NON-CURRENT ASSETS

Below is the composition of the Group's other non-current assets:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Advances to suppliers	\$ 4,202,486	\$ 4,202,486
Rental deposit (Note 25)	1,122,859	1,122,859
Miscellaneous deposits	168,012	168,012
Others	730,262	239,038
	<b>\$ 6,223,619</b>	<b>\$ 5,732,395</b>

Advances to suppliers pertain to down payments for the acquisition of software and building expansion.

Miscellaneous deposits pertain to refundable deposits with MERALCO for the installation of CEC's electrical meters and bill deposit equivalent to one (1) month energy consumption.

## 16. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Trade	\$ 16,960,857	\$ 19,419,971
Accruals	3,557,710	4,326,357
Contract liabilities (Note 22)	1,522,266	1,561,738
Provisions	567,353	535,571
Others	763,953	329,052
	<b>\$ 23,372,140</b>	<b>\$ 26,172,689</b>

Trade payables are noninterest-bearing and are generally on sixty (60) to ninety (90) day's terms.

Accruals comprise mainly of amounts accrued for payroll, utilities, communication, security, shuttle services and professional services. Accruals also include amounts accrued for interest amounting to \$nil and \$426,314 as of March 31, 2023 and December 2022, respectively, as disclosed in Note 19.

Provisions pertain to the Group's estimate of the cost to repair or replace defective products in accordance with agreed specifications and potential liability for legal and other claims.



## 17. Short-term Loans

Details of short-term loans are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Rizal Commercial Banking Corporation (RCBC)	\$ 10,195,136	\$ 11,469,528
United Coconut Planters Bank (UCPB)	4,239,803	4,239,803
Shinhan Bank– Manila Branch	2,100,000	2,100,000
Security Bank Corporation (SBC)	-	-
	<b>\$ 16,534,939</b>	<b>\$ 17,809,331</b>
Commercial paper	<b>10,662,865</b>	<b>10,662,865</b>
	<b>\$ 27,197,804</b>	<b>\$ 28,472,196</b>

### 17.01.01 Bank Loans

Terms and conditions of short-term loans are as follows:

- Revolving loan facilities with RCBC, which have payment terms of 180 days, unsecured and charged interest of 4.75% in both years.
- Revolving loan facilities with UCPB have payment terms of 180 days. The facilities charged interest of 4.75% and nil per annum in both years.
- Loan agreement with Shinhan Bank – Manila Branch is unsecured, payable in one (1) year and has a fixed rate of 4.8% per annum. In 2021, the term of loan was extended until August 30, 2022 with interest of 3.75% per annum. In 2022, the term of loan was extended until August 30, 2023 with interest rate of 4.50% per annum.
- Revolving loan facilities with SBC have payment terms ranging from 30 to 365 days. The facilities charged interest of 7% in both years.

### 17.01.02 Commercial Paper

The Securities and Exchange Commission (the “Commission”) has approved on February 19, 2020 the Company's Amended Registration of up to Two Billion Pesos (P2,000,000,000) or \$39,401,103 worth of Commercial Paper (CP), which is listed on the Philippine Dealing and Exchange Corp. on February 20, 2020. The Commission has subsequently issued a Certificate of Permit to Offer Securities for Sale authorizing the sale and distribution of the aforesaid securities. The CPs may be issued in lump-sum or in tranches and shall have an interest rate fixed prior to the issuance. The succeeding tranches, if any, shall be issued within three (3) years from the date of effectivity of the subject Amended Registration Statement.

The initial issuance of Series A, B and C will carry discount rates of 5.332%, 5.582%, and 5.832%, respectively, calculated on a true-discount basis. The initial issuance will have the following tenors: 91 days, 182 days, and 364 days for Series A, B and C, respectively. Multinational Investment Bancorporation as a Sole Arranger and Lead Underwriter.

On May 29, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P275,000,000 or \$5,421,176.

On July 15, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P494,000,000 or \$9,892,861.

On September 1, 2020, listing of reissued CP maturing on February 18, 2021 amounted to P545,200,000 or \$11,245,179.

The issuance of Series D and E will carry discount rates of 4.000% and 4.250%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On April 28, 2021, listing of re-issued CP maturing on April 28, 2023 amounted to P1,000,000,000 or \$20,643,414.

The issuance of Series F and G will carry discount rates of 6.887% and 7.770%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On December 6, 2022, listing of re-issued CP maturing June 6, 2023 amounted to P293,800,000 or \$5,235,210.

Also, on December 6, 2022, listing of re-issued CP maturing December 5, 2023 amounted to P304,600,000 or \$5,427,655.

Movements of the short-term loans are as follows:

	<b>March 2023 (Unaudited)</b>	December 2022 (Audited)
Balance at January 1	\$ 28,472,196	\$ 41,460,364
Proceeds from availment of loan	-	10,662,865
Unrealized foreign exchange gain	-	(93,978)
Loan repayments	<b>(1,274,392)</b>	<b>(23,557,055)</b>
<b>Balance</b>	<b>\$ 27,197,804</b>	<b>\$ 28,472,196</b>

The Group is in compliance with the debt covenants as of March 31, 2023 and December 2022.

## 18. Long-term Loans

Details of long-term loans are as follows:

	Current	Non-current	Total
<b>March 31, 2023 (Unaudited)</b>			
<b>Principal</b>			
2018 NFA	\$ 5,400,000	\$ 25,800,000	\$ 31,200,000
Deferred finance cost	(52,866)	(124,385)	(177,251)
	<b>\$ 5,347,134</b>	<b>\$ 25,675,615</b>	<b>\$ 31,022,749</b>
<b>December 31, 2022 (Audited)</b>			
<b>Principal</b>			
2016 NFA	\$ -	\$ -	\$ -
2018 NFA	7,200,000	25,800,000	33,000,000
Deferred finance cost	(52,866)	(124,385)	(177,251)
	<b>\$ 7,147,134</b>	<b>\$ 25,675,615</b>	<b>\$ 32,822,749</b>

### 18.01 2016 Note Facility Agreement (NFA)

On September 20, 2016, the Group entered into a \$30,000,000 NFA with Bank of the Philippine Islands (Initial Note Holder), BPI Asset Management and Trust Group (Facility and Paying Agent) and BPI Capital Corporation (Arranger). The NFA provided for the issuance of 5-year fixed rate corporate note which bears interest of 4.0% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used for capital expenditures, including production facilities and to refinance existing debt obligation and for working capital requirement.

Under the NFA, the Group shall pay 30% of the loan outstanding on issue date in twelve (12) equal consecutive quarterly installments in the amount equivalent to 2.5% of loan outstanding on issue date commencing on the end of the 5<sup>th</sup> quarter until end of the 16<sup>th</sup> quarter from the Issue date. The remaining 70% of the loan outstanding on issue date is payable in four (4) equal consecutively quarterly installments in the amount equivalent to 17.5% of the loan outstanding on issue date commencing on the 17<sup>th</sup> quarter from the issue date until the maturity date, provided that each such date shall coincide with an interest payment date, and that the last installment shall be in an amount sufficient to fully pay the loan.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Group may redeem in whole or in part, equivalent to an amount not less than \$100,000, the relevant outstanding notes on any interest payment date beginning on the third anniversary of the issue date, by paying the amount that is equivalent to the higher of (i) 102% of the unpaid principal amount together with any and all accrued interest up to the date of redemption at the applicable rate, and (ii) 100% of the unpaid principal amount of the loans together with any and all accrued interest up to date of redemption at the applicable rate and any related breakage costs (net of any breakage gains). The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 2:1;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.5; and

- Current ratio shall not, at any time, be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Group. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Group and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the net cash provided by operating activities plus unrestricted cash (as shown in the most recent audited consolidated financial statements) divided by the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Group to pay or repay including, without limitation: (i) all obligations of the Group for borrowed money evidenced by promissory notes or other instruments, (ii) all financial obligations of any other person guaranteed by the Group, (iii) all financial obligations of any other person secured by a security upon or in property owned by the Group, whether or not the Group have assumed or become liable for the payment of such financial obligations, and (iv) capitalized lease obligations of the Group which are capitalized in accordance with PFRS.

The carrying amount of the loan from the 2016 NFA as of December 31, 2022 and 2021 amounted to nil and \$14,410,357, respectively.

The Group is compliant with the terms and conditions of the aforementioned loan agreement.

#### 18.02 2018 Note Facility Agreement (NFA)

On April 12, 2018, the Group entered into a \$40,000,000 NFA with Bank of Philippine Islands and Rizal Commercial Banking Corporation (each a "Note holder" and collectively, the "Noteholders"), RCBC Trust and Investments Group (Facility and Paying Agent) and RCBC Capital Corporation (Issue Manager). The NFA provided for the conversion of the outstanding balance of the Parent Company's short-term bridge loan facilities with the Noteholders amounting \$20,000,000 each Noteholder into long term credit facilities. The NFA provided for the issuance of 7-year fixed rate corporate note which bears interest of 6.25% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used to refinance the bridge loan facilities used to acquire the 100% ownership of Quintel Cayman.

Under the NFA, the Group shall pay the 30% of the loan outstanding on issue date in 24 equal consecutive quarterly commencing at the end of the 1<sup>st</sup> year until the end of the 28<sup>th</sup> quarter from the issue date. The remaining 70% of the loan outstanding on issue date shall be paid in a single balloon payment at maturity date.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Group may redeem, in whole or in part, equivalent to an amount less than and in multiples of \$5,000,000 on any interest payment date beginning on the first anniversary of the issue date, by paying a prepayment penalty equivalent to 2% of the principal amount of the Notes being redeemed, together with any and all accrued interest up to the date of redemption at the applicable rate and any related breakage costs (calculated from such non-interest payment date to the immediately succeeding interest payment date) actually incurred by the relevant Noteholders, if the redemption was made on a non-interest payment date. The prepayment penalty shall not apply if the redemption is due to: (i) interest costs or (ii) illegality.

The Group assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 70:30;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.15; and
- Current ratio shall not, at any time, be less than 1.10.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Group. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Group and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the result obtained by dividing (i) earnings before deducting interest expense, income tax, depreciation and amortization (EBITDA) and (ii) the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all payments for: (a) interest and principal payments due under the Agreement in the next twelve (12) months; (b) the principal and interest payments due in the next twelve (12) months of all interest-bearing debt with tenor of more than twelve (12) months, and (c) netting obligations of the Issuer due in the next twelve (12) months under permitted hedging arrangements, if applicable.

The carrying amount of the loan from the 2018 NFA amounted to \$31,022,749 and \$32,822,749 as of March 31, 2023 and 2022, respectively.

The Group is compliant with the terms and conditions of the aforementioned loan agreement.

Total finance costs for short-term loan and long-term debt recognized in the consolidated statements of comprehensive income amounted to \$450,818, \$ 4,711, 588, and in March 2023 and December 2022, respectively.

## 19. LEASE LIABILITIES

The Group, as lessee, entered into leasing arrangements with its related parties as disclosed in Notes 21 and 25. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	March 2023 (Unaudited)	December 2022 (Audited)	March 2023 (Unaudited)	December 2022 (Audited)
Not later than one (1) year	\$ 208,790	\$ 169,407	\$ 202,867	\$ 163,484
Later than one (1) year but not later than five (5) years	69,189	104,605	64,168	99,584
Later than five (5) years	79,952	120,877	55,380	96,305
	<b>357,931</b>	<b>394,889</b>	<b>322,415</b>	<b>359,373</b>
Discount	<b>(35,516)</b>	<b>(35,516)</b>	-	-
Present value of minimum lease payments	<b>322,415</b>	<b>359,373</b>	<b>322,415</b>	<b>359,373</b>
Current lease liabilities	<b>208,790</b>	<b>163,484</b>	<b>208,790</b>	<b>163,484</b>
Non-current lease liabilities	<b>\$ 113,625</b>	<b>\$ 195,889</b>	<b>\$ 113,625</b>	<b>\$ 195,889</b>

Movement in the lease liabilities is as follows:

	March 2023 (Unaudited)	December 2022 (Audited)
Balance, January 1	\$ 359,373	\$ 591,422
Additions	-	-
Finance incurred	-	5,924
Finance cost paid	-	(5,924)
Lease payments	<b>(36,958)</b>	<b>(232,049)</b>
Balance	<b>\$ 322,415</b>	<b>\$ 359,373</b>

The Group used its incremental borrowing rate of 5.0% to 5.5% to measure the present value of its lease liabilities since the implicit rate was not readily available.

The Group is compliant with the terms and conditions of the lease contracts.

## 20. RELATED PARTY TRANSACTIONS

Nature of relationship of the Parent Company and its related parties are disclosed below:

Related Party	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate Parent
Camerton Inc. (CI)	Immediate Parent
Cayon Holdings, Inc. (Cayon)	Under Common Control
Cirtek Land Corporation (CLC)	Under Common Control
Stockholders	Key Management Personnel

### 20.01 Due from Related Parties

Balances of due from related parties as shown in the consolidated statements of financial position are summarized per category as follows:

#### 20.01.01 Under Common Control

Transactions with under common control are detailed as follows:

	March 2023 (Unaudited)		December 2022 (Audited)	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
<b>Cayon</b>				
Advances	\$ 149,557	\$ 341,127	\$ 149,557	\$ 341,127

The following are the nature, terms and conditions:

#### *a) Transactions with Cayon*

The Company granted advances to Cayon to finance its working capital requirements. The amounts are unsecured and non-interest bearing, due and demandable and will be settled in cash. No guarantees have been received.

#### 20.01.02 Key Management Personnel

Transactions with key management personnel pertains to granted loan amounting to \$500,000 and \$200,000 as of December 31, 2022 and 2021, respectively, as disclosed in Note 10. The amounts are unsecured and non-interest bearing, due and demandable and will be settled in cash. No guarantees have been received.

## 20.02 Due to Related Parties

Balances of due to related parties as shown in the consolidated statements of financial position are summarized per category as follows:

### 20.02.01 Under Common Control

Transactions with under common control are detailed as follows:

	March 2023 (Unaudited)		December 2022 (Audited)	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
<b>CLC</b>				
Rental	\$ 1,298	\$ 483,907	\$ 13,535	\$ 482,609
<b>Cayon</b>				
Rental	1,040	133,294	10,929	132,254
	<b>\$ 2,338</b>	<b>\$ 653,129</b>	<b>\$ 24,464</b>	<b>\$ 614,863</b>

The following are the nature, terms and conditions:

*a) Transactions with CLC*

The Group had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of 16 years starting January 1, 2019. The lease agreement provided for an annual rental of \$0.01 Million subject to periodic adjustments upon mutual agreement of both parties. The total rent expense charged to operations amounted to \$0.01 million in both years.

*b) Transactions with Cayon*

The Group entered into an agreement with Cayon starting January 1, 2019 to lease the land where the Group's Building 2 is located. The agreement calls for a fixed annual rate of \$0.01 Million for a period of five (5) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. Total rent expense charged to operations amounted to \$0.01 Million in both years.

The amounts are unsecured, non-interest bearing and due and demandable and will be settled in cash. No guarantees have been given.

## 20.03 Remuneration of Key Management Personnel

Remunerations of key management personnel of the Group are detailed as follows:

	March 2023 (Unaudited)	March 2022 (Audited)
Short-term benefits	\$ 806,507	\$ 742,235
Post-employment benefit	53,157	29,651
Balance	<b>\$ 859,664</b>	<b>\$ 771,886</b>



## 21. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below is the disaggregation of the Group's revenue from contracts with customers for the three months ended March 31, 2023 and 2022, respectively:

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
New product	\$ 3,945,488	\$ 2,133,625
Integrated circuits	2,679,617	2,990,062
Discrete	2,121,200	2,271,918
Dual and quad flat no-leads	1,621,554	2,316,100
6 port antennas	1,620,460	1,141,139
Multichips	1,545,942	2,203,211
Analog	1,278,407	-
Hermetics	837,681	863,650
Microwave Network Inc.	479,732	-
8 port antennas	431,565	1,518,795
Cougar	117,302	61,809
Brackets	70,121	48,756
10 port antennas	51,729	65,082
Indoor radio frequency unit	42,464	11,412
NRE additional service costs	24,342	-
Outdoor unit	13,204	16,103
Remec manufacturing services	13,136	2,079,060
12 port antennas	8,484	1,160,988
Others	208,808	166,585
16 port antennas	-	707,238
Bridgewave	-	2,519
	<b>\$ 17,111,237</b>	<b>\$ 19,758,052</b>

The Group has no contract assets as of March 31, 2023 and December 31, 2022.

The Group's contract liabilities pertain to advance payments from customers amounting to \$1,522,266 and \$1,561,738 as at March 31, 2023 and December 2022, respectively, as disclosed in Note 18.

## 22. COST OF SALES

Components of cost of sales account are as follows:

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
Raw materials, spare parts, supplies and other inventories used, and changes in inventories (Note 9)	\$ 7,422,057	\$ 8,029,030
Salaries, wages and employees' benefits (Note 26)	1,850,946	2,681,713
Depreciation and amortization (Notes 14, 15 and 16)	1,465,038	1,580,424
Utilities	1,280,195	871,443
Inward freight and duties and others	404,626	1,121,886
	\$ 12,422,862	\$ 13,929,427

## 23. OPERATING EXPENSES

The account is composed of the following expenses:

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
Salaries, wages and employees' benefits (Note 26)	\$ 1,569,765	\$ 1,216,253
Commissions	357,124	194,280
Professional fees	293,244	194,256
Utilities	70,474	72,779
Transportation and travel	56,240	35,866
Taxes and licenses	52,750	207,822
Insurance	25,303	27,337
Entertainment, amusements and recreation	24,302	32,752
Depreciation and amortization (Notes 14,15 and 16)	14,226	22,945
Supplies	11,598	34,382
Others	171,368	1,013,552
	\$ 2,646,395	\$ 3,052,226

Professional fees pertain to retainer's fee, legal fees and consultancy fees.

Taxes and licenses are business permits, registration renewals and others fees to government units.

Utilities are consumptions of water, electricity and telephone service.

## **24. LEASE AGREEMENTS**

The Group has leases for its land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statements of financial position as a right-of-use assets and a lease liabilities. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group's sales) are excluded from the initial measurement of the right-of-use assets and lease liabilities.

### **24.01 The Group as a Lessee**

#### **24.01.01 Cirtek Land Corporation**

The Group entered into a lease agreement with Cirtek Land Corporation (CLC), a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,674 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CLC to lease the land where Building 1 is erected. The agreement calls for a fixed annual rate of \$12,189 for a period of 16 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month' rent amounting to \$1,016. These shall be applied to last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract.

#### **24.01.02 Cayon Holdings, Inc.**

The Group entered into a lease agreement with Cayon Holdings, Inc (Cayon), a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,064 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CHI to lease the land where Building 2 is erected. The agreement calls for a fixed annual rate of \$11,075 for a period of five (5) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month' rent amounting to \$923. These shall be applied to last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract.

Rental security deposits amounted to \$1,122,859 and \$1,122,859 as of March 31, 2023 and December 2022, respectively, as disclosed in Note 17.

As of March 31, 2023 and December 2022, the Group's ROU assets amounted to \$307,752 and \$349,262, respectively, as disclosed in Note 16.

### Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as follows:

	<b>March 2023 (Unaudited)</b>	<b>March 2022 (Unaudited)</b>
Current	\$ 208,790	\$ 406,572
Non-current	113,625	144,003
	<b>\$ 322,415</b>	<b>\$ 550,575</b>

## 25. EMPLOYEE BENEFITS

Aggregate employee benefits expense comprised:

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
Salaries and Wages	\$ 1,700,785	\$ 1,851,329
Other Employees benefits	1,655,128	1,525,295
Retirement costs – Note 24	64,798	166,274
	<b>\$ 3,420,711</b>	<b>\$ 3,542,897</b>

### 25.01 Retirement Employee Benefits

#### 25.01.01 Defined Benefit Plan

CEC has a funded, noncontributory defined benefit retirement plan administered by the Board of Directors while CATS – Philippine Branch has an unfunded and non-contributory defined benefit retirement plan, with both entities covering all regular employees. Retirement benefits costs are determined in accordance with an actuarial study and are based on the employees' years of service and monthly basic salary. CEIC has not established a retirement plan while the Parent Company and RBWRP have no employees.

Under the existing regulatory framework, R.A. 7641 requires provision for retirement pay to qualified private sector employees' in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

25.01.02 Retirement Benefit Costs

Below are the summarized components of retirement benefit costs recognized in consolidated statements of comprehensive income:

<b>March 31, 2023 (Unaudited)</b>					
	<b>CEC</b>		<b>CATS – Philippine Branch</b>		<b>Total</b>
Current service cost	\$	<b>269,988</b>	\$	-	\$ <b>269,988</b>
Net interest cost		-		-	-
	\$	<b>269,988</b>	\$	-	\$ <b>269,988</b>

<b>December 31, 2022 (Audited)</b>					
	<b>CEC</b>		<b>CATS – Philippine Branch</b>		<b>Total</b>
Current service cost	\$	269,988	\$	-	\$ 269,988
Net interest cost		-		-	-
	\$	269,988	\$	-	\$ 269,988

25.01.03 Retirement Benefit Obligation

Below are the summarized components of retirement benefit obligation recognized in consolidated statement of financial position:

<b>March 31, 2023 (Unaudited)</b>					
			<b>CATS – Philippine Branch</b>		<b>Total</b>
Present value of defined benefit obligation	\$	<b>2,443,279</b>	\$	-	\$ <b>2,443,279</b>
Fair value of plan assets		<b>(583,586)</b>		-	<b>(583,586)</b>
	\$	<b>1,859,693</b>	\$	-	\$ <b>1,859,693</b>

<b>December 31, 2022 (Audited)</b>					
			<b>CATS – Philippine Branch</b>		<b>Total</b>
Present value of defined benefit obligation	\$	2,163,855	\$	-	\$ 2,163,855
Fair value of plan assets		(443,874)		-	(443,874)
	\$	1,719,981	\$	-	\$ 1,719,981

**26. OTHER INCOME (EXPENSES) – net**

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
Retirement benefit gain (Note 26)	\$ -	\$ -
Foreign exchange gain (loss) – net	59,902	(359,162)
Gain (Loss) on sale of asset (Notes 13 and 14)	(22,726)	-
Gain on condonation of loan (Note 19)	-	-
Gain (loss) on sale of scrap	-	-
Others – net	15,827	435,074
	<u>\$ 53,002</u>	<u>\$ 96,316</u>

**27. INCOME TAXES****27.01 CEC**

On March 24, 1998, the Philippine Economic Zone Authority (PEZA) approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid and potential new packages.

Beginning October 30, 2002, the manufacture and export of integrated circuits, discrete and hybrid transferred to PEZA from Board of Investments (where originally registered) and became subject to the 5% gross income tax incentive, as defined under R.A. No. 7916, the law creating the PEZA.

**27.02 CATS - Philippine Branch**

CATS - Philippine Branch was registered with PEZA as an Ecozone Export Enterprise to engage in the manufacture, fabrication and design of millimeter wave components and subsystems in a special economic zone to be known as the Carmelray Industrial Park I - Special Economic Zone (CIP I-SEZ and Laguna Technopark in accordance with the project study, representations, commitments and proposals set forth in its application forming integral parts, subject to the terms and conditions provided in its registration.

As a PEZA-registered entities, CEC and CATS – Philippine Branch are entitled to tax incentives equivalent to 5% of the gross income earned on its registered activities after the income tax holiday (ITH) of four years.

Details of income tax expense (benefit) are as follows:

	For the Three months ended March 31	
	(Unaudited)	(Unaudited)
	2023	2022
Current	\$ 54,200	\$ 96,643
Deferred	-	-
	<u>\$ 54,200</u>	<u>\$ 96,643</u>

The provision for current income tax for the three months ended March 2023 and 2022 pertains to the special rate of 5% on taxable gross income of CEC and CATS - Philippine Branch.

Based on the National Internal Revenue Code Sec 27, MCIT of two percent (2%) of the gross income as of the end of taxable year is imposed on corporation beginning on the fourth taxable year immediately following the year in which such corporation started its commercial operation when the MCIT is greater than the regular corporate income computed for the taxable year. The Group is subject to MCIT beginning 2015.

## 28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the Three months ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Net income attributable to common shareholders of the Group	\$ 1,571,253	\$ 1,774,125
Weighted average number of ordinary shares for the purposes of basic earnings per share	668,505,825	668,505,825

The Group's earnings per share are \$0.0016 and \$0.0027 in 2023 and 2022 respectively.

As of March 31, 2023 and December 2022, the Group has no potential dilutive common shares.

The weighted average number of common shares outstanding used in the calculation of EPS is based on the outstanding shares of the Group as adjusted with the effects of shares held by a subsidiary.

## 29. FAIR VALUE MEASUREMENTS

### 29.01 Fair Value of Financial Assets and Liabilities

As of March 31, 2023 and December 2022, the carrying value of the Group's financial assets and liabilities, excluding financial assets at FVOCI because its fair value cannot be reliably measured, are equal to or approximate their respective fair value.

*Cash and cash equivalents, trade and other receivables, loans to employees presented under 'other current assets', trade and other payables (excluding contract liabilities and others), short-term loans, dividend payables and due to related parties*

The carrying amounts approximate fair value since these are mostly short-term in nature or due and demandable.

*Financial assets at FVTPL*

The financial asset at FVTPL are stated at their fair value based on lowest level input (Level 1).

*Financial assets at FVOCI*

The fair value of the financial asset is obtained through market comparable approach (Level 3). The price is indicative of actual and regularly occurring market transactions on an arm's length basis.

*Other financial assets at amortized cost*

The fair value of financial assets at amortized cost that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date or last trading day as applicable (Level 1).

*Miscellaneous deposits*

The miscellaneous deposits are carried at cost since the timing and related amounts of future cash flows cannot be reasonably and reliably estimated for purposes of establishing its fair value using an alternative valuation technique.

*Lease liabilities*

The fair value of lease liabilities is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rate used was 5.0% to 5.5% in 2022 and 2021 (Level 3).

*Long-term Loans*

The fair value of long-term loans are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rate used was 7.5% in 2022 and 2021 (Level 3).

<b>March 31, 2023 (Unaudited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
<b>measured at fair value:</b>				
<b>Other financial</b>				
<b>assets at</b>				
<b>amortized cost</b>	\$ 479,182	\$ -	\$ -	\$ 479,182
<b>Long-term loans</b>	-	-	31,022,749	31,022,749
<b>December 31, 2022 (Audited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
<b>measured at fair value:</b>				
<b>Financial assets</b>				
<b>FVTPL</b>	\$ -	\$ -	\$ -	\$ -
<b>Financial assets</b>				
<b>measured at fair</b>				
<b>value:</b>				



Other financial assets at amortized cost	\$	479,182	\$	-	\$	-	\$	479,182
Long-term loans		-		-		32,822,749		32,822,749

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group’s principal financial instruments comprise of cash, short term loans and long-term loans. The main purpose of these consolidated financial statements is to support the Group’s operations. The Group has various other financial instruments such as trade and other receivables, due from related parties and loans to employees, security deposits (presented as part of prepayment and other current assets), rental deposits, loans to employees and miscellaneous deposits (presented under other noncurrent assets), trade and other payables, due to related parties which generally arise directly from its operations.

#### 30.01 Credit Risk Management

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and foreign currency risk. The Group’s management reviews and approves policies for managing each of these risks and they are summarized below:

##### *Credit Risk*

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit items are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

For cash in bank, other receivables, due from related parties, rental deposits, loans to employees and miscellaneous deposits, the Group applies the low credit risk simplification where the Group measures the ECL on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other counterparties to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers its cash in banks as high grade since these are placed in financial institutions of high credit standing. For other receivables, amounts owed by related parties various deposits, loans to employees, the Group considers this as high to medium grade as the counterparties are of high credit standing. Accordingly, ECLs relating to those debt instruments round to nil.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measures ECLs. The provision rates are based on days past due for groupings of customers segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable

information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

In its ECL model, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic products
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of receivables increase.

On the other hand, the Group considers its amounts owed by related parties as medium grade due to assured collectability through information from the related parties' sources of funding. No ECLs relating to these debt instruments was recognized.

The aging per class of financial assets and expected credit loss as of March 31, 2023 and December 31, 2022 are follows:

**March 31, 2023 (Unaudited):**

	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Not Credit Impaired	Simplified Approach	Total
<b>Amortized cost</b>					
Cash in banks and cash equivalents	\$ 46,089,447	\$ -	\$ -	\$ -	\$ 46,089,447
Trade and other receivables	-	-	741,012	33,483,585	34,224,597
Due from related parties	341,127	-	-	-	341,127
Other current assets:					
Loans to employees	776,206	-	-	-	776,206
Security deposit	45,818	-	-	-	45,818
Other financial assets at amortized cost	479,182	-	-	-	479,182
Rental deposits	1,122,859	-	-	-	1,122,859
Miscellaneous deposits	168,012	-	-	-	168,012
	<b>\$ 49,022,651</b>	<b>\$ -</b>	<b>\$ 741,012</b>	<b>\$ 33,483,858</b>	<b>\$ 83,247,248</b>

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of March 31, 2023.

Trade receivables and other receivables

Days past due

	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Totals
Expected credit loss rate	0%	0%	0%	0%	0%	8.07%	2.21%
Estimated total gross carrying amount at default	17,006,678	3,071,812	2,783,930	2,852,397	3,630,912	4,878,868	34,224,597
Expected credit loss	\$-	\$-	\$-	\$-	\$-	741,012	741,012

December 31, 2022 (Audited):

	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Not Credit Impaired	Simplified Approach	Total
<b>Amortized cost</b>					
Cash in banks and cash equivalents	\$ 44,297,166	\$ -	\$ -	\$ -	\$ 44,297,166
Trade and other receivables	-	-	741,012	36,457,599	37,198,611
Due from related parties	341,127	-	-	-	341,127
Other current assets:					
Loans to employees	774,612	-	-	-	774,612
Security deposit	179,809	-	-	-	179,809
Other financial assets at amortized cost	479,182	-	-	-	479,182
Other non-current assets:					
Rental deposits	1,122,859	-	-	-	1,122,859
Miscellaneous deposits	168,012	-	-	-	168,012
	\$ 47,362,767	\$ -	\$ 741,012	\$ 36,457,599	\$ 84,561,378

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of December 31, 2022.

Trade receivables and other receivables

Days past due

	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Total
Expected credit loss rate	0%	0%	0%	0%	0%	15.05%	
Estimated total gross carrying amount at default	14,817,450	2,571,987	3,663,286	9,375,172	1,847,521	4,923,195	37,198,611
Expected credit loss	\$-	\$-	\$-	\$-	\$-	741,012	741,012

**March 31, 2023(Unaudited):**

Days Past due

	Current	<30 days	30-60 days	61-90 days	>90 days	ECL	Net of ECL
Cash in banks and cash equivalents	\$44,297,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$44,297,166
Trade and other receivables	17,006,678	3,071,812	2,783,930	2,852,397	8,509,780	(741,012)	33,483,585
Due from parties	341,127	-	-	-	-	-	341,127
<b>Other Current assets:</b>							
Financial asset at FVTPL	-	-	-	-	-	-	-
Loans to employees	776,206	-	-	-	-	-	774,612
Security Deposit	45,818	-	-	-	-	-	179,809
Other financial asset at amortized cost	479,182	-	-	-	-	-	479,182
Other noncurrent assets							
Rental deposit	1,122,859	-	-	-	-	-	1,122,859
Miscellaneous deposits	168,012	-	-	-	-	-	168,012
	<b>\$64,237,048</b>	<b>\$3,071,812</b>	<b>\$2,783,930</b>	<b>\$2,852,397</b>	<b>\$8,509,780</b>	<b>\$(741,012)</b>	<b>\$80,713,955</b>

December 31, 2022 (Audited)

Days Past due

	Current	<30 days	30-60 days	61-90 days	>90 days	ECL	Net of ECL
Cash in banks and cash equivalents	\$44,297,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$44,297,166
Trade and other receivables	14,817,450	2,571,987	3,663,286	9,375,172	6,770,716	(741,012)	36,457,599
Due from parties	341,127	-	-	-	-	-	341,127
Other Current assets:							
Financial asset at FVTPL	568	-	-	-	-	-	568
Loans to employees	774,612	-	-	-	-	-	774,612
Security Deposit	179,809	-	-	-	-	-	179,809
Other financial asset at amortized cost	479,182	-	-	-	-	-	479,182
Other noncurrent assets:							
Rental deposits	1,122,859	-	-	-	-	-	1,122,859
Miscellaneous deposits	168,012	-	-	-	-	-	168,012
	\$62,180,785	\$2,571,987	\$3,663,286	\$9,375,172	\$6,770,716	\$(741,012)	\$83,820,934

The tables below summarize the credit quality per class of the Group's financial assets that are neither past due nor impaired:

**March 31, 2023 (Unaudited)**

	Neither Past due nor Impaired			Total
	High Grade	Medium Grade	Low Grade	
Cash	\$ 46,089,447	\$ -	\$ -	\$ 46,089,447
Trade and other receivables	17,006,678	-	-	17,006,678
Due from related parties	-	341,127	-	341,127
Other current assets:				
Loans to employees	776,206	-	-	776,206
Security Deposit	45,818	-	-	45,818
Other financial assets at amortized cost	479,182	-	-	479,182
Other noncurrent assets:				
Rental deposit	1,122,859	-	-	1,122,859
Miscellaneous deposits	168,012	-	-	168,012
	\$65,688,202	\$ 341,127	\$ -	\$66,029,332

December 31, 2022 (Audited)

	Neither Past due nor Impaired			Total
	High Grade	Medium Grade	Low Grade	
	\$	\$	\$ -	
Cash	44,297,405	-	-	\$ 44,297,405
Trade and other receivables	14,817,450	-	-	14,817,450
Due from related parties	-	341,127	-	341,127
Other Current assets:				
	568	-	-	568
Financial asset at FVTPL			-	
Loans to employees	774,612	-	-	774,612
Security Deposit	179,809	-	-	179,809
Other financial assets at amortized cost	479,182	-	-	479,182
		-		
Other noncurrent assets:				
Miscellaneous deposits	1,122,859	-	-	1,122,859
Rental deposit	168,012	-	-	168,012
	<b>\$61,839,897</b>	<b>\$ 341,127</b>	<b>\$ -</b>	<b>\$62,181,024</b>

High grade – These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Medium grade – These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay and that have history of sliding beyond the credit terms but pay within 60 days.

Low grade – These are receivables where the counterparty’s capability of honoring its financial obligation is doubtful.

### *Liquidity Risk*

Liquidity risk is the risk that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. Liquidity risk may result from a counterparty’s failure on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group maintains sufficient cash to finance its operations and major capital expenditures and satisfy its maturing obligations. It may also from time to time seek other sources of funding, which may include debt or equity financing, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The table below summarize the maturity analysis of the Group’s financial assets used for liquidity management and financial liabilities based on contractual undiscounted payments:

### March 31, 2023 (Unaudited)

	On Demand	Less than one (1) year	One (1) to two (2) years	More than two (2) years	Total
<b>March 31, 2023</b>					
Cash and cash equivalents	\$ 46,089,447	\$ -	\$ -	\$ -	\$ 46,089,447
	-	33,483,585	-	-	33,483,585
Due from related parties	341,127	-	-	-	341,127
	\$ 46,430,574	\$ 33,483,585	\$ -	\$ -	\$ 79,914,159
<b>Trade and other payables:</b>					
Trade payables	\$ -	\$ 16,960,857	\$ -	\$ -	\$ 16,960,857
Accrued expense	-	3,557,710	-	-	3,557,710
Short-term loans	-	27,197,804	-	-	27,197,804
Due to related parties	653,129	-	-	-	653,129
Dividend payable	126,955	-	-	-	126,955
Long-term debts	-	5,347,134	3,000,000	22,675,615	31,022,749
	\$ 780,084	\$ 53,063,505	\$ 3,000,000	\$ 22,675,615	\$ 79,519,204

### December 31, 2022 (Audited)

	On Demand	Less than one (1) year	One (1) to two (2) years	More than two (2) years	Total
<b>December 31, 2022</b>					
Cash and cash equivalents	\$ 44,297,405	\$ -	\$ -	\$ -	\$ 44,297,405
Trade and other receivables	-	36,457,559	-	-	36,457,559
Due from related parties	341,127	-	-	-	341,127
	\$ 44,638,532	\$ 36,457,559	\$ -	\$ -	\$ 81,096,091
<b>Trade and other payables:</b>					
Trade payables	\$ -	\$ 19,419,971	\$ -	\$ -	\$ 19,419,971
Accrued expense	-	4,326,357	-	-	4,326,357
Short-term loans	-	28,472,196	-	-	28,472,196
Due to related parties	650,791	-	-	-	650,791
Dividend payable	126,955	-	-	-	126,955
Long-term debts	-	7,147,134	3,000,000	22,675,615	32,922,749
	\$ 777,746	\$ 59,365,658	\$ 3,000,000	\$ 22,675,615	\$ 85,919,019

### *Foreign currency risk*

The Group uses the US dollar as its functional currency and is therefore exposed to foreign exchange movements. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US dollar currencies.

## **31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The primary objective of the Group's capital 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's manages its capital structure, which pertains to its equity as shown in the consolidated statement of financial position, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes in 2021.

The Group considers the following as capital:

	<b>March 2023 (Unaudited)</b>	December 2022 Audited)
Common stock	\$ 14,562,067	\$ 14,562,067
Preferred stock	3,925,528	3,925,528
Stock Warrants	6,458,070	6,458,070
Additional paid-in-capital	179,726,321	179,726,321
Equity reserve	4,030,214	4,030,214
Remeasurement	761,183	1,175,507
Retained earnings	6,829,332	7,916,778
Parent company shares held by a subsidiary	(13,097)	(13,097)
	<b>\$ 216,279,618</b>	<b>\$ 217,781,388</b>

As of March 31, 2023 and December 31, 2022, the Group is subject to quantitative loan covenants and financial ratios on its long-term loans.

As of March 31, 2023 and December 31, 2022, the Group was able to meet its capital requirements and management objectives.



## 32. EQUITY

Components of issued capital are as follows:

		<b>March 2023 (Unaudited)</b>		<b>December 2022 (Audited)</b>
Common shares (Note 33.01)	\$	<b>14,562,067</b>	\$	14,562,067
Preferred shares (Note 33.02)		<b>3,925,528</b>		3,925,528
Stock warrants		<b>6,458,070</b>		6,458,070
Additional paid-in capital		<b>179,726,321</b>		179,726,321
	<b>\$</b>	<b>204,671,986</b>	<b>\$</b>	<b>204,671,986</b>

### 32.01 Common Shares

Shown below are the details of common shares as of March 31, 2023 and December 2022:

	March 2023 (Unaudited)		December 2022 (Audited)	
	Shares	Amount	Shares	Amount
Authorized				
Common shares, P1.00 par value	<b>1,200,000,000</b>	<b>\$ 24,053,400</b>	1,200,000,000	\$ 24,053,400
Issued and fully paid				
Balance, January 1	<b>668,505,825</b>	<b>\$ 14,562,067</b>	668,505,825	\$ 14,562,067
Issuances	-	-	-	-
Balance, December 31	<b>668,505,825</b>	<b>\$ 14,562,067</b>	668,505,825	\$ 14,562,067

On November 18, 2011, the Group listed with the PSE its common stock, wherein it offered 42,163,000 shares to the public at issue price of P7 per share. The total proceeds with issuance of new shares amounted to P295.1 million (\$6.8 million). The Group incurred transaction costs incidental to the IPO amounting P47.3 million (\$1.1 million), which was charged against “Additional paid-in capital” in the 2011 statement of financial position. As of December 31, 2011, the Parent Company has 162,163,000 issued common shares.

In 2020, CEC sold Parent Company shares amounting to \$2,966,636.

In 2021, CEC sold the Parent Company shares amounting to \$810,281. Accordingly, transfer of cumulative net changes in fair value to retained earnings amounted to \$23,940,346.

As of March 31, 2023 and December 2022, the carrying value of Group shares held by a subsidiary amounted to \$13,097 and \$13,097, respectively.

## Stock Rights Offering

The Board of Directors and stockholders of Parent Company, in their special meetings held on September 28, 2020 and November 27, 2020, respectively, approved the following:

1. The approval to offer to all eligible stockholders of record of the Parent Company, as of the date to be set by its management in accordance with existing law and regulations (the 'Record Date'), rights to subscribe (the "Rights Offer") to the common shares of the Parent Company (the 'Rights Shares') with a bonus detachable warrant for each Rights Share (the 'Detachable Warrant'), subject to: (i) the approval of the increase in the Corporation's authorized capital stock; (ii) the registration or exemption requirements, whichever may be applicable, of the Securities and Exchange Commission ('SEC'); and (iii) the listing requirements of the Philippine Stock Exchange ('PSE').
2. The approval of the authority of any one (1) of the Chairman of the Board, the President, the Chief Financial Officer, and/or other senior officers of the Parent Company to fix the terms and conditions of the Rights Offer, including, but not limited to, the final issue size which shall be up to 250,000,000 common shares, the entitlement ratio, the offer price, the payment terms, the terms of the detachable warrant including the exercise price, the procedure for lodging the application to subscribe, the details and procedures for the various rounds of offer including the treatment of rump shares, as applicable, the Record Date and other relevant dates, and other terms, without the necessity of obtaining further approval from the stockholders and Board of Directors (BOD).

On January 6, 2021, the BOD passed resolutions approving a new the conduct of a Stock Rights Offering with issuance of bonus detachable warrants, which approval was refreshed on February 5, 2021.

On June 23, 2021, the Board of Directors of the Philippine Stock Exchange, Inc. in its meeting approved, the application of the Company to list up to 250,000,000 common shares (the "Right Shares"), with a par value of ₱1.00 per share, to cover its Stock Rights Offering ("SRO") to all stockholders as of the proposed record date, at an Offer Price of ₱4.50 to ₱7.25 per Right Share, as well as its application to list up to 250,000,000 Bonus Detachable Warrants ("Detachable Warrants"), free of charge, with up to 250,000,000 underlying common shares at Exercise Price of ₱4.50 to ₱7.25.

The original offer period of the SRO is for the period of July 12 to 22, 2021. However, the Office of the President recently issued Proclamation No. 1189 declaring July 20, 2021 as a regular holiday in observance of Eid'l Adha. Thus, the Parent Company and the Joint Issue Managers and Lead Underwriters agreed to extend the offer period for the SRO until July 23, 2021 (originally set to end on July 22, 2021). The SEC-Markets and Securities Regulation Department confirmed to the Parent Company on July 16, 2021 that it has no objection to the extension of the offer period.

In 2021, proceeds from issuance of common stock amounted to \$20,864,536. As of March 31, 2023 and 2022, stock warrants amounted to \$6,458,070.

### 32.02 Preferred Shares

Details of Group's redeemable preferred shares are as follows:

	2023 (Unaudited)		2022 (Audited)	
	Shares	Amount	Shares	Amount
<b>Authorized</b>				
Preferred shares A, ₱0.10 par value	700,000,000	\$ 1,587,734	700,000,000	\$ 1,587,734
Preferred shares B-1, ₱1.00 par value	70,000,000	1,587,734	70,000,000	1,587,734
Preferred shares B-2, ₱1.00 par value	360,000,000	7,481,141	360,000,000	7,481,141
	<b>1,130,000,000</b>	<b>10,656,609</b>	<b>1,130,000,000</b>	<b>10,656,609</b>
<b>Issued and fully paid</b>				
Balance, January 1				
Preferred shares A	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	20,000,000	416,145	20,000,000	416,145
Preferred shares B-2C	16,936,400	332,093	16,936,400	332,093
Preferred shares B-2D	28,625,500	561,295	28,625,500	561,295
Issuances				
Preferred shares B-2C	-	-	-	-
Preferred shares B-2D	-	-	-	-
Preferred shares B-2B	-	-	-	-
Balance, December 31				
Preferred shares A	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	20,000,000	416,145	20,000,000	416,145
Preferred shares B-2C	16,936,400	332,093	16,936,400	332,093
Preferred shares B-2D	28,625,500	561,295	28,625,500	561,295
Balance, December 31	<b>902,561,900</b>	<b>\$ 3,925,528</b>	<b>902,561,900</b>	<b>\$ 3,925,528</b>

In 2015, the 400,000,000 preferred shares at par value of ₱0.10 were subscribed by Camerton, a principal shareholder of the Parent Company.

On September 8, 2017, the Parent Company's BOD, by majority vote, approved the amendment in the Parent Company's articles of incorporation to increase the Parent Company's authorized capital stock by ₱300,000,000, or:

- a) From ₱560,000,000, consisting of:
  - i. ₱520,000,000 worth of common shares divided in to 520,000,000 common shares with par value of ₱1.00 per share; and
  - ii. ₱40,000,000 worth of preferred shares divided into 400,000,000 Preferred A shares with par value of ₱0.10 per share.
- b) To ₱860,000,000 consisting of:
  - i. ₱520,000,000 worth of common shares divided into 520,000,000 common shares with par value of ₱1.00 per share;
  - ii. ₱70,000,000 worth of Preferred A shares divided into 700,000,000 preferred A shares with par value of ₱0.10 per share; and
  - iii. ₱270,000,000 worth of preferred B shares with par value of ₱1.00 per share. The Preferred B shares are further classified into the following series: (a) ₱70,000,000 worth of preferred B-1 shares, and (b) ₱200,000,000 worth of preferred B-2 shares, both having a par value of ₱1.00 per share.

On the same date, the additional 300,000,000 preferred A shares and 70,000,000 preferred B-1 shares shall be issued to and subscribed by Camerton at their par value of ₱0.10 per share and ₱1.00 per share, respectively. The Parent Company recognized preferred stock and additional paid-in capital amounting to \$0.1 million and \$0.3 million, respectively, net of subscriptions receivable. Preferred B-1 shares are not listed in the PSE.

On September 29, 2017, the Philippine SEC approved the Parent Company's application for the increase in authorized capital stock.

The features of the preferred A shares are (i) full voting rights, one vote for each share; (ii) preferred non-cumulative cash dividends at the rate of 1% of their par value per year, with no participation in further cash dividends which may be declared and paid to the common shares or any other class or series of shares; and (iii) the same stock dividends which may be declared and paid to the common shares or any other class or series of shares.

On September 15, 2017 and November 9, 2017, the Parent Company's BOD approved the following features, rights and privileges of preferred B-2 shares:

- a. Non-voting;
- b. Preferred, cumulative cash dividends of up to 6.125% of the issue price per year, at the discretion of the Parent Company's BOD, with no participation in further cash dividends which may be declared and paid to the common shares, provided that, other than the basis being their respective issue prices, the cash dividend rate for preferred B-1 shares and preferred A shares;
- c. The same stock dividends which may be declared and paid to the common shares;
- d. As and if approved by the Parent Company's BOD, redeemable in whole and not in part, at the sole option of the Parent Company at a price and at such time that the Parent Company's BOD shall determine;

In 2017, aggregate amount received from the issuance of preferred shares amounted to \$67,489,141. Related stock issuance cost amounted to \$775,635.

In 2018, partial payment received from subscription receivable on preferred shares A amounting to \$578,882.

The Board of Directors, in its special meeting held on September 1, 2020, approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B2 Subseries B Shares and to denominate the Preferred B2 shares issued in 2017 consisting of 67 Million Preferred B-2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (\$1.00) per share, and the listing of such shares with the Philippine Stock Exchange.

On September 1, 2020, the Corporation disclosed that in its Special Meeting, the Board of Directors approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B-2 Subseries B Shares and to denominate the Preferred B-2 shares issued in 2017 consisting of 67 Million Preferred B2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (\$1.00) per share, and the listing of such shares with the Philippine Stock Exchange.

On October 7, 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Corporation's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B2 Subseries A and Preferred B2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares, and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B-2 Shares shall be designated by the Board in subseries at a future date.

The Board of Directors, in its special meeting held on November 10, 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B2 Subseries B Shares of the Company at the subscription price of One US Dollar (\$1.00) per share.

The Board of Directors of TECH, in its special meeting held on December 2, 2020, approved the setting of the Dividend Rate of the Preferred B-2 Subseries B Shares to 6% per annum.

On December 21, 2020, the execution of the Subscription Agreement between TECH and Camerton, Inc. for the issuance of a total of ₱20,000,000,000 Preferred B-2 Subseries B Shares.

## **Preferred Shares Offering**

The Board of Directors of Parent Company, in its special meeting held on November 5, 2021, approved the following:

1. Approval of the allocation of additional Preferred Class B-2 Subseries C and D Shares

In line with the approved offering by way of primary offer of up to 70,000,000 cumulative, non-participating, non-voting, non-convertible, perpetual and redeemable peso-denominated Preferred Class B-2 shares with par value of Php 1.00 per share at an offer price of P50.00 per share, the Board approved the further allocation of the authorized and unissued Preferred Class B-2 Shares of Parent Company as follows: (i) up to 10,000,000 Preferred Class B-2 Subseries B Shares as Preferred Class B-2 Subseries C Shares; and (ii) up to 30,000,000 Preferred Class B-2 Shares as Preferred Class B-2 Subseries D Shares, bringing the total number of unissued and outstanding Preferred Class B-2 Subseries C Shares is up to 60,000,000 and the total number of unissued and outstanding Preferred Class B-2 Subseries D Shares is up to 50,000,000.

The Parent Company also clarified that the allocation of the up to 60,000,000 Preferred Class B-2 Subseries C Shares is not only as part of the Base Offer of 50,000,000 Preferred Class B-2 Shares but also in the event of oversubscription and that the allocation of up to 50,000,000 Preferred Class B-2 Subseries D Shares is not only in the event of oversubscription but as part of the Base Offer.

2. Approval of the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares

The Board approved the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares as set forth in PNB Capital and Investment Corporation's latest Indicative Term Sheet as of November 3, 2021.

3. Approval and clarification of the offering and listing of the Preferred Class B-2 Subseries C and D Shares

The Board approved and clarified its authority to offer for sale or subscription up to P2,500,000,000 or \$50,000,000 in aggregate issue value, consisting of up to 50,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Base Offer Shares"), by way of private placement, offer to qualified buyers and/or public offering at an offer price of P50.00 per share and that in the event of oversubscription, PNB Capital, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Corporation, has the right (but not the obligation) to offer up to an additional 20,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Oversubscription Shares"), equivalent to an additional aggregate issue value of up to P1,000,000,000 or \$20,000,000 at an offer price of P50.00 per share.

The Board also reiterated and clarified its authority to register the Base Offer Shares and/or Oversubscription Shares with the SEC and list the same in The Philippine Stock Exchange, Inc. ("PSE"), subject to compliance with SEC regulations and PSE listing rules.

On November 24, 2021, the SEC issued Order of Registration and Certificate of Permit to Sell in relation to the Company's registration of follow-on offering of 30,000,000 Preferred Class B-2 Shares (the "Base Offer Shares") with an over-subscription option of up to 20,000,000 Preferred Class B-2 Shares at an offer price of ₱50.00 per Preferred Class B-2 Shares and to be offered as either Subseries "C" or "D" (the "Offer").

The offer period will run from November 25, 2021 to December 3, 2021 with target issue date and listing date at the PSE on December 14, 2021.

In 2022, 2021 and 2020, proceeds from issuance of preferred stock amounted to nil, \$44,669,405 and \$20,000,000, respectively.

### 32.03 Retained Earnings

The Group's BOD has declared the following dividends to its equity holders:

<b>Date of declaration</b>	<b>Date of record</b>	<b>Dividend per share</b>	<b>Shares outstanding</b>	<b>Total Dividends</b>
<b>2023</b>				
March 8, 2022				
Preferred B-2	March 8, 2023	\$ 0.0228125	67,000,000	\$ 1,528,435
Preferred B-2B	March 20, 2023	0.0150000	20,000,000	300,000
Preferred B-2C	March 14, 2023	0.8233000	16,936,400	309,083
Preferred B-2D	March 14, 2023	0.0196080	28,625,500	521,182
				<b>\$ 2,658,700</b>
<b>2022</b>				
March 8, 2022				
Preferred B-2	March 3, 2022	\$ 0.0153125	67,000,000	\$ 1,025,938
Preferred B-2B	March 18, 2022	0.0150000	20,000,000	300,000
Preferred B-2C	March 14, 2022	0.0196080	16,936,400	332,093
Preferred B-2D	March 14, 2022	0.0196080	28,625,500	561,295
June 8, 2022				
Preferred B-2	June 8, 2022	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	June 20, 2022	0.0150000	20,000,000	300,000
Preferred B-2C	June 14, 2022	0.0196080	16,936,400	332,093
Preferred B-2D	June 14, 2022	0.0196080	28,625,500	561,295
September 8, 2022				
Preferred B-2	September 8, 2022	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	September 16, 2022	0.0150000	20,000,000	300,000
Preferred B-2C	September 14, 2022	0.0196080	16,936,400	294,885
Preferred B-2D	September 14, 2022	0.0196080	28,625,500	498,408
December 09, 2022				
Preferred B-2	December 09, 2022	\$ 0.0153125	67,000,000	1,025,938
Preferred B-2B	December 19, 2022	0.0150000	20,000,000	300,000
Preferred B-2C	December 14, 2022	0.0196080	16,936,400	304,152
Preferred B-2D	December 14, 2022	0.0196080	28,625,500	514,071
				<b>\$ 8,702,044</b>



<b>Date of declaration</b>	<b>Date of record</b>	<b>Dividend per share</b>	<b>Shares outstanding</b>	<b>Total Dividends</b>
<b>2021</b>				
March 1, 2021				
Preferred A	March 1, 2021	\$ 0.000012196	699,984,421	\$ 8,541
Preferred B1	March 1, 2021	1.011385	88,275	89,280
Preferred B2-A	March 1, 2021	0.015313	66,997,812	1,025,938
Preferred B2-B	March 1, 2021	0.015000	20,000,000	300,000
June 1, 2021				
Preferred B2-A	June 1, 2021	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	June 1, 2021	0.015000	20,000,000	300,000
September 1, 2021				
Preferred B2-A	September 1, 2021	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	September 1, 2021	0.015000	20,000,000	300,000
December 1, 2021				
Preferred B2-A	December 1, 2021	\$ 0.015313	66,997,812	1,025,938
Preferred B2-B	December 1, 2021	0.015000	20,000,000	300,000
				<b>\$ 5,401,573</b>

In March 2023 and December 2022, amounts of dividends declared were \$2,658,700, \$ 8,702,044 and respectively.

In March 2023 and December 2022, cash dividends paid amounted to \$2,658,700 and \$8,702,044 respectively. Accordingly, as of March 31, 2023 and December 2022, dividends payable amounted to \$126,955.

Retained earnings are further restricted for the payment of dividends to the extent of unrealized foreign exchange gains except those attributable to cash, net fair value gain on investment properties, deferred income tax assets recognized that reduced the income tax expense and increased net income and retained earnings, and other unrealized gains or adjustments as of March 31, 2023 and December 2022.

### 33. Dividends per share on common stock

	For the Three months ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Dividends declared on Common shares	\$ -	\$ -
Weighted average number of common shares outstanding	<b>668,505,825</b>	668,505,825
Basic and diluted EPS	\$ -	\$ -

### 34. EVENTS AFTER THE REPORTING PERIOD

#### 34.01 Dividend Declaration

The Board of Directors of TECH, in its regular meeting held on 20 January 2023, approved the following:

Declaration of cash dividends of the following shares:

a. Preferred B-1 Shares (Unlisted)

Declaration of cash dividend of \$0.000012196 per share for each of the 700,000,000 issued and outstanding Preferred A Shares amounting to an aggregate sum of \$8,537.01, for payment and distribution on March 8, 2023 to shareholders of record as of February 21, 2023. The cash dividend shall be paid in Philippine Pesos at the Bangko Sentral ng Pilipinas (“BSP”) exchange rate one day prior to payment date.

b. Preferred B-1 Shares (Unlisted)

Declaration of cash dividend of ₱0.06125 per share for each of the 70,000,000 issued and outstanding Preferred B-1 Shares amounting to an aggregate sum of ₱4,287,500.00 for payment and distribution on March 8, 2023 to shareholders of record as of February 21, 2023.

c. Preferred B-2 Subseries A Shares (“Preferred B-2A Shares”)

Declaration of cash dividend of \$0.0228125 per share for each of the 67,000,000 outstanding and issued Preferred B-2A Shares amounting to an aggregate sum of \$1,528,437.50, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2A Shares shall be made to the entitled shareholders on the following dates:

- i. March 8, 2023 to shareholders of record as of February 21, 2023;
- ii. June 8, 2023 to shareholders of record as of May 24, 2023;
- iii. September 8, 2023 shareholders of record as of August 24, 2023; and
- iv. December 11, 2023 shareholders of record as of November 24, 2023.

d. Preferred B-2 Subseries B Shares (“Preferred B-2B Shares”)

Declaration of cash dividend of \$0.015 per share for each of the 20,000,000 outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of \$300,000.00, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2B Shares shall be made to the entitled shareholders on the following dates:

- i. March 20, 2023 to shareholders of record as of March 3, 2023;
- ii. June 19, 2023 to shareholders of record as of June 2, 2023;
- iii. September 18, 2023 shareholders of record as of September 1, 2023; and
- iv. December 18, 2023 shareholders of record as of December 1, 2023.

e. Preferred B-2 Subseries C Shares and Preferred B-2 Subseries D Shares (“Preferred B-2C and Preferred B-2D Shares”)

Declaration of cash dividend of ₱0.8233 per share for each of 16,936,400 outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of ₱13,943,738.12, and declaration of cash dividend of ₱0.968825 per share for each of the 28,625,500 outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of ₱27,733,100.04, for each Dividend Period.

The schedule of the payment and distribution of the cash dividends for each of Preferred B-2C and Preferred B-2D Shares shall be made to the entitled shareholders on the following dates:

- i. March 14, 2023 to shareholders of record as of February 27, 2023;
- ii. June 14, 2023 to shareholders of record as of May 30, 2023;
- iii. September 14, 2023 shareholders of record as of August 30, 2023; and
- iv. December 14, 2023 shareholders of record as of November 29, 2023.

## Results of Operations

The Company's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

	<b>For the Three Months Ended March 31</b>	
<i>In US\$ Thousands except EPS</i>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET SALES</b>	<b>\$17,111</b>	\$19,758
<b>COST OF SALES</b>	<b>12,423</b>	13,929
<b>GROSS PROFIT</b>	<b>4,688</b>	5,829
<b>NET INCOME</b>	<b>1,571</b>	1,774
<b>Basic/Diluted EPS</b>	<b>(0.0016)</b>	(0.0007)
<b>EBITDA</b>	<b>4,900</b>	\$5,562

*For the three-month period ending March 31, 2023 compared to the three-month period ending March 31, 2022*

### *Revenue*

The Company achieved a consolidated revenue of US\$17.1 million for the three months ending March 31, 2023, a decrease of 13% from US\$19.8 million for the same period in 2022. The decrease accounted for was mainly due to the decrease in revenue from RF/MW/mmW and semiconductor business.

Revenue contribution from Quintel for the three-month period ending March 31, 2023 amounted to US\$6.3 million, a 55% increase compared to US\$4.1 million in the same period in 2022.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the three months ending March 31, 2023 amounted to US\$2.0 million, a 61% decrease compared to the US\$5.0 million for same period in 2022.

Revenues from the semiconductor business amounted to US\$8.8 million in 2023 compared to US\$10.64 million for the same period in 2022, a 17% decrease.

### *Cost of Sales and Gross Margin*

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales decreased by 11% to US\$12.4 million for the three months ending March 31, 2023 from US\$13.9 million for the same period in 2022.

The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories used decreased by 8% to US\$7.4 million for the three months ending March 31, 2023, from US\$8.0 million for the same period in 2022.
- Depreciation and amortization decreased by 7% to US\$ 1.5 million for the three months ending March 31, 2023, from US\$1.6 million for the same period in 2022.
- Salaries, wages and employees' benefits decreased by 31% to US\$ 1.9 million for the three months ending March 31, 2023, from US\$2.7 million for the same period in 2022.
- Inward freight and duties and others decreased by 64% to US\$ 0.40 million for the three months ending March 31, 2023, from US\$1.12 million for the same period in 2022.

The Company's gross margin was 27% for the three months ending March 31, 2023 compared to the 29% gross margin recorded for the same period in 2022.

#### *Operating Expenses*

The Company's operating expenses for the three months ending March 31, 2023 amounted to US\$2.6 million, 13% lower compared to the US\$3.1 million recorded during the same period in 2022. The decrease was due to:

- Taxes and licenses decreased by 75% to US\$52.7 thousand for the three months ending March 31, 2022 from US\$207.8 thousand for the same period in 2022.
- Utilities a decreased by 3% to US\$ 70.5 thousand for the three-months ending March 31, 2023, from US\$72.8 thousand for the same period in 2022.
- Entertainment, amusement and recreation decreased by 26% to US\$24.3 thousand for the three months ending March 31,2023, from US\$32.8 thousand for the same period in 2022.
- Insurance decreased by 7% to US\$25.3 thousand for the three months ending March 31, 2022 from US\$27.3 thousand for the same period in 2022.
- Depreciation and amortization decreased by 38% to US\$14.2 thousand for the three months ending March 31, 2023 from US\$22.9 thousand for the same period in 2022.
- Supplies decreased by 66% to US\$11.6 thousand for the three months ending March 31, 2023 from US\$34.4 thousand for the same period in 2022.

#### *Income Before Income Tax*

For the three months ending March 31, 2023, the Company recorded a net income before income tax of US\$1.6 million, a decrease of 13% compared with US\$ 1.9 million recorded for the same period in 2022.

#### *Provision for / Benefit from Income Tax*

Provision for income tax for the three months ending March 31, 2023 amounted to US\$33.9 thousand compared with a provision for income tax of US\$96 thousand for the same period in 2022.

#### *Net Income After Tax*

The Company's net income after tax for the three months ending March 31, 2023 amounted to US\$1.6 million, a decrease of 11% compared with US\$1.8 million for the same period in 2022.

*Total Comprehensive Income*

The Company's total comprehensive income for the three months ending March 31, 2023 amounted to US\$1.2 million, compared to US\$ 1.8 million for the same period in 2022, a 35% decrease.

## **Financial Condition**

### ***For the three-month period ending March 31, 2023 compared to the period ending December 31, 2022***

#### *Assets*

The Company's cash and cash equivalent for the three months ending March 31, 2023 amounted to US\$46.1 million, compared with US\$44.3 million for the period ending December 31, 2022, an increase of US\$1.8 million or 4%.

Trade and other receivables for the three months ending March 31, 2023 amounted to US\$33.5 million, compared with US\$36.5 million for the period ending December 31, 2022, an 8% decrease.

Inventory levels for the three months ending March 31, 2023 amounted to US\$65.8 million, slightly lower than the US\$67.6 million for the period ending December 31, 2022.

Amounts owed by related parties for the three months ending March 31, 2023 amounted to US\$341 thousand same as the US\$341 thousand for the period ending December 31, 2022.

Non-current assets, comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the three months ending March 31, 2023 amounted to US\$154.9 million compared with US\$155.7 million for the period ending December 31, 2022, a decrease of 1%.

#### *Liabilities*

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the three months ending March 31, 2023, current liabilities were at US\$57.4 million, compared with US\$63.2 million the period ending December 31, 2022, a decrease of 9%.

For the three months ending March 31, 2023, the Company's non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US\$30.8 million compared with US\$30.5 million for the period ending December 31, 2022, a 1% increase.

#### *Equity*

The Company's shareholders' equity for the three months ending March 31, 2023 amounted to US\$216.3 million compared with US\$217.8 million for the period ending December 31, 2022.

## **Liquidity and Capital Resources**

For the three months ending March 31, 2023, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate notes' issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and

cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the three months ending March 31, 2023 and the same period in 2022.

<i>In US\$ Thousands</i>	<b>For the three months ending March 31</b>	
	<b>2023</b>	<b>2022</b>
Net cash flows provided by/ (used for) operating activities	8,723	2,481
Net cash flows provided by/ (used for) investing activities	(631)	(4,901)
Net cash flows provided by/ (used for) financing activities	(6,198)	(3,676)
Net increase (decrease) in cash equivalents	(1,792)	(6,046)

#### *Net Cash Flows from Operating Activities*

Net cash outflow from used for operating activities was US\$8.7 million for the three months ending March 31, 2023, compared with US\$2.5 million for the same period in 2022.

For the three months ending March 31, 2023, net income before tax was US\$1.6 million. After adjustments for depreciation, interest income/expense, operating net unrealized foreign exchange gains, income before working capital was US\$4.2 million. Changes in working capital, interest received and income taxes resulted in a net cash flow from operating activities of US\$8.7 million.

#### *Investing Activities*

Net cash outflow from investing activities amounted to US (\$631) million for the three months ending March 31, 2023. Investing activities mainly involved increase in PPA and increase in non-current assets.

#### *Financing Activities*

Net cash flow used in from financing activities for the three months ending March 31, 2023 amounted to US (\$6.2) million. Major financing activities involved proceeds from availment of commercial paper, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2022 net cash flow financing activities amounted to US\$ (3.7) million.



**Material Changes to the Company's Unaudited Income Statement as of March 31, 2023 compared to the Reviewed Income Statement as of March 31, 2022 (increase/decrease of 5% or more)**

- 13% decrease in net sales  
Sales decrease for the business segments: CEC and CATSI
- 20% decrease in Gross Profit  
The decreased in GP is due to lower sales brought about by the decrease of revenue from Semiconductor business of 17% and decrease in revenues from the RF/MW/mmW of 61%
- 13% decrease in Income Before income Tax  
Lower sales and lower operating profit margins
- 11% decrease in Net Income After Tax  
Lower sales and lower operating profit margins

**Material Changes to the Company's Unaudited Balance Sheet as of March 31, 2023 compared to the Audited Balance Sheet as of December 31, 2022 (increase/decrease of 5% or more)**

- 4% increase in Cash and Cash Equivalent  
Decrease in working capital requirements
- 8% decrease in Trade and Other Receivables – Net  
Payment from certain major customers
- 4% decrease in Short-term Loans  
Payment of short-term credit
- 10% Increase in Income Tax Payable  
Increase in taxable income of CEC and CATSI mainly from sale of scrap

## KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

<i>Amounts in thousand US\$, except ratios, and were indicated</i>	<b>Full year 2021</b>	<b>Full year 2022</b>	<b>2023 Three months</b>
EBITDA	20,804	22,310	4,900
EBITDA Margin	30%	26%	29%
Sales Growth/(Decline)	2%	21%	(13%)
Current Ratio (x)	2.36x	2.5x	2.6x
Earnings per share (US\$)	0.006	0.004	(0.0016)

*Note:*

*\*Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2023 and 2022*

*\*\*Earning per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

- *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

The following table sets out the Company's EBITDA after consolidation entries.

<i>In US\$ 000</i>	<b>For the years ended December 31</b>		<b>For Three Months Ended March 31</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Net income	8,140	11,343	1,571
Add back:			
Interest expense/income-net	5,469	4,718	451
Provision for / Benefit from income tax	(105)	661	54
Depreciation and Amortization	7,301	7,569	2,823
<b>EBITDA</b>	<b>20,804</b>	<b>24,291</b>	<b>4,900</b>

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

<i>In US\$ 000</i>	For the years ended December 31		For Three Months Ended March 31
	2021	2022	2023
EBITDA	20,804	24,291	4,900
Deduct:			
Interest expense/income-net	(5,469)	(4,718)	(451)
Provision for / Benefit from income tax	(105)	(661)	(54)
Depreciation and amortization	(7,301)	(7,569)	(2,823)
<b>Net Income</b>	<b>8,140</b>	<b>11,343</b>	<b>1,571</b>

- *Sales growth*

Sales growth is a key indicator of the Company's ability to grow the business

- *Current ratio*

Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

- *Earnings per share*

Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

## **FINANCIAL RISK DISCLOSURE**

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company is not aware of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

**CIRTEK HOLDINGS PHILIPPINES CORPORATION**  
**FINANCIAL SOUNDNESS INDICATORS**  
**MARCH 31, 2023 AND DECEMBER 31, 2022**

<b>Ratios</b>	<b>Formula</b>	<b>MARCH 31, 2023</b>	<b>December 31, 2022</b>
(i) Current Ratio	Current Assets/Current Liabilities	<b>2.61</b>	2.47
(ii) Debt/Equity Ratio	Bank Debts <sup>1</sup> / Total Equity	<b>0.27</b>	0.28
(iii) Net Debt/Equity Ratio	Bank Debts <sup>1</sup> -Cash & Equivalents/Total Equity	<b>0.06</b>	0.08
(iii) Asset to Equity Ratio	Total Assets/Total Equity	<b>1.41</b>	1.43
(iv) Interest Cover Ratio	EBITDA <sup>2</sup> /Interest Expense	<b>10.87</b>	5.15
(v) Profitability Ratios			
GP Margin	Gross Profit/Revenues	<b>0.27</b>	0.26
Net Profit Margin	Net Income/Revenues	<b>0.09</b>	0.13
EBITDA Margin	EBITDA/Revenues	<b>0.29</b>	0.29
Return on Assets	Net Income/Total Assets <sup>3</sup>	<b>0.01</b>	0.03
Return on Equity	Net Income/Total Equity <sup>3</sup>	<b>0.01</b>	0.04

1 Sum of short-term loans and long-term debts

2 EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

3 Based on balances as at March 31, 2023 and December 31, 2022

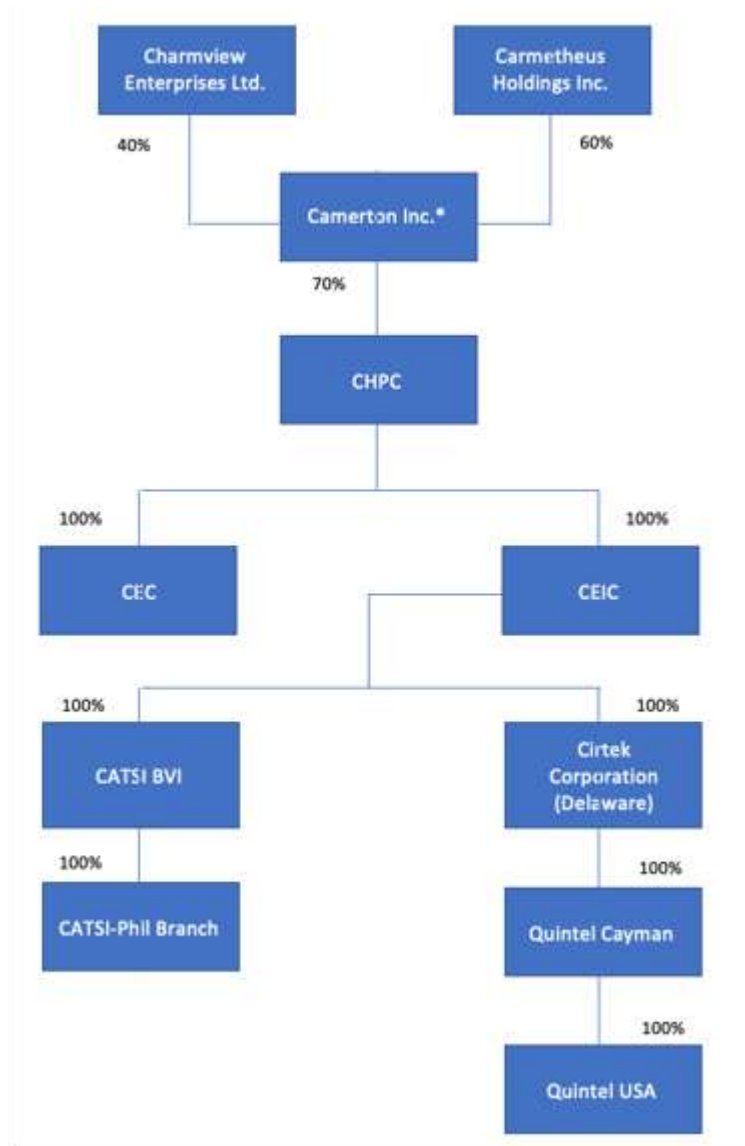
**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022**

<b>Schedule</b>	<b>Contents</b>
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II	Schedule of All Effective Standards and Interpretations Under Philippine Financial Reporting Standards
III	Reconciliation of Retained Earnings Available for Dividend Declaration
IV	Financial Soundness Indicators
<i>Supplementary Schedules</i>	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Capital Stock

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2023**

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<i>Supplementary Schedules</i>	
A	Financial Assets
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D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Gross and Net Proceeds by a Listed Company With Recent Offering of Securities (COMMERCIAL PAPER)
I	Capital Stock

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SCHEDULE I - MAP SHOWING THE RELATIONSHIPS BETWEEN AND**  
**AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT**  
**COMPANY AND CO-SUBSIDIARIES**  
**MARCH 31, 2023**





**CIRTEK HOLDINGS PHILIPPINES CORPORATION**  
**SCHEDULE II -RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**MARCH 31, 2023**

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Unappropriated retained earnings, beginning	\$ 8,871,551
Net income/(loss) actually earned during the period	10,131,909
Unrealized of foreign exchange gain, except cash - net	-0-
Transfer of net changes in fair value of FA at FVOCI to retained earnings	-0-
Cash dividends declared	(2,658,700)
<b>Retained earnings available for dividend declaration</b>	<b>\$ 16,344,760</b>

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Note: The presentation of reconciliation of retained earnings is based on Financial Reporting Bulletin No. 14 dated January 24, 2013.

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS**  
**MARCH 31, 2023 AND 2022**

<b>Ratios</b>	<b>Formula</b>	<b>MARCH 31, 2023</b>	<b>December 31, 2022</b>
(i) Current Ratio	Current Assets/Current Liabilities	<b>2.61</b>	2.47
(ii) Debt/Equity Ratio	Bank Debts <sup>1</sup> / Total Equity	<b>0.27</b>	0.28
(iii) Net Debt/Equity Ratio	Bank Debts <sup>1</sup> -Cash & Equivalents/Total Equity	<b>0.06</b>	0.08
(iii) Asset to Equity Ratio	Total Assets/Total Equity	<b>1.41</b>	1.43
(iv) Interest Cover Ratio	EBITDA <sup>2</sup> /Interest Expense	<b>10.87</b>	5.15
(v) Profitability Ratios			
GP Margin	Gross Profit/Revenues	<b>0.27</b>	0.26
Net Profit Margin	Net Income/Revenues	<b>0.09</b>	0.13
EBITDA Margin	EBITDA/Revenues	<b>0.29</b>	0.29
Return on Assets	Net Income/Total Assets <sup>3</sup>	<b>0.01</b>	0.03
Return on Equity	Net Income/Total Equity <sup>3</sup>	<b>0.01</b>	0.04

<sup>1</sup> Sum of short-term loans and long-term debts

<sup>2</sup> EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

<sup>3</sup> Based on balances as at March 31, 2023, and December 31, 2022

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2023**

	Name of issuing entity and association of each	Amounts shown in the balance sheet	Valued based on market quotations at end of reporting period	Income received or accrued
Cash and cash equivalents	N/A	\$ 46,089,447	\$ 46,089,447	\$ -
Trade and other receivables	N/A	33,483,585	33,483,585	
Amounts owed by related parties	N/A	341,127	341,127	
Other current assets:	N/A			
Loans to employees	N/A	776,206	776,206	
Security deposits	N/A	45,818	45,818	
Other financial assets at amotized cost	N/A	479,182	479,182	
Other noncurrent assets:	N/A			
Miscellaneous deposits	N/A	168,012	168,012	
Rental Deposits	N/A	1,122,859	1,122,859	
		\$ 82,506,237	\$ 82,506,237	\$ -

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM**  
**DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND**  
**PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2023**

<b>Amounts owed by Related Parties</b>						
Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
<b>Parent Company</b>						
Camerton	-	-	-	-	-	-
<b>Related parties under common control</b>						
RBWPI	\$ 148,697	-	-	-	-	\$ 148,697
Cayon Holdings, Inc.	-	861	-	-	-	-
Cayon Holdings, Inc.	191,570	-	-	-	-	192,431
<b>TOTAL</b>	<b>\$ 340,267</b>	<b>\$861</b>	<b>\$</b>	<b>\$</b>	<b>-</b>	<b>\$ 341,128</b>

SCHEDULE C

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM**  
**RELATED PARTIES WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2023**

Receivables from related parties which are eliminated during the consolidation  
 (under Trade and Other Receivables)

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Noncurrent	Balance at end of period
Quintel USA	\$144,296			-	-	-	\$144,296

Amounts owed by related parties which are eliminated during the consolidation

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amount written off	Current	Not Current	Balance at the end of the period
<b>CHPC</b>							
CEC	\$ 45,984,962	\$ 1,504,476	\$ 6,893,518	\$ -	\$ 40,595,920	\$ -	\$ 40,595,920
CEIC	54,625,739	10,400,000	-	-	65,025,739	-	65,025,739
CATS	37,575,408	-	3,185,413	-	34,389,995	-	34,389,995
RBWRPI	212,371	-	-	-	212,371	-	212,371
Quintel	15,245,001	-	-	-	15,245,001	-	15,245,001
<b>Total</b>	<b>\$ 153,643,481</b>	<b>\$ 11,904,476</b>	<b>\$ 10,078,931</b>	<b>\$ -</b>	<b>\$ 155,069,026</b>	<b>\$ -</b>	<b>\$ 155,069,026</b>
<b>CEC</b>							
CHPC	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
CATS	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CEIC</b>							
CHPC	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
CEC	25,912,768	1,807,627	1,273,957	-	26,446,438	-	26,446,438
CATS	1,694,609	150,000	27,580	-	1,817,029	-	1,817,029
Quintel	82,478,692	-	-	-	82,478,692	-	82,478,692
<b>Total</b>	<b>\$ 110,086,069</b>	<b>\$ 1,957,627</b>	<b>\$ 1,301,537</b>	<b>\$ -</b>	<b>\$ 110,742,159</b>	<b>\$ -</b>	<b>\$ 110,742,159</b>
<b>CATS</b>							
CEC	\$ 4,423,702	-	206,987	-	4,216,714	-	4,216,714
<b>Total</b>	<b>\$ 4,423,702</b>	<b>\$ -</b>	<b>\$ 206,987</b>	<b>\$ -</b>	<b>\$ 4,216,714</b>	<b>\$ -</b>	<b>\$ 4,216,714</b>
<b>RBW</b>							
CATS	\$ 4,750,384	-	13,234	-	4,737,150	-	4,737,150
<b>Total</b>	<b>\$ 4,750,384</b>	<b>\$ -</b>	<b>\$ 13,234</b>	<b>\$ -</b>	<b>\$ 4,737,150</b>	<b>\$ -</b>	<b>\$ 4,737,150</b>
<b>TOTAL</b>	<b>\$ 272,903,636</b>	<b>\$ 13,862,104</b>	<b>\$ 11,600,690</b>	<b>\$ -</b>	<b>\$ 275,165,050</b>	<b>\$ -</b>	<b>\$ 275,165,050</b>

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER**  
**ASSETS**  
**AS OF MARCH 31, 2023**

<b>Intangible Assets - Other Assets</b>						
Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Goodwill	\$55,541,157	\$ -	\$ -	\$ -	\$ -	\$ 55,541,157
Product development costs	9,069,547		(193,638)	-	-	8,875,909
Customer relationships	23,736,500	-		-	-	23,736,500
Technology	-		-	-	-	-
Trademark	7,472,800	-		-	-	7,472,800
<b>Total</b>	<b>\$95,820,004</b>	<b>\$-</b>	<b>(\$193,638)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$95,626,366</b>

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT**  
**AS OF MARCH 31, 2023**

<b>Long-term Debt</b>				
<b>Title of issue and type of obligation</b>	<b>Amount authorized by indenture</b>	<b>Amount shown under caption "current portion of long-term" in related balance sheet</b>	<b>Amount shown under caption "long-term debt" in related balance sheet</b>	
Notes payable	N/A	5,347,134	25,675,615	

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED**  
**PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**  
**AS OF MARCH 31, 2023**

<b>Indebtedness to related parties (Long-term loans from related companies)</b>		
<b>Name of related party</b>	<b>Balance at beginning of period</b>	<b>Balance at end of period</b>
<b>Not Applicable</b>		



**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF**  
**OTHER ISSUERS**  
**AS OF MARCH 31, 2023**

**Guarantees of Securities of Other Issuers**

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 file	Nature of guarantee
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**Not Applicable**

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF GROSS AND NET PROCEEDS BY A**  
**LISTED COMPANY WITH RECENT OFFERING OF SECURITIES**  
**(COMMERCIAL PAPER) TO THE PUBLIC**  
**AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2023**

**1. Gross and net proceeds as disclosed in the final prospectus –**

<b>Gross</b>	<b>₱2,000,000,000</b>
<b>Net</b>	<b>1,871,587,499</b>

**2. Actual gross and net proceeds –**

<b>Gross</b>	<b>₱598,400,000</b>
<b>Net</b>	<b>572,199,800</b>

**3. Each expenditure item where the proceeds were used –**

	<b>-</b>
<i>Loans</i>	<b>₱165,500,000</b>
<i>Capex</i>	<b>141,858,161</b>
<i>Working capital</i>	<b>264,841,639</b>

**4. Balance of the proceeds as of March 31, 2023** **₱ -**

SCHEDULE I

**CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK**  
**AS OF MARCH 31, 2023**

**Capital Stock**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
Common Stock	1,200,000,000	668,505,825	249,442,472	194,929,318	9	-
Preferred A Shares	700,000,000	700,000,000	-	700,000,000	-	-
Preferred B Shares	160,000,000	-	-	-	-	-
Preferred B-1 Shares	70,000,000	70,000,000	-	70,000,000	-	-
Preferred B-2 Shares	200,000,000	67,000,000	-	-	-	-
Preferred B-2B Shares		20,000,000	-	-	-	-
Preferred B-2C Shares		16,936,400	-	-	-	-
Preferred B-2D Shares		28,625,500	249,442,472	-	-	-