

# COVER SHEET

A S 0 9 4 - 8 7 5 2

S.E.C. Registration Number

E V E R G O T E S C O R E S O U R C E S &   
H O L D I N G S , I N C . & S U B S I D I A R Y

(Company's Full Name)

3 / F M A N I L A R E A L R E S I D E N C E S   
1 1 2 9 J . N A T I V I D A D L O P E Z S T .   
E R M I T A , M A N I L A

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

CHRISTINE P. BASE

Contact Person

09178574978

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

S E C F O R M 1 7 Q

FORM TYPE

August - Last  
Friday

Month Day  
Annual  
Meeting

Secondary License Type, If Applicable

C R M D

Dept. Requiring this  
Doc.

Amended Articles Number/Section

5,577

Total No. of  
Stockholders

Total Amount of Borrowings

Php58,393,717

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

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

1. For the quarterly period ended **September 30, 2023.**
2. SEC Identification Number **AS 094-8752**
3. BIR TIN **004-817-595**
4. Exact name of issuer as specified in its charter: EVER GOTESCO RESOURCES &  
HOLDINGS, INC.
5. **Manila, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. **3rd Flr. Manila Real Residences Manila 1129 J. Natividad Lopez St. Ermita Manila**  
**1000** Address of issuer's principal office and Postal Code
8. **8243- 2921**  
Issuer's telephone number, including area code
9. Securities issued pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA.

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
<b>Common Stock, ₱ 1.00 par value</b>	<b>5,000,000,000 shares</b>

**Amount of Debt Outstanding: 608 million**

10. Are any or all of these securities listed on the Philippine Stock Exchange? Yes (X) No ( )

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

**Philippine Stock Exchange / Common Stock.**

11. Indicate by check whether the issuer:

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

**Yes (X)**                      No ( )

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

**Yes (X)**                      No ( )

## TABLE OF CONTENTS

	<b><u>Page No.</u></b>
<b>PART 1 – FINANCIAL STATEMENTS</b>	
Item 1. Financial Statements	
• Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022	4
• Consolidated Statements of Income for Nine Months Ended September 30, 2023, 2022 and 2021	5
• Consolidated Statements of Changes in Stockholders' Equity for Nine Months Ended September 30, 2023, 2022 and 2021	6
• Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2023 and 2022	7
• Schedule A. Balance Sheet Schedules	8
• Schedule B. Schedule of Loans Payable	9
• Notes to Consolidated Financial Statements	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
<b>PART II – OTHER INFORMATION</b>	
Item 3. 3Q 2023 Developments	23
Item 4. Other Notes to 3rd Q 2023 Operations and Financials	23
Item 5. Key Performance Indicators	25
Financial Risk Management Objectives and Policies	26
Signature	29

## PART 1 - FINANCIAL INFORMATION

### Item 1. Financial Statements

#### EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2023 & DECEMBER 31, 2022

(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	SEPT. 30, 2023	DEC. 31, 2022 *	SEPT. 30, 2023	DEC. 31, 2022*
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	28,668,030	3,607,723	1,431,117	1,012,014
Receivables	14,115,570	3,784,326	26,578,125	3,378,737
Other Current assets	1,911,910	1,636,074	528,865	311,375
	44,695,510	9,028,123	28,538,107	4,702,126
<b>NONCURRENT ASSETS</b>				
Receivables - noncurrent				
PPE and Investment Properties, Net	3,424,108,921	3,630,098,612	3,175,432,308	3,381,432,000
Investments In & Advances To Subsidiary		(0)	206,227,068	206,227,067
	3,424,108,921	3,630,098,613	3,381,659,376	3,587,659,067
<b>TOTAL ASSETS</b>	<b>3,468,804,430</b>	<b>3,639,126,735</b>	<b>3,410,197,483</b>	<b>3,592,361,193</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Bank loans	3,837,683	13,929,200	3,837,683	13,929,200
Accounts Payable and other liabilities	549,934,723	557,481,159	335,903,351	354,997,730
<b>TOTAL LIABILITIES</b>	<b>553,772,406</b>	<b>571,410,359</b>	<b>339,741,034</b>	<b>368,926,930</b>
<b>NONCURRENT LIABILITIES</b>				
Payable To Banks - Net Of Current Portion	54,556,033	54,556,033	54,556,033	54,556,033
	54,556,033	54,556,033	54,556,033	54,556,033
<b>TOTAL LIABILITIES</b>	<b>608,328,440</b>	<b>625,966,392</b>	<b>394,297,067</b>	<b>423,482,963</b>
STOCKHOLDERS' EQUITY	2,860,475,993	3,013,160,344	3,015,900,417	3,168,878,230
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>3,468,804,433</b>	<b>3,639,126,735</b>	<b>3,410,197,484</b>	<b>3,592,361,193</b>

<b>EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES</b> <b>UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS</b> For the Nine-Month Period ended September 30, (In Philippine Peso)												
	CONSOLIDATED						PARENT COMPANY					
	Third Quarter Ended September 30			Nine-Month Period Ended September 30			Third Quarter Ended September 30			Nine-Month Period Ended September 30		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
REVENUES	2,354,086	17,597,025	-	9,247,833	33,357,051	-	1,284,633		-	6,272,508	-	-
OPERATING COSTS AND EXPENSES	155,409,037	13,345,435	476,279	161,488,002	30,464,435	1,608,235	154,487,156	726,690	422,379	159,250,321	1,683,049	1,553,835
INCOME FROM OPERATIONS	(153,054,951)	4,251,590	(476,279)	(152,240,169)	2,892,616	(1,608,235)	(153,202,523)	(726,690)	(422,379)	(152,977,813)	(1,553,835)	(1,697,587)
OTHER INCOME (EXPENSE)-NET												
Accretion of Interest due PAS 32 & 39, net	-	-	-	-	-	-	-	-	-	-	-	-
Other income(Charges)	-	-	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE INCOME TAX	(153,054,951)	4,251,590	(476,279)	(152,240,169)	2,892,616	(1,608,235)	(153,202,523)	(726,690)	(422,379)	(152,977,813)	(1,553,835)	(1,697,587)
PROVISION FOR INCOME TAX	130,584	-	-	342,714	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	(153,185,535)	4,251,590	(476,279)	(152,582,883)	2,892,616	(1,608,235)	(153,202,523)	(726,690)	(422,379)	(152,977,813)	(1,553,835)	(1,697,587)
RETAINED EARNINGS AT BEGINNING OF PERIOD	(1,986,338,471)	(2,535,328,198)	(4,677,096,433)	(1,986,941,123)	(2,533,969,223)	(4,675,964,477)	(1,830,897,060)	(2,334,458,747)	(4,601,663,596)	(1,831,121,769)	(2,343,502,388)	(4,600,532,140)
RETAINED EARNINGS AT END OF PERIOD	(2,139,524,006)	(2,531,076,608)	(4,677,572,712)	(2,139,524,007)	(2,531,076,607)	(4,677,572,712)	(1,984,099,583)	(2,335,185,437)	(4,602,085,975)	(1,984,099,582)	(2,345,056,223)	(4,602,229,727)
<b>EARNINGS PER SHARE:</b>												
<b>BASIC EARNINGS PER SHARE (A/B)</b>	(0.0306)	0.0009	(0.0001)	(0.0305)	0.0006	(0.0003)	(0.0306)	(0.0001)	(0.0001)	(0.0306)	(0.0003)	(0.0003)
Computation -												
Net Income (Loss) for the Period (A)	(153,185,535)	4,251,590	(476,279)	(152,582,883)	2,892,616	(1,608,235)	(153,202,523)	(726,690)	(422,379)	(152,977,813)	(1,553,835)	(1,697,587)
Weighted Ave. No. of Common Shares Outstanding during the Period (B)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
<b>DILUTED EARNINGS PER SHARE</b>	*	*	*	*	*	*	*	*	*	*	*	*
* There are no factors that would have dilutive effects on Earnings per Share of the Common Shares, thus, no computation. See accompanying notes to unaudited financial statements												

<b>EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES</b> <b>UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY</b> (In Philippine Peso)						
	<b>CONSOLIDATED</b>			<b>PARENT</b>		
	<b>September 30</b>			<b>September 30</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
CAPITAL STOCK	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
RETAINED EARNINGS, BEGINNING	(1,986,941,123)	(2,533,969,223)	(4,675,964,477)	(1,831,121,769)	(2,343,502,388)	(4,600,532,140)
Net Income (Loss) for the period	(152,582,883)	2,892,616	(1,608,235)	(152,977,813)	(1,553,835)	(1,697,587)
RETAINED EARNINGS, ENDING	(2,139,524,007)	(2,531,076,607)	(4,677,572,712)	(1,984,099,582)	(2,345,056,223)	(4,602,229,727)
REMEASUREMENT LOSSES ON RETIREMENT BENEFITS - NET	-	-	-	-	-	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,860,475,993</b>	<b>2,468,923,393</b>	<b>322,427,288</b>	<b>3,015,900,418</b>	<b>2,654,943,777</b>	<b>397,770,273</b>
see accompanying notes to unaudited financial statements						

**EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For Nine-Month Period ended September 30,

(In Philippine Peso)

	CONSOLIDATED						PARENT COMPANY					
	Third Quarter Ended September 30			Nine-Month Period Ended September 30			Third Quarter Ended September 30			Nine-Month Period Ended September 30		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(153,185,535)	4,251,590	(476,279)	(152,240,169)	2,892,616	(1,608,235)	(153,202,523)	(726,690)	(422,379)	(152,977,813)	(1,683,049)	(1,553,835)
Adjustments to reconcile net income to net cash provided by operating activities:												
Provision	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accretion Income/Expense - PAS 32 & 39	-	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	(27,232,829)	(2,244,151)	476,279	(28,689,216)	(705,681)	1,608,235	(52,378,064)	726,690	422,379	(52,602,774)	1,685,049	1,553,835
Net cash provided by(used in) operating activities	(180,418,364)	2,007,439	0	(180,929,385)	2,186,935	0	(205,580,588)	-	(0)	(205,580,587)	2,000	(0)
CASH FLOWS FROM INVESTING ACTIVITIES												
Additions to property and equipment	205,989,692	(18,019)	-	205,989,692	-	-	205,999,692	-	-	205,999,692	-	-
Net cash provided by (used in) investing activities	205,989,692	(18,019)	-	205,989,692	-	-	205,999,692	-	-	205,999,692	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from:												
Capital stock subscription	-	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-	-
Payments to Creditor Banks	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by(used in) financing activities	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH	25,571,328	1,989,420	0	25,060,307	2,186,935	0	419,104	-	(0)	419,105	2,000	(0)
CASH AT BEGINNING OF PERIOD	3,096,702	3,118,730	1,201,283	3,607,723	2,921,216	1,201,283	1,012,013	1,022,014	1,020,014	1,012,014	1,020,014	1,020,014
CASH AT END OF PERIOD	28,668,030	5,108,150	1,201,283	28,668,030	5,108,151	1,201,283	1,431,117	1,022,014	1,020,014	1,431,119	1,022,014	1,020,014

see accompanying notes to unaudited financial statements

**SCHEDULE A****EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES****BALANCE SHEET SCHEDULES****As of September 30, 2023**

	<b>CONSOLIDATED</b>	<b>PARENT</b>
<b><u>CURRENT ASSETS</u></b>		
Cash on Hand and in Banks	28,668,030	1,431,117
Accounts Receivable - Trade	9,962,528	5,263,667
Accounts Receivable - Non-Trade, net	2,704,673	225,038
Advances to Affiliates	1,448,370	21,089,420
Other Current Assets, net	1,911,910	528,865
	<b>44,695,510</b>	<b>28,538,107</b>

**CURRENT LIABILITIES**

Loans Payable (Pls. refer to Schedule B for details)		
Payable to Banks - current portion	3,837,683	3,837,683
Accounts Payable	549,934,723	335,903,351
	<b>553,772,406</b>	<b>339,741,034</b>

Note:

Other Accounts Payable and Accrued Expenses includes accrual for operating expenses like: utilities, realty taxes and other government payables.

**STOCKHOLDERS' EQUITY**

Capital Stock	5,000,000,000	5,000,000,000
Retained Earnings		
Beginning	(1,986,941,123)	(1,831,121,769)
Net Income for the period	(152,582,883)	(152,977,813)
Total	<b>(2,139,524,007)</b>	<b>(1,984,099,582)</b>
Remeasurement loss on retirement benefits - net	-	-
	<b>2,860,475,993</b>	<b>3,015,900,418</b>



**SCHEDULE B****EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARIES****SCHEDULE OF LOANS PAYABLE****As of September 30, 2023**

Date of Loan/ Credit Line Granted	Name of Bank	Type of Loan	Terms	Collateral/ Security	Loan Purpose	Interest Rate	Outstanding Balance
EVER GOTESCO RESOURCES & HOLDINGS, INC. (PARENT CO.)							
December 24, 1998	Land Bank	short term	1 year		add'l. working capital		58,393,717
<b>TOTAL</b>							<b>58,393,717</b>

**Ever-Gotesco Resources and Holdings, Inc. (EGRHI)  
and Subsidiaries**

**Notes to Consolidated Financial Statements**

**Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of September 30, 2023 and December 31, 2022 and for each of the three years in the period ended September 30, 2023, 2022 and 2021.

As of September 30, 2023, 2022 and 2021, the Parent Company's ownership over the foregoing subsidiaries and their respective nature of business are as follows:

			Country of Incorporation	Nature of Business	Percentage of ownership		
					2023	2022	2021
Gotesco Development	Tyan Inc. (GTMDI)	Ming	Philippines	Mall operations	100%	100%	100%
Everwoods Management and Development	Inc. (EMDI)		Philippines	Eco-tourism	100%	100%	—
Agriwave	Inc.		Philippines	Agriculture	100%	100%	—

Subsidiaries are all entities over which the Parent Company or its subsidiary has control. Specifically, the Group controls an investee if and only if the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the parent company loses control over its subsidiary, it:

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

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same balance sheet date as the Parent Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendment to PFRS 3, *Business Combination, Reference to the Conceptual Framework*  
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of

Philippine Accounting Standards (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRS Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*  
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*  
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*  
The amendment permits a subsidiary that elects to apply paragraph D16 (a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of PFRS 1.
  - Amendments to PFRS 9, *Financial Instruments, Fees in the “10 per cent” test for derecognition of financial liabilities*  
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*  
The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

#### New Accounting Standards, Interpretation and Amendments to Existing Standards

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group’s consolidated financial statements unless otherwise indicated.

#### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

### Significant Accounting Policies

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

### Financial Instruments

#### *Initial recognition and measurement*

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group has no financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

#### *Financial assets at amortized cost (debt instruments)*

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

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

#### *Impairment of financial assets*

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

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

The Group considers trade receivables in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

#### *Financial liabilities at amortized cost*

This category pertain to financial liabilities that are not held for trading and are not designated at FVTPL upon the inception of the liability. These include liabilities arising from operating (e.g., trade and other payables, except statutory payables) and financing (e.g., short and long-term borrowings) activities.

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortized cost using the effective interest method; any difference between the initial carrying amount of the financial liabilities and the redemption value is recognized in profit or loss over the contractual terms of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting year.

Trade and other payables are recognized in the year in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at amortized cost, which is normally equal to the nominal amount.

#### *Derecognition of financial assets and liabilities*

*Financial assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### *Offsetting financial instruments*

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Fair Value Measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

#### Creditable Withholding Tax

Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

#### Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are recognized in profit or loss in the period the costs are incurred. In situations where



it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the property and equipment.

Depreciation is calculated using the straight-line method over the estimated useful lives of two years.

Depreciation commences once the assets are available for use. It ceases at the earlier of the date that it is classified as held for sale and the date the asset is derecognized.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. When assets are sold or retired, the cost and the related accumulated depreciation and any impairment in value are eliminated from the accounts. Any gain or loss resulting from the disposal is recognized in profit or loss.

#### Investment Properties

Investment properties, consisting of parcels of land that are held either to earn rentals or for capital appreciation or both and that are not occupied by the entities in the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use, by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the period of derecognition. Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

#### Other Comprehensive Income (OCI)

OCI comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income pertaining to remeasurements on the Group's defined benefit plans is recognized under "Remeasurement gain (loss) on retirement benefits" account in the consolidated balance sheet. Other items are closed directly to retained earnings (deficit).

#### Revenue Recognition

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

### *Sale of goods*

Sales of goods represent amounts received and receivable from third parties for goods supplied to the customers. Sales are recognized when control of the goods has transferred to the customer, which is mainly upon delivery and acceptance by the customer.

### *Management fee*

Management fee is recognized as revenue when the related service is rendered.

### Expenses and Other Charges

General and administrative expenses include costs of administering the business, which are recognized as incurred.

### Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Income Taxes

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

#### *Deferred income tax*

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

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of obligation can be reliably estimated.

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

#### Capital Stock

The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as “Additional paid-in capital”.

#### Retained Earnings (Deficit)

Retained Earnings (Deficit) represent the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year’s errors, effect of changes in accounting policy and other capital adjustments. A “deficit” is not an asset but a deduction from equity.

#### Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the income (loss) for the year attributable to stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive shares, if any.

In determining both the basic and diluted earnings (loss) per share, the effect of stock dividends, if any, is accounted for retroactively.

#### Segment Information

Until March 31, 2017, the Group was engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. In the last half of December 2021, the Group started its agricultural production business. In January 2022, the Group commenced its eco-tourism business operations. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

#### Events after the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the balance sheet date that are not adjusting events are disclosed when material.

#### **4.Receivables**

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY COMPANIES  
Consolidated Aging Schedule of Accounts Receivable - Trade  
As of September 30, 2023

SCHEDULE C

	TOTAL	Current	PAST DUE ACCOUNTS			
			31-60 Days	61-90 Days	91-120 Days	120 Days & Over
<u>CONSOLIDATED</u>						
Trade Receivable -Affiliate	200,351	-		200,351	-	
Trade Receivable -Non Affiliate	9,762,177	-	1,284,633	4,987,875	-	3,489,670
TOTAL	9,962,528	-	1,284,633	5,188,225	-	3,489,670
<u>PARENT</u>						
Trade Receivable -Affiliate	200,351	-	-	200,351	-	
Trade Receivable -Non Affiliate	5,063,316	-	1,284,633	2,504,322	-	1,274,360
TOTAL	5,263,667	-	1,284,633	2,704,673	-	1,274,360

Note: The Accounts are presented in the Balance Sheet under Current Assets

#### **5. Causes for any material changes (+/-5% or more) in the financial statements**

##### **Income Statement items – Nine Months 2023 versus Nine Months 2022**

##### ***72% Decrease in Revenues***

EMDI operated the Forest Crest Nature Hotel and Resort in the beginning of 2022 and recognized an income of ₱33 Million in the first nine- month period of 2022, but due to the permits required by the hotel's clients which are still in process for EMDI, EMDI temporarily assigned the management of the hotel to Forest Crest Nature Hotel and Resort Inc. (FCNHRI). This deed of assignment grants EMDI to bill management fee to FCNHRI which is Php 200 thousand a month plus 1% of the gross income of FCNHRI.

The Management Contract of EGRHI and EMDI was also temporarily assigned to FCNHRI. In effect, EGRHI bills a management fee to FCNHRI amounting to 10% of the gross income of FCNHRI.

In the latter part of 2022, EGRHI and EMDI simply records management income from FCNHRI to cover the lease expense being accrued by EMDI in favor of Majestic Plus Holding Int'l. Inc. and the expenses of EGRHI in research as it plans the future developments of the companies.

For the period covered January to September 2023, a total revenue of ₱9.2 Million was recognized. ₱8.4 Million of which was management income, while ₱598 thousand was from the sale of agricultural produce of Agriwave Inc. An interest income of ₱214 thousand was also earned from the bank due to the short-term time deposit of excess cash.

### ***430% Increase in Direct Cost and Expenses***

EGRHI recognized a probable loss of ₱151 Million on the expropriation case versus National Grid Corporation of the Philippines (NGCP) on the parcels of land in Cebu. The case is still pending but EGRHI received an initial payment of ₱54 Million for the 48,908 square meter land parts.

The operational costs of the hotel are temporarily being recognized by FCNHRI. Aside from the regular expenses of the group, EGRHI hired professionals for its research and planning activities. Rehab is also being done on Agriwave leased property.

### **Balance Sheet items – September 30, 2023 versus End – 2022**

The 695% or ₱25 Million increase in Cash and Cash Equivalents is from the initial collection from NGCP.

The 273% increase in receivables mostly comprise of the uncollected management fees of EGRHI and EMDI from FCNHRI.

There's a 17% increase in other assets due to the advances made by EGRHI and subsidiaries to some affiliates.

The 6% decrease in land which amounts to ₱206 Million represents the book value of the land portions expropriated by NGCP.

The 72% decrease in Bank Loans- Current Portion represents the payments made to the Land Bank of the Philippines (LBP) for the year. Majestic Plus Holding International Inc. is assisting EGRHI with its bank loan with LBP. Thus, a corresponding increase in payables to Majestic was recognized in 2023.

EGRHI and its subsidiaries settled most of its accrued expenses which resulted to a 5% decrease in account/ accrued liabilities.

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

### ***Results of Operations for Nine Months of 2023***

#### **1. Financial discussion**

Total consolidated revenues for the period covered amounted to ₱9.2 Million consists of the management fee revenue from the hotel operations of Forest Crest Nature Hotel and Resort and from the sales of agricultural products.

Direct costs amounting to ₱3.3 Million is mostly attributed to the labor costs of EGRHI and Agriwave.

General and Administrative expenses of ₱5 million is attributed to the fees due to professionals hired by the group as well as the normal operating expenses of EGRHI and the subsidiaries. A probable loss on the land expropriation case amounting to ₱151 million was also recorded.

Interest expense with the Land Bank of the Philippines is ₱1.9 million.

Net loss before tax for the 3<sup>rd</sup> quarter of 2023 amounted to ₱152 million.

#### **FINANCIAL CONDITION**

There are no material commitments in capital expenditures to date other than those performed in the ordinary course of trade or business.

There are no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on the net sales, revenues or income from continuing operations.

The Group has no goods or services that are subject to seasonal changes, which might have a material effect on the financial condition or results of Group's operations.

## PART II – OTHER INFORMATION

### Item 3. 3Q 2023 Developments

- |  |  |
|--|--|
| <b>A. New project or investments in another line of business of corporation</b>  | None   |
| <b>B. Performance of the corporation or result / progress of operations</b>  | Please see unaudited consolidated financial statements and management's discussion on results of operations. |
| <b>C. Declaration of Dividends</b>   | None   |
| <b>D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements</b> | None.  |
| <b>E. Offering of rights, granting of Stock Options and corresponding plans therefore</b>  | None.  |
| <b>F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate</b>   | None.  |
| <b>G. Other information, material events or happenings that may have affected or may affect market price of security</b>   | None.  |
| <b>H. Transferring of assets, except in normal course of business</b>  | None.  |

### Item 4. Other Notes to 3Q 2023 Operations and Financials

- |  |  |
|--|--|
| <b>I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents</b> | Please see Notes to Financial Statements   |
| <b>J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period</b>                           | None.  |
| <b>K. New financing through loans / issuances, repurchases, and repayments of debt and equity securities</b>   | Borrowings and repayments of loans are being undertaken on a number of creditor banks. |
| <b>L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</b>              | None.  |

<b>M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition, or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations</b>	None,
<b>N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date</b>	None.
<b>O. Existence of material contingencies and other material events or transactions during the interim period</b>	None.
<b>P. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period</b>	None.
<b>Q. Material commitments for capital expenditures, general purpose and expected sources of funds</b>	None.
<b>R. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales / revenues / income from continuing operations</b>	Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements, as they become known and estimable.
<b>S. Significant elements of income or loss that did not arise from continuing operations</b>	None.
<b>T. Causes for any material change/s from period to period in one or more line items of the financial statements</b>	Please see Notes to Financial Statements
<b>U. Seasonal aspects that had material effect on the financial condition or results of operations</b>	Not applicable.
<b>V. Disclosures not made under SEC From 17-C</b>	None.



## Item 5. Key Performance Indicators

The table below sets forth the comparative key performance indicators of the Company and its majority-owned subsidiaries.

	<i><b>End-3Q 2023</b></i>	<i><b>End-December 2022</b></i>
Current Ratio <sup>1</sup>	0.08:1.00	0.02:1.00
Debt to Assets Ratio <sup>2</sup>	0.18:1.00	0.17:1.00
	<i><b>Sept. 2023</b></i>	<i><b>Sept. 2022</b></i>
Net Profit Ratio <sup>3</sup>	-2,790.24%	24.16%
Return on Equity <sup>4</sup>	-5.36%	0.00%
Return on Assets <sup>5</sup>	-4.42%	0.00%

Manner of calculating the above indicators is as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Assets Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Net Profit Ratio	$\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$
Return on equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

## **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, bank loans, accounts payable and accrued expenses, due to related parties, lease liability and long-term debt. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, and market risk. The Board of Directors reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized as follows:

### *Liquidity Risk*

The group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

### *Market Risk*

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates.

### *Interest Rate Risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term and long-term obligations. In order to effectively manage its interest risk and its financing costs, the Group closely monitors the movements of interest rates, as well as, economic factors affecting the trends of these movements. In certain cases, depending on its assessment of future movements of interest rates, the Group would pre-terminate its debt and obtain a new loan facility which provides for either floating or fixed interest rates. This is intended to minimize its financing costs.

### *Credit Risk*

The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Group. The Group manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

## **PENDING MATERIAL LEGAL PROCEEDINGS**

### **Land Bank of the Philippines vs. Ever Gotesco Resources and Holdings, Inc.**

On August 10, 1999, Land Bank of the Philippines (LBP) filed a complaint for Collection of Sum of Money with Damages against EGRHI and Jose Go. After hearing, the Regional Trial Court (RTC) issued a Decision on September 11, 2015 directing the defendants to pay LBP ₱50 million with interest, damages and attorney's fees. The case was appealed to the Court of Appeals. While on appeal, the parties reached an amicable settlement. The Compromise Agreement involved an amount of ₱73M subject to 4% rate p.a. payable for 5 years.

This Compromise Agreement was submitted to the Court of Appeals in a joint motion by the parties on April 8, 2022.

The Court of Appeals granted the approval on November 24, 2022.

### **Garnishment of Cash and Receivables - *Bangko Sentral ng Pilipinas (BSP) vs. Orient Commercial Banking Corporation***

The Company and its subsidiary company together with other affiliated companies were served a "Notice of Garnishment on Lease/Rental Payments" issued by the Regional Trial Court of Manila Branch 12, last January 27, 2000 in relation to a civil case complaint by the Bangko Sentral ng Pilipinas.

In summary, the BSP filed a case of sum of money against Orient Commercial Banking Corporation (OCBC) and other affiliate corporations of Gotesco. As a provisional remedy, BSP prayed for the granting of a writ of preliminary attachment against OCBC and other companies to which the Board of Directors of OCBC has substantial interest, including EGRHI and GTMDI, which the Court granted. OCBC, EGRHI, GTMDI and other companies filed a Petition for Certiorari with the Court of Appeals which ruled in favor of OCBC and other defendants. BSP filed a Petition before the Supreme Court, but before it could rule on it, the parties entered into a Compromise Agreement which was consequently, approved by the trial Court. Said Compromise Agreement has effectively lifted the writ of preliminary attachment and the whole obligation shall be settled on staggered basis.

BSP filed a motion for execution which was granted by the RTC. EGRHI et. al., filed a Motion for reconsideration but was denied.

EGRHI et. al., elevated the case to the Court of Appeals. An urgent Motion for Inhibition of Justice Villamor was filed by petitioners.

**National Grid Corporation of the Philippines  
v. Ever-Gotesco Resources and Holdings, Inc. (EGRHI), et al.  
Special Civil Action No. R-CEB-22-0241-SC**

**For: Expropriation with Urgent Prayer for Issuance of Writ of Possession**

On February 9, 2023, Summons with a copy of the Amended Complaint was served on the representatives of EGRHI on the matter of expropriation filed by the NGCP against the corporation and various named individuals. The properties involve some lands owned by EGRHI in Brgys. Malubog and Babag, Cebu City beside the Kang-Irag Golf Course.

NGCP contends that there is a need to construct a transmission system through the properties of EGRHI. It stated that the undertaking is for public use and it is part of the Cebu-Magdugo 230kV Transmission Line, a component of the Cebu-Negros-Panay 230kV Backbone Stage 3.

NGCP intends to expropriate portions of six (6) parcels land owned by EGRHI, which portions amount to 48,908 square meters.

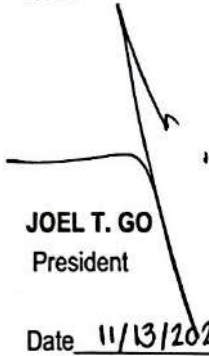
At present, the handling counsel for EGRHI filed a Motion for Extension of Time to File Answer. The motion was granted by the lower court, giving EGRHI until April 10, 2023 to file the necessary pleading.

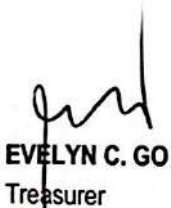
## SIGNATURES

Pursuant to the requirements of section 17 of SRC and section 141 of the Corporation Code, this report signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila.


### EVER GOTESCO RESOURCES AND HOLDINGS, INC.

Issuer

  
**JOEL T. GO**  
President  
Date 11/13/2023

  
**EVELYN C. GO**  
Treasurer

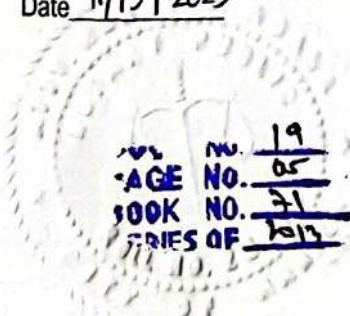
Date 11/13/2023


  
**ELIZA FRANCIA DE LA TORRE**  
Accounting and Finance Manager

Date 11/13/2023

**SUBSCRIBED AND SWORN TO BEFORE ME**

**NOV 14 2023**



  
**NOTARY PUBLIC CITY OF MANILA**  
**APPOINTMENT 087/12/31/2023 MANILA**  
**EXP. NO. 182139 / 01/03/2023**  
**PTR NO. 0961145 / 01/03/2023**  
**ROLL NO. 29679, TIN NO. 172-528-620**  
**NOTARY COMP. NO. VII-0000163 VALID UNTIL APRIL 14, 2024**  
**(2) FAYUMAN ST., STA. CRUZ, MANILA**