COVER SHEET
for
SEC FORM 20-IS

SEC Registration Number

								4	4	0	9

Company Name

2GO GROUP, INC.

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

8TH FLOOR TOWER 1 DOUBLE
DRAGON PLAZA MACAPAGAL BLVD.
CORNER EDSA EXTENSION, PASAY
CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
20-IS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(02) 8528-7171	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
		December 31

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Elmer B. Serrano	**elmer.serrano@serranolawph.com**	**+632-8479-2190**	

Contact Person's Address

1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, Philippines

Note: 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.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [**X**] Preliminary Information Statement

   [_] Definitive Information Statement

2. **2GO Group, Inc.**
   Name of the Registrant as specified in its charter

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

4. SEC Identification Number **4409**

5. BIR Tax Identification Code **000-313-401-000**

6. **8th Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City**
   Address of principal office Postal Code **1302**

7. **(02) 8528-7171**
   Registrant's telephone numbers, including area code

8. **May 23, 2024, 2:00 p.m., (via Remote Communication)**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   May 1, 2024

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	**2,462,146,316**

11. Are any or all of registrant's securities listed in a Stock Exchange?

    YES [ ] **NO** [**X**]

    If yes, disclose the name of such Stock Exchange and the class of securities therein:

    N/A

GROUP, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To all Stockholders:

The annual meeting of the stockholders of **2GO GROUP, INC.** (**2GO**) will be held on **May 23, 2024, Thursday at 2:00 P.M.** The meeting will be conducted virtually and voting conducted *in absentia* through 2GO's secure online voting facility.

Agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting of Stockholders held on April 18, 2023 and the Special Meeting of Stockholders held on November 6, 2023
4. Approval of Annual Report for 2023
5. Approval and Ratification of the Acts of the Board of Directors and Management
6. Election of Directors for 2024-2025
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

The Board of Directors has fixed **April 15, 2024** as the record date for the determination of stockholders entitled to the notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

The annual meeting will be streamed live, and stockholders may attend the meeting by registering via asmregister.2go.com.ph and submitting the supporting documents listed there until **May 16, 2024**. All information submitted shall be verified and validated by the Corporate Secretary.

Stockholders who wish to appoint a proxy may accomplish the attached proxy form (which need not be notarized) and submit the duly accomplished and signed proxy forms on or before **May 16, 2024** to the Office of the Corporate Secretary at the 1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, Philippines.

Stockholders who successfully registered can cast their votes *in absentia* through 2GO's secure online voting facility for this meeting. In order to participate remotely, they will also be provided with access to the meeting that will be held virtually. The ***"Guidelines for Participation via Remote Communication and Voting in Absentia"*** as appended to the Definitive Information Statement labeled as **Schedule A**, electronic copies of the Information Statement with Management Report, SEC Form 17-A (once available), and other pertinent documents related to 2GO's 2023 ASM will be posted in 2GO's website www.2go.com.ph/asm and PSE EDGE.

Bonifacio Global City, Taguig City, 16 April 2024.

ELMER B. SERRANO
Corporate Secretary

Annex A
Rationale for Agenda Items

Agenda Item 3: Approval of Minutes of Annual Stockholders' Meeting held on April 18, 2023 and Special Stockholders' Meeting held on November 6, 2023

The draft minutes of the annual stockholders' meeting held on April 18, 2023 and the special stockers' meeting held on November 6, 2023 were posted on 2GO's website within twenty-four (24) hours from adjournment of the meeting. These minutes are subject to stockholders' approval during this year's stockholders' meeting. Results of these stockholders' meeting were likewise timely disclosed to the Securities and Exchange Commission and the PSE, as may be applicable.

Agenda Item 4: Approval of Annual Report for 2023

2GO's 2023 performance results have been duly summarized in the Annual Report, which includes the Audited Financial Statements (**AFS**) for the year ended 31 December 2023. The AFS, as audited by the external auditor Sycip Gorres Velayo & Co. (**SGV**) which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board of Directors of 2GO. Any stockholder who would like to receive a hard or soft copy of the 2023 Annual Report may do so through the Investor Relations Office. The 2023 Annual Report is also posted on 2GO's website.

Agenda Item 5: General Ratification of Acts of the Board of Directors, Board Committees and Management during Term

Actions and proceedings of the Board of Directors, the Board Committees, and the Management during their term or from the last Annual Meeting held on April 18, 2023 to the date of this year's annual meeting will be subject to stockholders' approval and ratification.

Agenda Item 6: Election of Directors for 2024-2025

Nominees for election as members of the Board of Directors for 2024-2025, including the independent directors, have been pre-qualified by the Corporate Governance Committee. The nominees' proven competence, expertise and qualifications based on current regulatory standards, will help sustain 2GO's solid performance for the benefit of all its stockholders. The profiles of the nominees are presented in the Definitive Information Statement for reference. Directors for 2024-2025 will be elected during this year's annual meeting.

Agenda Item 7: Appointment of the External Auditor

Upon recommendation of the Audit Committee, the Board approved and endorses for stockholders' approval the appointment of SGV as external auditor for 2024. SGV is one of the top auditing firms in the country.

PROXY

The undersigned stockholder of 2GO GROUP, INC. (**2GO**) appoints ____ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of 2GO on May 23, 2024 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of Minutes of Annual Stockholders' Meeting held on April 18, 2023, and Special Stockholders' Meeting held on November 6, 2023

   ___ Yes ___ No ___ Abstain

2. Approval of 2023 Annual Report

   ___ Yes ___ No ___ Abstain

3. Ratification of Acts and Resolutions of the Board of Directors, Committees and Management during Term

   ___ Yes ___ No ___ Abstain

4. Election of Directors for 2024-2025

   ____ a) Vote for all nominees listed below:

   (1) Frederic C. DyBuncio
   (2) Elmer B. Serrano
   (3) Sing Mein Ang
   (4) Kiat Chan
   (5) Paquito N. Ochoa, Jr.
   (6) Howard Sy

   ____ b) Withhold authority for all nominees listed above

   ____ c) Vote for the nominees listed below:

5. Appointment of SyCip Gorres Velayo & Co. as External Auditor for 2024

   ___ Yes ___ No ___ Abstain

   ___ Yes ___ No ___ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

   ___ Yes ___ No ___ Abstain

____
Printed Name of Stockholder

____
No. of Share/s

____
Signature of Stockholder / Authorized Signatory

____
Date

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders**

Date of meeting	:	May 23, 2024
Time of meeting	:	2:00 p.m.
Place of meeting	:	The meeting will be conducted virtually from 2GO's offices located in the 8th Floor, Tower 1, Double Dragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City.
Approximate date of mailing of this Statement	:	May 1, 2024
Registrant's Mailing Address	:	8th Floor, Tower 1, Double Dragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City

Statement that Company Not Soliciting Proxies

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

Voting Securities

The record date for purposes of determining the stockholders of **2GO Group, Inc.** (**2GO** or the **Group** or the **Company**) entitled to notice of, and to vote, during the Annual Stockholders' Meeting is April 15, 2024 (Record Date). The total number of shares outstanding and entitled to vote in the meeting is 2,500,662,816 shares (net of 38,516,500 treasury shares). Stockholders are entitled to cumulative voting in the election of the board of directors, as provided under Section 23 of the Revised Corporation Code.

In accordance with Section 49 of the Revised Corporation Code, this year's Annual Stockholders' Meeting will be conducted virtually, and will be broadcasted via livestreaming accessible to registered stockholders, the details of which can be found in **www.2go.com.ph/asm**. The Company will record the proceedings and maintain a copy with the office of the Corporate Secretary.

The Board of Directors, therefore, in its regular meeting held on April 12, 2024, adopted a resolution allowing stockholders to participate, and to exercise their right to vote, via remote communication or *in absentia.*

Stockholders as of Record Date must inform the Corporate Secretary of their intention to participate in the meeting via remote communication and to vote *in absentia* by registering at **asmregister.2go.com.ph** on or before **May 16, 2024 (Thursday)**, subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting. Voting will be made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

*The detailed guidelines for participation and voting for this meeting are set forth in the "**Guidelines for Participation via Remote Communication and Voting in Absentia**" appended as **Schedule A** to this Information Statement.*

Item 2. **Dissenters' Right of Appraisal**

2GO Group, Inc. (**2GO** or the **Group** or the **Company**) respects the inherent rights of shareholders under the law. 2GO recognizes that all stockholders should be treated fairly and equally whether they be controlling, majority or minority, local or foreign.

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances:

(a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence;
(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
(c) In case of merger or consolidation; and
(d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Any stockholder who wishes to exercise his appraisal right must have voted against the proposed corporate action, must make a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares as well as comply with all other requirements provided under Title X of the Revised Corporation Code. Failure to make the demand within such period or comply with the requirements provided under Title X of the Revised Corporation Code shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of 2GO at any time since the beginning of the last fiscal year or any nominee for election as a director of 2GO or any associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting other than their re-election to their respective positions.

No director has informed 2GO in writing that he intends to oppose any action to be taken by 2GO at the meeting.

B. CONTROL & COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(1) 2GO has 2,500,662,816 outstanding common shares (net of treasury shares) as of April 15, 2024, with foreign ownership equivalent to 781,680,810 common shares or 31.26% of 2GO's outstanding capital stock. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.

(2) The record date for determining stockholders entitled to notice and to vote during the annual stockholders' meeting and also to this information statement is **April 15, 2024**.

(3) At each election for directors, every common stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his vote by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes on the same principle among any number of candidates. The Company also provides an online voting facility where certified stockholders can cast their votes if not attending in person.

For this year's meeting, the Board of Directors has adopted a resolution allowing stockholders entitled to notice of, and to attend, the meeting, to exercise their right to vote *in absentia*. Registration and voting procedures are further detailed in Item 19.

(4) Security ownership of certain record and beneficial owners and management:

Security ownership of certain record and beneficial owners of five per centum (5%) or more of the outstanding capital stock of the Registrant as of April 15, 2024:

Title of Class	Name and Address of Record Owner and Relationship with 2GO	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**SM Investments Corporation (SMIC)** **10th Floor, One E-com Center, Harbor Drive, Mall of Asia Complex, CBP-1, Pasay City**	- Same -	Filipino	1,654,861,652	66.18%
Common	**Trident Investments Holdings Pte.** **138 Robinson Road** **#12-01, Oxley Tower** **Singapore 068906**	- Same -	Singaporean	781,122,265	31.24%

The persons authorized to vote the shares of SM Investments Corporation is Mr. Frederic C. DyBuncio, while the President of Trident Investments Pte. is authorized to vote the shares of said corporation.

Security Ownership of Management – Record and Beneficial Owners as of April 15, 2024:

Title of Class	Name of Beneficial Owner and Position	Citizenship	Amount and Nature of Ownership Direct (D) or Indirect (I)	Class of Securities Voting	Percent of Class
Common	**Frederic C. DyBuncio** Chairman / President / Chief Executive Officer	Filipino	**100 (D)**	Voting	0.00%
Common	**Elmer B. Serrano** Director	Filipino	**100 (D)**	Voting	0.00%
Common	**Kiat Chan** Director	Singaporean	**100 (I)**	Voting	0.00%
Common	**Sing Mein Ang** Director	Singaporean	**100 (I)**	Voting	0.00%
Common	**Paquito N. Ochoa, Jr.** Independent Director	Filipino	**100 (I)**	Voting	0.00%
Common	**Howard Conrad T. Sy** Director	Filipino	**1 (D)**	Voting	0.00%

Security Ownership of the Directors and Officers in 2GO: Common is 35,800 shares; Preferred – none.

Voting trust holders of 5% or More

No person holds more than five per centum (5%) of a class under a voting trust agreement or similar arrangement.

SMIC Acquisition of Shares in 2GO and Tender Offer

2GO Group, Inc. (**2GO or the Company**) was incorporated in the Philippines on May 26, 1949. Under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock were publicly traded on the Philippine Stock Exchange (**PSE**) until 17 July 2023, the effective date of its voluntary delisting from the PSE Main Board.

As stated in a disclosure dated June 3 2021, SM Investments Corporation (**SMIC**) completed its acquisition from KGLI-NM Holdings, Inc. (KGLI-NM) of 550,558,388 common shares representing 22.36% of the 2GO Group, Inc. (2GO) via a special block sale through the facilities of the PSE, resulting in the increase of SMIC's current shareholding from around 30.53% to approximately 52.85% of 2GO. Following this transaction, 2GO is now a subsidiary of SMIC. The transaction was completed on the same date of the disclosure.

On the same date, Trident Investments Holdings Pte. Ltd. (**Trident**) purchased 230,563,877 common shares in 2GO from KGLI-NM and 550,558,388 common shares from China-ASEAN Marine B.V., or a total of 781,122,265 common shares representing approximately 31.73% of 2GO. The sale transactions were transacted via special block sales through the Philippine Stock Exchange, Inc. The sale transaction was transacted via special block sale through the Philippine Stock Exchange and paid in cash.

Trident is an entity directly controlled and majority owned by Archipelago Asia Focus Fund II Pte Ltd, a company incorporated under the laws of the Republic of Singapore and is indirectly controlled by Archipelago Capital Partners Pte. Ltd. (Archipelago). Archipelago is a Singapore-based private equity firm that is licensed by the Monetary Authority of Singapore and invests across Southeast Asia.

SMIC Tender Offer

On February 28, 2023, the Board of Directors of SMIC approved its conduct of a tender offer for up to 378,817,279 common shares constituting 15.39% of the issued and outstanding common capital stock of 2GO, subject to an independent third party fairness opinion. On the same date, the 2GO Board approved the voluntary delisting of 2GO shares from the Main Board of PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission.

On 10 March 2023, 2GO received the Tender Offer Report from SMIC containing the following details of the tender offer:

a. Tender Offer Shares - up to 378,817,279 2GO common shares;
b. Tender Offer Price – Php14.64 per common share;
c. Tender Offer Period – March 15 to April 28, 2023; and
d. Payment and Settlement Date – May 10, 2023.

During the tender offer period, a total of 352,690,680 common shares or approximately 14.32% of the total issued and outstanding common shares of 2GO were tendered and accepted by SMIC. The accepted Tender Offer Shares were crossed through the PSE on 5 May 2023 (**Cross Date**). The tendered shares were purchased by SMIC at the Tender Offer Price, or for a total consideration of Five Billion One Hundred Sixty-Three Million Three Hundred Ninety-One Thousand, Five Hundred Fifty-Five and 20/100 Pesos (Php5,163,391,555.20). The sale and purchase of the tendered shares were settled no later than 10 May 2023.

As a result, SMIC and Trident Investments Holdings Pte. Ltd. (**Trident**) now own over 95% of the outstanding common stock of 2GO. In particular, SMIC and Trident own a total of 2,435,983,917 common shares or 98.94% of the total outstanding common stock of 2GO, with SMIC owning 1,654,861,652 common shares or 67.21% of the total outstanding common stock of 2GO and Trident owning 781,122,265 common shares or 31.73% of the total outstanding common stock of 2GO. Publicly held shares is now at 1.06% of the total outstanding capital stock of 2GO.

Following the successful tender offer, The Philippine Stock Exchange, Inc. approved the Petition for Voluntary Delisting of 2GO, effective 17 July 2023.

Item 5. **Directors and Executive Officers**

<u>DIRECTORS</u>

The following are the business experience/s of the members of the Board during the last five (5) years:

Mr. Frederic C. DyBuncio*, 64, Filipino, is the President/Chief Executive Officer and a director of 2GO and SM Investments Corporation. He is the Vice Chairman of the Board of Atlas Consolidated Mining and Development Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong, and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at the Asian Institute of Management.
**Mr. DyBuncio was appointed as Chairman of the Board effective June 3, 2021*

Atty. Elmer B. Serrano, 55, Filipino, is a Director and Corporate Secretary of 2GO. Mr. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner and founder of the law firm SERRANO LAW.

Mr. Serrano has been awarded "Asia Best Lawyer" 3 years in a row by the International Financial Law Review (IFLR) for Banking and Finance, Capital Markets, and Mergers & Acquisitions, one of only two exclusively recognized lawyers in all three practice areas the Philippines. This comes after being consistently recognized as a "Highly Regarded-Leading Lawyer" in the same fields by IFLR.

The Legal 500 Asia Pacific also named Mr. Serrano as a "Leading Individual" in Banking & Finance, after constant citation as a "Recommended Lawyer".

Mr. Serrano is the Chairman of Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.) and is a director of 2GO Group, Inc. He is also an Independent Director of Philippine Telegraph and Telephone Corporation.

Mr. Serrano is the Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Premium Leisure Corp., Atlas Consolidated Mining and Development Corporation, as well as subsidiaries of BDO Unibank, Inc., and of DFNN Inc. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies.

Mr. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Atty. Paquito N. Ochoa, Jr., 62, Filipino, founded PNO Management and Legal Consulting in September 2016 after completing his term as a government official. He is currently the President of Manuel L. Quezon University (MLQU) from October 2020.

He is a founding member and partner (on leave) of Marcos Ochoa Serapio Tan Law Firm from 2006 to 2010 and a partner in De Mesa & Ochoa Law Offices from 1995 to 2001.

Atty. Ochoa served as Executive Secretary (Office of the President, Republic of the Philippines) from July 2010 to June 2016. During this period, he also chaired various national government committees among which were, the National Organizing Committee of the 2015 Asia-Pacific Economic Cooperation (APEC), and National Organizing Committee on the Visit of His Holiness Pope Francis in January 2015. He is the longest serving Executive Secretary to date and the only individual to serve the full term of a President.

He also served as City Administrator of the Quezon City Local Government from January 2003 to June 2010 during which period, he introduced prudent spending practices which together with improved revenue collection, allowed the City Government to balance its budget and achieve unprecedented increase in income.

During his stint as Executive Secretary, he was conferred by President Benigno S. Aquino III the Order of Sikatuna with the rank of Datu (Grand Cross, Gold Distinction) in December 2015. He was also conferred Doctor of Laws, Honoris Causa by the Palawan State University, Puerto Princesa City, Palawan.

After his career in public administration (from 2016 to present), Atty. Ochoa focused on leading a team that provides advisory services in two major areas: 1) financial advisory services which include conduct of customary financial due diligence; analysis of business operations, financial condition, and prospects; evaluation of debt capacity and capital structure alternatives; financial restructuring; pre acquisition and post-acquisition evaluation; negotiations leading to Transactions (BOT or JV); and 2) legal and regulatory compliance which include legal due diligence; preparation of contracts and other documents covering Transactions, including negotiations; and compliance with government rules and regulations.

Atty. Ochoa holds a Bachelor of Laws degree from the Ateneo De Manila University (class of 1985). He completed his Bachelor of Arts degree in Economics from the University of Santo Tomas in 1981.

Mr. Howard Conrad T. Sy,*** 35, Filipino, is a member of the Board of 2GO since 6 February 2024. He founded StorageMart Corporation in 2016, a premier self-storage company in the Philippines that currently has 13 branches across Metro Manila. He also sits on the Board of Directors of China Bank Capital Corporation (CBCC) since 2023.

From 2012 to 2014, Howard was working in the infrastructure and real assets investment division at Macquarie. He worked as an Analyst from 2012 to 2014, where he played a key role in significant transactions including an 81MW wind farm and a large oil storage facility with a capacity of 4.7 million barrels. He was then promoted to Associate where he managed an existing oil storage facility while actively identifying and pursuing new infrastructure investment opportunities for the Philippine Investment Alliance for Infrastructure (PINAI) fund.

Howard holds a Bachelor of Commerce degree from the University of Melbourne, where he graduated in the year 2010.
****Mr. Sy was elected as Director at the February 6, 2024 Board of Directors Meeting*

Sing Mein Ang, 69, Singaporean, is a member of the Board of 2GO. He is a logistics and freight forwarding veteran with more than 35 years of experience in shipping, ocean freight forwarding, airfreight forwarding and logistics management in leading global logistics players.

From 2015 to 2017, Sam was the Group Chief Executive Officer of Quantium Solutions International as well as Famous Holdings, the freight forwarding business of Singapore Post. He was also in charge of SP Parcel (a Singapore based express company) and Couriers Please (an Australian based express company). These businesses combined generated more than $500 million in revenue with a staff strength of more than 2,000 across 14 countries in Southeast Asia, Oceania and Europe. Concurrently, Sam was also an Executive Vice President of Singapore Post Limited and was part of its key Senior Leadership team in its transformation journey to become a leading E-Commerce Logistics player.

From 2006 to 2015, Sam was the Chief Executive Officer of DHL Global Forwarding for Southeast Asia and was a member of the DHL Global Forwarding Asia Pacific Management Board. He was responsible for its operations across Southeast Asia, with annual revenue exceeding $1 billion and a staff strength of more than 2,500. He was also Head of the Oil and Gas sector of DHL Global Forwarding for Asia Pacific and Africa. Under his leadership, DHL Global Forwarding Singapore was awarded the Best Performance Country in Southeast Asia in 2004 and the Asia Pacific Country of the Year award in 2005.

Sam holds a Business Administration Degree from the National University of Singapore and is a graduate of INSEAD's Senior Management programme in Fontainebleau, France.

Kiat Chan, 52, Singaporean, is a member of the Board of 2GO Group, Inc.. He is also a Partner and Managing Director of Archipelago Capital Partners, a private equity fund manager investing in Southeast Asia. He had previously served as the Executive Vice President for Investments at Singapore Post Limited, where he led multiple transactions across Asia-Pacific that helped transform the company into a major E-Commerce Logistics player. Prior to that, he had been a consultant at McKinsey & Company, where he advised on strategy, M&A and corporate finance, working with clients across Asia-Pacific in diverse sectors including consumer, energy, transport and logistics. He graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) and holds a Master of Business Administration from INSEAD.

Below is the attendance of the Directors for the meetings held as of December 31, 2023:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Frederic C. Dybuncio	7	7	100%
Francis C. Chua*	4	7	57.14%
Elmer B. Serrano	7	7	100%
Jesus G. Dureza*	7	7	100%
Paquito N. Ochoa Jr.	7	7	100%
Laurito E. Serrano*	7	7	100%
Sing Mein Ang	5	7	71.43%
Kiat Chan	7	7	100%
Stephen Ly*	6	7	85.71%

**Resignation accepted at the February 6, 2024 Board of Directors Meeting*

In accordance with 2GO's By-Laws, nominations to the Board shall be submitted in writing to the Corporate Governance Committee, Board, or Corporate Secretary at least thirty (30) days before the Annual Stockholders' Meeting. This is to ensure that the Corporate Governance Committee has ample time to review and ensure that the candidates to the Board meet all the qualifications and none of the disqualifications to be a director. The Corporate Governance Committee shortlists the final candidates to the Board from the pool of candidates nominate by the shareholders. Based on the final list of candidates, directors are elected by shareholders individually.

The nomination and election process are disclosed in the Manual on Corporate Governance. Voting procedures and rights, and pertinent data on directors are included in the information statement released to shareholders before the start of the nomination period. The entire process of nomination, shortlisting, and subsequent election of directors, enables 2GO to properly identify the quality of directors that are aligned with the strategic direction of 2GO.

The Board conducts an annual assessment of its performance as a whole, its Board Committees, the individual directors, the Chairman of the Board, and the CEO/President. The evaluation is done through the Corporate Governance Committee. The evaluation criteria are based on the duties and responsibilities of the Board, the Board Committees, individual directors, Chairman and President as provided for by the 2GO's By-Laws, Manual on Corporate Governance and respective Board Committee Charters.

Moreover, per the Corporate Governance Committee Charter, the Board's annual self-assessment should be supported by an external facilitator at least once every three (3) years.

EXECUTIVE OFFICERS

The following are the business experience/s of the officers during the last five years:

Mr. William Charles Howell has been the Chief Financial Officer and Treasurer of 2GO since July 2017. He also serves as Vice President of Investments Portfolio at SM Investments Corporation. Previously, he served as CFO and Treasurer of Philippine Geothermal Production Company, Inc. Prior, Mr. Howell held roles in Corporate Development at JDS Uniphase Corporation (now Viavi Solutions Inc.), a technology company listed on the NASDAQ; and Transaction Advisory at Ernst & Young in the San Francisco Bay Area. He brings broad management experience and expertise in accounting, finance, tax, and mergers & acquisitions in various industries including software and technology, distribution, real estate, and energy, among others. He is a Certified Public Accountant in the states of California and Georgia.

Other Corporate Officers

Atty. Arthur A. Sy has been the Assistant Corporate Secretary of 2GO since April 2019. He is the Senior Vice President of Corporate Legal Affairs and Assistant Corporate Secretary at SM Investments Corporation, and is the Corporate Secretary of various major corporations within the SM Group of Companies. He is also the Corporate Secretary of National University. A member of the New York Bar, Mr. Sy holds a Bachelor of Arts degree in Philosophy from the University of Santo Tomas and a Juris Doctor degree from the Ateneo Law School.

Mr. Gener C. Lim is a Senior Vice President of 2GO and President and founder of Special Container and Value Added Services, Inc. (SCVASI), a subsidiary of 2GO. He has been in the company for 37 years with full integrated logistics experience and pioneered 2GO's predecessor, Aboitiz International Forwarders Inc. After graduating accelerated from Air Transport Engineering and passing the CAB Air Traffic Controller Examination, he went to all the cargo IATA courses offered by Philippine Airlines Academy Learning Center. He was also previously appointed as a committee member to author and develop processes in the Philippine Economic Zone Authority. Mr. Lim was also responsible for various JV partnership and international agency agreement as a chairman of International Agency Network Committee under the Aboitiz group. He also served as a Country Manager for Jardines, Baltrans and JV execution of Kerry Logistics. He was one of the first candidates and graduates of the Aboitiz MBA program. He was also appointed to chair the Intellectual Human Capital Committee of the international group which created logistics academy partnership. Mr. Lim also established Abotrans Corporation, the first brokerage business under ATSC. He was also appointed as Philippine Ambassador of ASEAN Isotank Association. In late 2019, he created Project Logistics for 2GO.

Ms. Frances Anne Alonzo Babar is the President of 2GO Express, Inc. and 2GO Land Transport, Inc., both subsidiaries of 2GO. She has more than 24 years of experience in leading various sales, marketing and commercial organizations in various industries, with expertise in planning and strategy, account expansion and diversification, solutions set-up, and business and product development. She previously served as the Vice-President for Sales at Airfreight 2100, Inc. and as General Manager of One Stop Logistics, Inc. (Magsaysay Shipping and Logistics) and held leadership roles for sales, marketing and commercial operations at UBIX Corporation, The Manila Hotel and Sofitel Philippine Plaza. Ms. Babar earned her degree in Bachelor of Science in Psychology from St. Paul University in Manila and completed with high honors her Master's Degree in Business Administration – Top Executive Program from the Pamantasan ng Lungsod ng Maynila (University of the City of Manila).

Ms. Sharon May Ngo is Vice-President and Business Unit Head of 2GO's Sea Solutions. She has 23 years of experience in the domestic shipping industry, most recently as Sea Solutions Business Unit ahead, where she has overseen the growth in containerized volume and RORO segments as well as passenger travel. Her experience includes route optimization, pricing and product management, business development, channel development, account management, A/R and claims management, marketing, and other client-facing roles. Prior to 2GO, she held various category management roles at Coca-Cola Bottlers Philippines, Inc. and freight management roles at Aboitiz System Corp. Ms. Ngo earned her degree in Bachelor of Science in Industrial Engineering from the Mapua Institute of Technology in Manila.

Atty. Phil Ivan A. Chan, 41, is the Assistant Corporate Information Officer of 2GO Group, Inc. He is a co-founder of Serrano Law. He was previously a partner at Martinez Vergara Gonzalez & Serrano. In 2023, Atty. Chan was recognized as "Rising Star Partner" by IFLR1000. Most recently, Atty. Chan was recognized by the Legal 500 Asia Pacific as "Next Generation Partner" for Corporate and M&A in its Legal 500 Asia 2024 Rankings. He also acts as the Assistant Corporate Secretary of listed firm, Premium Leisure Corp. Atty. Chan holds a degree of B.S. Legal Management from Ateneo de Manila University and a Juris Doctor degree from Ateneo Law School.

Significant Employees

The Corporation considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

There are no other family relationships within the fourth degree of consanguinity known to 2GO.

Involvement in Certain Legal Proceedings

To the knowledge and/or information of 2GO, none of its nominees for election as directors, the present members of its Board of Directors or its executive officers, is presently or during the last five (5) years been involved in any legal proceeding in any court or government agency on the Philippines or elsewhere which would put to question their ability and integrity to serve 2GO and its stockholders.

With respect to its nominees for election as directors, the present members of its Board of Directors and its executive officers, 2GO is not aware that during the past five (5) years up to even date of: (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment of such person in a criminal proceeding, excluding traffic violations and other minor offenses; (c) such person being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's involvement in any type of business, securities, commodities or banking activities; and (d) such person being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Nomination of Members of the Board of Directors

Any stockholder of record, including a minority stockholder, entitled to notice of and to vote at the regular or special meetings of the stockholders for the election of directors may be nominated for election to the Board of Directors of the Company. For this purpose, the Company's Amended By-laws incorporated the procedures for the nomination and election of Independent Directors under Rule 38 of the Securities Regulation Code.

The members of the Corporate Governance Committee as of April 15, 2024, are as follows:

Chairman:	Paquito N. Ochoa, Jr.
Members:	Kiat Chan
	Elmer B. Serrano

The Corporate Governance Committee passes upon the qualifications of, and pre-screens, all candidates and prepares the list of pre-qualified nominees for directorship of the Company, including independent directors for the 2023-2024.

As of date, the following have been nominated for election to the Board of Directors for the ensuing year, 2024-2025:

1. Frederic C. DyBuncio
2. Elmer B. Serrano
3. Sing Mein Ang
4. Kiat Chan
5. Paquito N. Ochoa, Jr. as Independent Director
6. Howard Conrad T. Sy

2GO has a pending application with SEC to reduce the number of its directors from nine (9) to six (6), as part of the efforts to privatize 2GO.

Period in Which Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year and until the election and qualification of their successors.

Terms of Office of a Director

The six (6) directors shall be stockholders and shall be elected annually by the stockholders owning a majority of the outstanding common shares of 2GO for a term of one (1) year and shall serve until the election and qualification of their successors.

Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.

Significant Employees

The Corporation considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

There are no other family relationships within the fourth degree of consanguinity known to 2GO.

Involvement in Certain Legal Proceedings

To the knowledge and/or information of 2GO, none of its nominees for election as directors, the present members of its Board of Directors or its executive officers, is presently or during the last five (5) years been involved in any legal proceeding in any court or government agency on the Philippines or elsewhere which would put to question their ability and integrity to serve 2GO and its stockholders.

With respect to its nominees for election as directors, the present members of its Board of Directors and its executive officers, 2GO is not aware that during the past five (5) years up to even date of: (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment of such person in a criminal proceeding, excluding traffic violations and other minor offenses; (c) such person being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's involvement in any type of business, securities, commodities or banking activities; and (d) such person being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

In the ordinary course of business, 2GO has transactions with subsidiaries, associates, and other related companies consisting of ship management services, charter hire, management services, courier services, purchases of steward supplies, availment of stevedoring, arrastre, trucking, rental and repair services. 2GO needs these services to complement its services to its freight and passage customers.

The identification of the related parties transacting business with 2GO and nature of the relationship are discussed in the Notes to the financial statements as of December 31, 2022 (see "Note 20. Related Parties"). 2GO will continue to engage the services of these related parties as long as it is economically beneficial to both parties. The related party transactions stated therein have no substantial effect on the financial statements and do not involve special risks or contingencies. Transaction prices and terms are determined by the parties on an arms-length basis and approved by the Related Party Transactions Committee, and Audit Committee beginning February 6, 2024 while material related party transactions are approved by the Board of Directors in accordance with the Material RPT Policy.

The Corporation has no transaction during the last two years or proposed transaction to which it was or is to be a party in which any of its directors, officers, or nominees for election as directors or any member of the immediate family of any of the said persons had or is to have a direct or indirect material interest.

Moreover, 2GO and its subsidiaries do not have existing or proposed transactions with parties that are considered outside of the definition of "related parties" but have the influence of negotiating the terms of material transactions that may not be available to other, more clearly independent parties on an arm's length basis.

Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No Director has declined to stand for re-election to the Board of Directors since the date of the last annual meeting because of a disagreement with 2GO on matters relating to its operations, policies and practices. Resignations by previous members of the Board have been made voluntarily and not due to disagreement on any matter relating to the 2GO's operations, policies or practices.

Item 6. **Compensation of Directors and Executive Officers**

The following table summarizes certain information regarding compensation paid or accrued during the last three fiscal years and to be paid in the ensuing fiscal year to the Chief Executive Officer and each of the four other most highly compensated executive officers. For clarity, the compensation paid is for their duties as part of the management team and not in consideration of their duties as directors of 2GO:

Board Remuneration:

The members of the Board of Directors received the following remuneration in 2023:

Name	Total
Frederic C. DyBuncio	1,620,000
Francis C. Chua*	999,000
Laurito E. Serrano*	1,080,000
Elmer B. Serrano	1,080,000
Jesus G. Dureza*	1,080,000
Paquito N. Ochoa Jr.	1,080,000
Kiat Chan	1,110,000
Sam Ang	1,080,000
Stephen Ly*	1,170,000
Howard Conrad T. Sy**	0

**Resignations accepted at the February 6, 2024 Board of Directors Meeting*
***Elected at the February 6, 2024 Board of Directors Meeting*

SUMMARY OF COMPENSATION TABLE

Name and Position	Year	Salary	Bonus
1. Frederic C. DyBuncio. - President and Chief Executive Officer 2. Gener C. Lim - Senior Vice President of SCVASI 3. William Charles Howell - Treasurer and Chief Finance Officer 4. Sharon May M. Ngo - Vice President of Sea Solutions 5. Apollo G. Santos - Vice President of Ship Management & Technical Services	2024 Estimate	46,640,200	7,773,367
All other officers and directors as a group unnamed		52,086,549	8,681,092
1. Frederic C. DyBuncio. - President and Chief Executive Officer 2. William Charles Howell - Treasurer and Chief Finance Officer 3. Gener C. Lim - Senior Vice President of SCVASI 4. Anna Estela E. Vicencio - Vice President of Scanasia Overseas Inc.	2023	50,540,651	8,423,442

5. Dan Paulo L. Fernan - Chief Operating Officer - Shipping			
All other officers and directors as a group unnamed		61,321,303	10,220,217
1. Frederic C. DyBuncio. - President and Chief Executive Officer 2. Waldo C. Basilla - Chief Operating Officer of 2GO Group, Inc. 3. Jose S. Ejercito - President of Scanasia Overseas Inc. 4. William Charles Howell - Treasurer and Chief Finance Officer 5. Dan Paulo L. Fernan - Chief Operating Officer - Shipping	2022	45,789,000	7,220,175
All other officers and directors as a group unnamed		41,187,180	6,864,530

2GO has no significant or special arrangements of any kind as regard to the compensation of all officers and directors other than the funded, noncontributory tax-qualified retirement plans covering all regular employees. Once an officer or director has resigned, they are no longer entitled to any compensation outside of the qualified retirement plans, if applicable.

Each director receives a monthly allowance of ₱80,000 except for the Chairman of the Board who receives ₱ 120,000 a month. Further, a per diem of ₱30,000 is given to each Director and ₱45,000 for the Chairman for every Board meeting attended.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from 2GO, the above-mentioned directors and officers do not receive any profit sharing nor any other compensation in the form of warrants, options, bonuses etc.

Likewise, there are no standard arrangements that compensate directors directly or indirectly, for any services provided to 2GO either as director or as committee member or both or for any other special assignments.

Item 7. **Independent Public Accountants**

SGV & Co. is being recommended for re-appointment as the Company's external auditor for 2024, for approval by the stockholders at the scheduled Annual Stockholders' Meeting. Representatives of SGV & Co. are expected to be present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

SGV & Co. was appointed as the external auditor of 2GO starting calendar year 2017. SGV & Co. replaced the previous auditor, R.G. Manabat and Co.

To comply with the requirement of SRC Rule 68 (3)(b)(ix) on the seven (7) year Rotation of External Auditors Signing Partner, Mr. Albert R. Bon has been the Signing Partner of the financial audit since 2020. Prior to him, Ms. Josephine H. Estomo, Partner of SGV & Co., handled the financial audit from years 2017 to 2019.

Pursuant to the Charter of the Audit Committee, the Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. Prior to commencement of audit, the Committee is mandated to discuss with the external auditor the nature, scope and approach, of the audit including coordination of audit effort with internal audit. The Manual on Corporate Governance also provides that the Committee shall pre-approve all audit plans, scope and frequency one month before the conduct of external audit.

The Committee also evaluates the performance of the external auditor and recommends to the Board the appointment, re-appointment or removal of the external auditor. The Committee further reviews the independence of the external auditor and meets with the latter separately to discuss any matters that either party believes should be discussed privately.

The members of the Audit Committee are as follows:

Chairman: Mr. Paquito N. Ochoa, Jr. (ID)

Members: Mr. Kiat Chan
Mr. Howard Conrad T. Sy**
***Appointed at the February 6, 2024 Board of Directors Meeting*

The Audit Committee and the Board of Directors endorse for stockholder approval the re-appointment of SGV & Co. appointed as the external auditor for the year 2023.

(1) External Audit Fees and Services

	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Audit Fees	**5,650,000**	**5,500,000**	**5,850,000**
Audit-Related Fees	**-**	**-**	**-**
All Other Fees	**-**	**-**	**-**
TOTAL	**5,650,000**	**5,500,000**	**5,850,000**

Audit Fees

This represents professional fees paid to SGV & Co. for financial assurance services rendered for 2GO's Annual Financial Statements, review, and opinion for the SEC Annual Report as of December 31, 2023.

All Other Fees

This represents fees for services paid to SGV & Co. for other consultancy services rendered.

Audit services provided to 2GO by external auditor SGV & Co. have been pre-approved by the Audit Committee and recommended to the Board of Directors for approval. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

Item 8. **Compensation Plans**

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

No action will be presented for shareholders' approval at this annual meeting which involves authorization or issuance of any securities.

Item 10. **Modification or Exchange of Securities**

No action will be presented for shareholders' approval at this annual meeting which involves the modification of any class of the Company's securities, or the issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

Representatives of the Company's external auditor, SGV & Co., are expected to be present at the annual meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

No action will be presented for shareholders' approval at the ASM in respect of (1) the merger or consolidation of 2GO into or with any other person, or of any other person into or with 2GO, (2) acquisition by 2GO or any of its shareholders of securities of another person, (3) acquisition by 2GO of any other ongoing business or of the assets thereof, (4) the sale or transfer or all or any substantial part of the assets of 2GO, or (5) liquidation or dissolution of 2GO.

Item 13. **Acquisition or Disposition of Property**

No action will be presented for shareholders' approval at this annual meeting which involves the acquisition or disposition of any property.

Item 14. **Restatement of Accounts**

No action will be presented for shareholders' approval at this annual meeting which involves the restatement of any of the Company's assets, capital or surplus account.

D. <u>OTHER MATTERS</u>

Item 15. **Action with Respect to Reports**

During the Annual Stockholders' Meeting held on April 18, 2023 via remote communication, a total of 2,409,564,081 shares were present, in person or by proxy, representing approximately 97.86% of the outstanding shares of 2GO.

The Stockholders approved the Minutes of the Previous Annual Stockholders Meeting held last May 26, 2022, ratified the resolutions passed by its Board of Directors and the President covering the period from May 26, 2022 up to April 18, 2023, and noted the Management and Financial Reports for 2022. The Stockholders likewise cast all their votes equally in favor of the 9 individuals nominated as Directors who shall serve for the ensuing year and until their successors are duly elected and qualified.

The following matters with respect to minutes of the annual stockholders' meeting held on April 18, 2023 of the Company and resolutions adopted by its Board of Directors will be presented for approval during the stockholders' meeting:

a) Minutes of the annual meeting of stockholders held on April 18, 2023, appended to this Information Statement as Annex "A". These minutes fully reflect the proceedings during the meeting, including:
    a. a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor SGV & Co., which was especially engaged as third-party validator for the meeting;

    b. a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given; and

    c. the list of directors and officers and a description of stockholders who participated in the meeting, duly certified by the Corporate Secretary, verified by the Company's Stock Transfer Agent, BDO Stock Transfer.

    These minutes were posted in the Company's website within twenty-four (24) hours from adjournment of the meeting. The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in meeting.

    b) General approval and ratification of the acts of the Board of Directors, its Committees, and the Management during their term of office commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting. These are covered by Resolutions of the Board of Directors and were entered into or made in the ordinary course of business, the significant acts or transactions which are covered by appropriate disclosures with the Securities and Exchange Commission and Philippine Stock Exchange, Inc.

The following matters with respect to minutes of the special stockholders' meeting of the Company held on November 6, 2023, appended to this Information Statement as Annex "B" will also be presented for approval during the annual stockholders' meeting:

a) Amendment of the Seventh Article of the Articles of Incorporation to:

    a. Re-classify 330 redeemable preferred shares into common shreas; and
    b. Increase the par value of common shares from Php 1.00 to Php 1,000.00 per share

b) Reduction of the number of directors from nine to six and corresponding amendments to the Sixth Article of the Articles of Incorporation and Section 2, Article IV of the By-Laws

c) Delegation of authority to the Board of Directors to amend the By-Laws

For the period ended December 31, 2023, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

All stockholders as of Record Date are entitled to vote in absentia for this meeting by registering and voting through the Company's secure online voting facility. For the detailed discussion of stockholders' voting rights and voting procedures, please refer to Item 19 (Voting Procedures) and the ***"Guidelines for Participation via Remote Communication and Voting in Absentia"*** appended to this Information Statement.

Item 16. **Matters Not Required to be Submitted**

All corporate actions to be taken up at the annual stockholders' meeting on May 23, 2024 will be submitted to the stockholders of 2GO for their approval in accordance with the requirements of the Revised Corporation Code.

Item 17. **Amendment of Charter, By-laws or Other Documents**

No action will be presented for stockholders' approval at this year's annual meeting with respect to the amendment of the Company's Articles of Incorporation and By-Laws.

Item 18. **Other Proposed Actions**

The ratification of all acts of the Board of Directors and Board Committees for the period starting April 18, 2023 shall likewise be submitted, for ratification, to the stockholders owning or representing at least a majority of the outstanding capital stock.

These acts were adopted primarily in the ordinary course of business (including those which have been the subject of previous disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange (prior to 2Go's delisting from its Main board) during said period), such as but not limited to:

Date of Disclosure	Subject
February 22, 2023	Approval of 2022 Audited Financial Statements
February 22, 2023	Setting of the 2023 Annual Shareholders' Meeting on 18 April 2023 and with Record Date on 19 March 2023 Approval of Merger of 2GO and its subsidiary, Special Container and Value Added Services, Inc., with 2GO as the surviving entity.
February 28, 2023	Approval of Board of Directors of SM Investments Corporation of conduct of tender offer for 2GO shares
March 1, 2023	Approval of Board of Directors to Voluntarily Delist 2GO shares from Main Board of PSE
March 6, 2023	Approval of Board of Directors of SM Investments Corporation of tender offer price and tender offer period
March 10, 2023	Tender Offer Report

Date of Disclosure	Subject
April 18, 2023	Results of Annual Meeting of Stockholders
April 18, 2023	Notice of Voluntary Delisting
June 29, 2023	Approval to Voluntarily Delist
August 9, 2023	Results of Meeting of Board of Directors
September 20, 2023	Postponement of the distribution of the Written Assent Form to the Corporation's Stockholders
October 3, 2023	Results of Meeting of Board of Directors
November 6, 2023	Results of Special Shareholders' Meeting
February 8, 2024	Results of Meeting of Board of Directors
April 12, 2024	Setting of Annual Shareholders' Meeting

The election of the Board of Directors shall likewise be submitted to the stockholders for their approval.

Item 19. **Voting Procedures**

(a) Vote Requirement

All actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.

(b) Vote Counting

Each stockholder entitled to vote may do so in person or by proxy, for each share of stock held by him. As provided in Section 7, Article II of the By-laws of 2GO, except upon demand by any stockholder, votes shall upon any question be by viva voce or show of hand, except with respect to procedural questions that shall be determined by the Chairman of the meeting.

For this year's Annual Stockholders' Meeting, the Board of Directors approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote *in absentia*.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company, shall be provided with unique log-in credentials to securely access the voting portal.

Stockholders and proxy holders can then cast their votes on specific matters for approval, including the election of directors. Votes will then be automatically tabulated and counted at the close of voting for each agenda item during the meeting.

The Corporate Secretary is tasked and authorized to validate, count and tabulate votes by stockholders.

Pursuant to the Company's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary five (5) business days prior the meeting. Duly signed proxy forms should therefore be submitted no later than May 16, 2024 at the Office of the Corporate Secretary at the 1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, Philippines for validation. A sample format of the proxy form is here attached and will also be available at the Company website at www.2go.com.ph/asm.

The Corporate Secretary will lead the validation of proxies, in coordination with 2GO's stock and transfer agent. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participating via Remote Communication and Voting in Absentia" appended as Schedule "A" to this Information Statement.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Bonifacio Global City on APR 17 2024.

Elmer B. Serrano
Corporate Secretary

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Consolidated Audited Financial Statements of the Company and its subsidiaries for the year ended and as of December 31, 2023 will be attached to the Definitive Information Statement.

II. DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There were no disagreements with SGV and Co. in 2023 with regard to any matter relating to accounting principles or practices or financial disclosures or auditing scope or procedure.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Financial information for the years ended December 31, 2023 and 2022 are as follows.

Results of Operations for the Years Ended December 31, 2023 and 2022

Amounts in millions		Dec 31, 2023		Dec 31, 2022	% Change
Revenue	₱	**15,956**	₱	**14,542**	**10%**
Costs of Services and Goods Sold		13,221		12,859	(3%)
Gross Profit		**2,735**		**1,683**	**63%**
General and Administrative Expenses		1,241		977	(27%)
Operating Income		**1,494**		**706**	**112%**
Other Charges		243		357	32%
Provision for Income Tax		104		54	(91%)
Net Income (Loss) from Continuing Operations	₱	**1,147**	₱	**294**	**290%**
Net Income (Loss) from Discontinued Operations		(197)		18	(1,201%)
Net Income (Loss)	₱	**950**	₱	**312**	**205%**
Add back:					
Financing Charges (Interest)		496		490	(1%)
Provision for Income Tax		110		58	(88%)
Depreciation and Amortization		1,286		1,362	6%
EBITDA	₱	**2,842**	₱	**2,222**	**28%**

2GO Group, Inc. and subsidiaries (2GO or Group) delivered Net Income from Continuing Operations of ₱1.15B in 2023, a 290% increase year-over-year (YoY). 2GO continues to focus on profitable services and customers, driving efficiencies in operations and disciplined cost controls. During 2023, 2GO discontinued its lower margin Distribution business which resulted in Net Loss from Discontinued Operations of ₱197M. In total 2GO delivered Net Income of ₱950M in 2023, a 205% increase year-over-year.

Revenue increased 10% to ₱16.0B in 2023 from ₱14.5B in 2022. Shipping revenue, comprised of sea freight and passenger travel, increased 12%. Passenger travel increased 68% or ₱950M, while Sea freight increased 1% or ₱53M. Logistics and other services revenue increased 6% or ₱411M. Shipping accounted for 57% and Non-shipping accounted for 43% of total revenue during 2023, compared to 56% and 44% respectively during 2022.

Cost of services and goods sold increased 3%. General and administrative expenses increased 27% for additional costs to support the growth in business and for IT investments to help drive scale and efficiencies.

Other charges decreased 32% to ₱243M in 2023 compared to ₱357M in 2022. Finance charges were flat at 496M, while equity in net income of associates increased ₱95M or 162% and other income increased ₱20M or 33%.

2GO delivered EBITDA of ₱2.8B at 17.8% margin in 2023, a 28% or ₱620M increase from ₱2.2B at 15.3% margin in 2022.

Financial Position as of December 31, 2023 and December 31, 2022

Amounts in millions		As of Dec 31, 2023		Dec 31, 2022	% Change
Current Assets	₱	5,462	₱	6,624	(18%)
Noncurrent Assets		9,338		7,768	20%
Total Assets	**₱**	**14,800**	**₱**	**14,392**	**3%**
Current Liabilities	₱	7,498	₱	11,210	(33%)
Noncurrent Liabilities		5,405		2,187	147%
Total Liabilities	**₱**	**12,903**	**₱**	**13,397**	**(4%)**
Total Equity		1,897		995	91%
Total Liabilities and Equity	**₱**	**14,800**	**₱**	**14,392**	**3%**

Total Assets increased 3% from ₱14.4B to ₱14.8B, while Total Liabilities decreased 4% from ₱13.4B to ₱12.9B.

Assets
Current Assets decreased 18% from ₱6.6B to ₱5.5B. Cash and Cash Equivalents increased 5% from ₱725M to ₱ 762M due to higher revenue and improved collections. Accordingly, Trade and Other Receivables, net of Allowance for Doubtful Accounts, decreased 29% from ₱3.4B to ₱2.4B.

Noncurrent Assets increased 20% from ₱7.8B to ₱9.3B due to a net increase in Fixed Assets.

Liabilities
Current Liabilities decreased 33% from ₱11.2B to ₱7.5B mainly from the refinancing of Long-term debt in April. Short-term Notes Payable decreased 21% from ₱2.3B to ₱1.8B from debt repayments.

Noncurrent Liabilities increased 147% from ₱2.2B to ₱5.4B mainly from the aforementioned refinancing of Long-term debt.

Equity
Total Equity increased 91% from ₱995M to ₱1.9B as 2GO delivered Net Income of ₱950M in 2023.

Key Variable and Other Qualitative and Quantitative Factors.

(i) Any known trends, events or uncertainties (material impact on liquidity)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to have a material impact on the Company's liquidity

(ii) Events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to 2GO, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons during the reporting period.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there is no material off-balance sheet transaction, arrangement, obligation, and other relationships of 2GO with unconsolidated entities or other persons incurred during the reporting period.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

Capital expenditures are part of the Company's normal course of business. These are funded through cash generated from operations or additional borrowings.

(v) Any known trends, events or Uncertainties (Material Impact on Sales)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to affect the Group's sales.

(vi) Any Significant Elements of Income or Loss (from continuing operations)

All significant elements of income or loss from continuing operations are discussed in the management discussion and notes to the consolidated financial statements. Likewise, any significant elements of income or loss that did not arise from continuing operations are disclosed either in the management discussion or notes to the consolidated financial statements.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

All causes for Any Material Changes from Period to Period of the FS are discussed Part III – Results of Operations above and in the management discussion and notes to the consolidated financial statements.

(viii) Seasonal Aspects that has Material effect on the FS.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known seasonal aspects that are expected to affect the Group's continuing operations.

Key Performance Indicators

The following are the key financial ratios of the Group for the years ended December 31, 2023 and 2022 and as of December 31, 2023 and December 31, 2022.

	Dec 31, 2023	Dec 31, 2022
Revenue Growth	9.7%	41.2%
Net Income Margin	6.0%	2.1%
EBITDA (in Millions of Pesos)	₱ 2,842	₱ 2,222
EBITDA Margin	17.8%	15.3%
	As of	
	Dec 31, 2023	Dec 31, 2022
Current Ratio	0.7	0.6
Bank Debt to Total Equity Ratio	3.0	6.3
Total Liabilities (less effect of PFRS 16) to Total Equity	5.9	11.8
Total Liabilities to Total Equity	6.8	13.5

Net Income Margin improved to 6.0% in 2023 vs. 2.1% in 2022. EBITDA improved 28% or ₱620M to ₱2.8B at 17.8% margin in 2023 compared to ₱2.2B and 15.3% in 2022.

Current Ratio is 0.7 and 0.6 as of December 31, 2023, and 2022, respectively. Bank Debt to Total Equity decreased to 3.0 as of December 31, 2023, from 6.3 as of December 31, 2022, due to repayments of borrowings and continuing profitability which increased equity, while Total Liabilities to Total Equity decreased to 6.8 from 13.5. Excluding the effect of the adoption of PFRS 16, Total Liabilities to Total Equity improved to 5.9 from 11.8.

The Group calculates the key financial ratios as follows:

Revenue Growth	(Total Revenue current period / Total Revenue prior period) – 1
Net Income Margin	Net Income / Total Revenue
EBITDA	Net Income + Interest + Income Tax + Depreciation & Amortization
EBITDA Margin	EBITDA / Total Revenue
Current Ratio	Current Assets / Current Liabilities
Bank Debt to Total Equity	Total Bank Debt / Total Equity
Total Liabilities (less effect of PFRS 16) to Total Equity	(Total Liabilities – Capitalized Operating Leases) / Total Equity

Total Liabilities to Total Equity	Total Liabilities / Total Equity

Company Outlook

2GO continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping and logistics services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group primarily operates roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery.

For 2024, 2GO continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. 2GO plans to achieve this through more streamlined operations and collaboration within its business units, investment in vessels and equipment, warehousing and logistics information technology solutions for customers, and synergies and best practices. Management is confident that 2GO will further its growth and become an even stronger shipping and logistics solutions provider going forward.

The Financial information for the years ended December 31, 2022 and 2021 are as follows.

Results of Operations for the Years Ended December 31, 2022 and 2021

Amounts in millions		Dec 31, 2022		Dec 31, 2021	% Change
Revenue	**₱**	**19,268**	**₱**	**15,408**	**25%**
Costs of Services and Goods Sold		17,496		14,814	(18%)
Gross Profit		**1,772**		**594**	**198%**
General and Administrative Expenses		1,035		1,344	23%
Operating Income		**738**		**(750)**	**198%**
Other Charges		367		349	(5%)
Provision for Income Tax		58		44	(33%)
Net Income (Loss)	**₱**	**312**	**₱**	**(1,143)**	**127%**
Add back:					
Financing Charges (Interest)		490		417	(17%)
Provision for Income Tax		58		44	(33%)
Depreciation and Amortization		1,362		1,453	6%
EBITDA	**₱**	**2,222**	**₱**	**771**	**188%**

2GO Group, Inc. and subsidiaries ("2GO" or the "Group") delivered a ₱1.46B or 127% turnaround year-over-year ("YoY") with Net Income of ₱312M in 2022 vs. Net Loss of ₱1.14B in 2021. 2GO's performance was driven by focusing on profitable services and customers together with improving market conditions and continued cost controls to drive scale and efficiencies. Total revenue increased 25% YoY, while total operating costs increased only 15% which led to Operating Income of ₱738M in 2022, an improvement of ₱1.49B or 198% vs. 2021. EBITDA improved 188% YoY to ₱2.22B at 11.5% margin in 2022 compared to ₱771M and 5.0% in 2021.

Shipping revenue, which is comprised of sea freight and passenger travel, increased 67% YoY. Sea freight revenue increased 48%. Travel revenue increased 217%. Revenue from Logistics and other services increased 30% YoY from continued growth of 2GO's cold chain reefers and ISOtank containers, forwarding, ecommerce fulfillment, and international courier business. Distribution revenue declined 10% YoY as 2GO focused on more profitable principals. Shipping accounted for 33% and Non-shipping accounted for 67% of total revenue during 2022, compared to 25% and 75% respectively during 2021.

Cost of services and goods sold increased 18% YoY due to higher volumes for shipping and certain logistics services, offset by 14% lower cost of goods sold for the distribution business. Fuel costs increased 46% YoY. General and administrative expenses decreased 23% YoY due to continued focus on cost controls and lower provisions for doubtful accounts.

Financial Position as of December 31, 2021 and December 31, 2020

		As of			
Amounts in millions		Dec 31, 2022		Dec 31, 2021	% Change
Current Assets	₱	6,624	₱	6,598	0%
Noncurrent Assets		7,768		6,321	23%
Total Assets	**₱**	**14,392**	**₱**	**12,919**	**11%**
Current Liabilities	₱	11,210	₱	7,421	51%
Noncurrent Liabilities		2,187		4,859	(55%)
Total Liabilities	**₱**	**13,397**	**₱**	**12,280**	**9%**
Total Equity		995		639	56%
Total Liabilities and Equity	**₱**	**14,392**	**₱**	**12,919**	**11%**

Total Assets increased 11% from ₱12.9B to ₱14.4B, while Total Liabilities increased 9% from ₱12.3B to ₱13.4B.

Assets
Current Assets is flat at ₱6.6B. Trade and Other Receivables, net of Allowance for Doubtful Accounts increased 19% from ₱2.9B to ₱3.4B in line with the 25% YoY revenue growth in 2022. Inventories decreased 4% YoY due to lower ending inventory of the distribution business. Other current assets decreased 23% YoY due to the reclassification of CWT that is not expected to be utilized in 2023 to noncurrent.

Noncurrent Assets increased 23% from ₱6.3B to ₱7.8B as 2GO capitalized two facility lease renewals in accordance with PFRS 16 on Leases and CWT reclassification as discussed above.

Liabilities
Current Liabilities increased 51% to ₱11.2B from ₱7.4B, mainly due to ₱3.5B of long-term debt, reclassified to current as the debt is due in the next 12 months. Obligations under lease increased 145% or ₱205M due to capitalization of right-to-use assets and lease obligations of 2GO's facilities. Conversely, Short-term Notes Payable decreased 26% from ₱3.1B to ₱2.3B as 2GO repaid part of its short-term debt. Trade and Other Payables increased 21% from ₱4.2B to ₱5.1B in line with the increased cost of services.

Noncurrent Liabilities decreased 55% from ₱4.9B to ₱2.2B due to the reclassification of long-term debt discussed in the previous paragraph.

Equity
Total Equity increased 56% from ₱639M to ₱994M due to Net Income of ₱312M in 2022.

Key Variable and Other Qualitative and Quantitative Factors.

(ii) Any known trends, events or uncertainties (material impact on liquidity)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to have a material impact on the Company's liquidity

(ii) Events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to 2GO, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons during the reporting period.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there is no material off-balance sheet transaction, arrangement, obligation, and other relationships of 2GO with unconsolidated entities or other persons incurred during the reporting period.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

Capital expenditures are part of the Company's normal course of business. These are funded through cash generated from operations or additional borrowings.

(v) Any known trends, events or Uncertainties (Material Impact on Sales)

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known trends, events, or uncertainties that are expected to affect the Group's sales.

(vi) Any Significant Elements of Income or Loss (from continuing operations)

All significant elements of income or loss from continuing operations are discussed in the management discussion and notes to the consolidated financial statements. Likewise, any significant elements of income or loss that did not arise from continuing operations are disclosed either in the management discussion or notes to the consolidated financial statements.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

All causes for Any Material Changes from Period to Period of the FS are discussed Part III – Results of Operations above and in the management discussion and notes to the consolidated financial statements.

(viii) Seasonal Aspects that has Material effect on the FS.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no known seasonal aspects that are expected to affect the Group's continuing operations.

Key Performance Indicators

The following are the key financial ratios of the Group for the years ended December 31, 2022 and 2021 and as of December 31, 2022 and December 31, 2021.

	Dec 31, 2022	Dec 31, 2021
Revenue Growth	25.1%	(11.5%)
Net Income Margin	1.6%	(7.4%)
EBITDA (in Millions of Pesos)	₱ 2,222	₱ 771
EBITDA Margin	11.5%	5.0%
	As of	
	Dec 31, 2022	Dec 31, 2021
Current Ratio	0.6	0.9
Interest Bearing Debt to Total Equity	8.0	12.1
Total Liabilities (less effect of PFRS 16) to Total Equity	11.8	18.2
Total Liabilities to Total Equity	13.5	19.2

Net Income margin improved to 1.6% in 2022 vs. -7.4% in 2022. EBITDA improved 188% YoY to ₱2.22B at 11.5% margin in 2022 compared to ₱771M and 5.0% in 2021.

Current Ratio is 0.6 and 0.9 as of December 31, 2022, and 2021, respectively. Interest Bearing Debt to Total Equity improved to 8.0 as of December 31, 2022, from 12.1 as of 2021, while total Liabilities to Total Equity improved to 13.5 from 19.2. Excluding the effect of the adoption of PFRS 16, Total Liabilities to Total Equity improved to 11.8 from 18.2 and Bank Debt to Total Equity improved to 6.3 from 11.1.

The Group calculates the key financial ratios as follows:

Revenue Growth (Total Revenue current period / Total Revenue prior period) – 1

Net Income Margin	Net Income / Total Revenue
EBITDA	Net Income + Interest + Income Tax + Depreciation & Amortization
EBITDA Margin	EBITDA / Total Revenue
Current Ratio	Current Assets / Current Liabilities
Interest Bearing Debt to Total Equity	Total Interest Bearing Debt / Total Equity
Total Liabilities (less effect of PFRS 16) to Total Equity	(Total Liabilities – Capitalized Operating Leases) / Total Equity
Total Liabilities to Total Equity	Total Liabilities / Total Equity

Company Outlook

2GO continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group primarily operates roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

For 2023, 2GO continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. 2GO plans to achieve this through more streamlined operations and collaboration within its business units, investment in warehousing and logistics information technology solutions for customers, and synergies and best practices from its new shareholders. Management is confident that 2GO will further its growth and become an even stronger logistics solutions provider going forward.

Results of Operations for the Years Ended December 31, 2021 and 2020

Amounts in millions		Dec 31, 2021		Dec 31, 2020	% Change
Revenue	₱	**15,408**	₱	**17,409**	**(11%)**
Costs of Services and Goods Sold		14,814		17,442	15%
Gross Profit		**594**		**(33)**	**(1,875%)**
General and Administrative Expenses		1,344		897	(50%)
Other Operational Expenses		-		230	100%
Operating Income		**(750)**		**(1,161)**	**35%**
Other Charges		349		663	47%
Provision for Income Tax		44		19	(129%)
Net Income (Loss)	₱	**(1,143)**	₱	**(1,843)**	**38%**
Add back:					
Financing Charges (Interest)		417		406	(3%)
Provision for Income Tax		44		19	(129%)
Depreciation and Amortization		1,453		1,856	22%
EBITDA	₱	**771**	₱	**439**	**76%**

2GO Group, Inc. and subsidiaries ("2GO" or the "Group") incurred a Net Loss of ₱1.14 billion in 2021 which is a 38% improvement from the 2020 Net Loss of ₱1.84 billion. 2GO intends to address the 2021 loss by the fleet modernization and investments in IT systems. 2GO trimmed its losses in 2021 from the year prior by focusing on profitable customers and services and through stringent cost controls. Total revenue declined 11% year-over-year ("YoY"). Total costs also declined 13% YoY. EBITDA improved 76% YoY to ₱771 million at 5% margin in 2021 compared to ₱439 million and 3 % in 2020.

Shipping revenue, which is comprised of sea freight and passenger travel revenue, decreased 1% YoY. Sea freight revenue increased 12% YoY. However, this growth was offset by a 48% decline in passenger travel revenue resulting as a result of quarantine-related travel restrictions in 2021 compared to 2020 which had unrestricted pre-pandemic travel in January and February. In 2021, 2GO acquired two large ROPAX vessels, M.V. 2GO Maligaya and M.V. 2GO Masagana, as part of the Group's fleet modernization plan. These replaced two retiring ROPAX vessels.

Revenue from Logistics and other services increased 4% YoY from growth of 2GO's cold chain reefers and ISOtank containers, ecommerce fulfillment, and international courier businesses. Distribution revenue declined 29% YoY due to weaker consumer spending and changes to product mix. For the year 2021, Shipping accounted for 25% and Non-shipping accounted for 75% of total revenue, compared to 22% and 78% respectively, in 2020.

Cost of services and goods sold decreased 15% YoY due to lower volumes from the distribution business and 2GO's efforts to improve efficiencies and control costs, mainly transport and delivery expenses. General and administrative expenses increased mainly due to provisions for doubtful accounts and computer charges for new IT systems. Other components of G&A expenses were flat or lower YoY.

Financial Position as of December 31, 2021 and December 31, 2020

	As of				
Amounts in millions		Dec 31, 2021		Dec 31, 2020	% Change
Current Assets	₱	6,598	₱	8,078	(18%)
Noncurrent Assets		6,321		6,681	(5%)
Total Assets	**₱**	**12,919**	**₱**	**14,759**	**(12%)**
Current Liabilities	₱	7,421	₱	8,508	(13%)
Noncurrent Liabilities		4,859		4,585	6%
Total Liabilities	**₱**	**12,280**	**₱**	**13,092**	**(6%)**
Total Equity		639		1,667	(62%)
Total Liabilities and Equity	**₱**	**12,919**	**₱**	**14,759**	**(12%)**

Total Assets decreased 12% to ₱12.9 billion, while Total Liabilities decreased 6% to ₱12.3 billion.

Assets
Current Assets decreased 18% to ₱6.6 billion from ₱8.1 billion. Cash and Cash Equivalents decreased 25% to ₱ 670 million from ₱890 million. Trade and Other Receivables, net of Allowance for Doubtful Accounts, decreased 29% to ₱2.9 billion from ₱4.1 billion. The decrease in Trade and Other Receivables in 2021 was due to improved collections by the various business units and a decrease in nontrade receivables, which included the current portion of a receivable with a related party settled in 2021.

Noncurrent Assets decreased 5% to ₱6.3 billion from ₱6.7 billion. Property and equipment increased 4% from ₱ 4.8 billion to ₱5.0 billion due to ROPAX vessel re-fleeting in 2021. Other noncurrent assets decreased by 66% from ₱802 million to ₱276 million mainly due to the settlement of a long-term receivable from a related party in 2021.

Liabilities
Current Liabilities decreased 13% to ₱7.4 billion from ₱8.5 billion. Trade and Other Payables decreased 30% to ₱ 4.2 billion from ₱6.0 billion due to reductions in trade payables, accrued expenses, and nontrade payables, as the Group worked with its various vendors and suppliers to settle long-outstanding payables Short-term Notes Payable increased ₱943 million or 44% to ₱3.1 billion from ₱2.2 billion due to additional short-term borrowings by the Group.

Noncurrent Liabilities increased 6% to ₱4.9 billion from ₱4.6 billion as 2GO partially financed its vessel acquisitions.

Equity
Total Equity decreased 62% to ₱639 million from ₱1.7 billion due to the Net Loss incurred in 2021.

Key Performance Indicators

The following are the key financial ratios of the Group for the years ended December 31, 2022 and 2021 and as of December 31, 2022 and December 31, 2021.

		Dec 31, 2021		Dec 31, 2020
Revenue Growth		(11%)		(19%)
Net Income Margin		(7%)		(11%)
EBITDA (in Millions of Pesos)	₱	771	₱	439
EBITDA Margin		5%		3%
		As of		
		Dec 31, 2021		Dec 31, 2020
Current Ratio		0.9		0.9
Interest Bearing Debt to Total Equity		12.1		4.0
Total Liabilities (less effect of PFRS 16) to Total Equity		18.2		7.3
Total Liabilities to Total Equity		19.2		7.9

EBITDA improved 76% YoY to ₱771 million at 5% margin in 2021 compared to ₱439 million and 3 % in 2020.

Current Ratio is as of 0.9 December 31, 2021 and 2020. Interest Bearing Debt to Total Equity increased to 12.1 as of December 31, 2021 from 4.0 as of 2020, while Total Liabilities to Total Equity increased to 19.2 from 7.9. Excluding the effect of the adoption of PFRS 16, Total Liabilities to Total Equity increased to 18.2 from 7.3.

Results of Operations for the Years Ended December 31, 2020 and 2019

Amounts in millions		Dec 31, 2020		Dec 31, 2019	% Change
Revenue	₱	**17,409**	₱	**21,410**	**(19%)**
Costs of Services and Goods Sold		16,857		19,655	14%
Gross Profit		**552**		**1,755**	**(69%)**
General and Administrative Expenses		1,483		1,509	2%
Other Operational Expenses		230		198	(16%)
Operating Income		**(1,161)**		**48**	**(2,544%)**
Other Charges		663		377	(76%)
Provision for Income Tax		19		90	79%
Net Income (Loss) from Continuing Operations	₱	**(1,843)**	₱	**(419)**	**(340%)**
Net Income (Loss) from Discontinued Operations	₱	-	₱	(473)	100%
Net Income (Loss)	₱	**(1,843)**	₱	**(892)**	**(107%)**
Add back:					
Financing Charges (Interest)		406		421	4%
Provision for Income Tax		19		90	79%
Depreciation and Amortization		1,856		2,300	19%
EBITDA	₱	**439**	₱	**1,919**	**(77%)**

2GO Group, Inc. and subsidiaries incurred a Net Loss of ₱1.8 billion during 2020 primarily due to the reduced economic activity brought about by the COVID-19 pandemic. 2GO incurred a Net Loss of ₱892 million during 2019.

The Group's revenue decreased 19% year-over-year (YoY). Travel revenue declined by 78% YoY or ₱2.9 billion due to ongoing quarantine-related travel restrictions which began in mid-March and persisted throughout the rest of the year. Freight revenue from Shipping declined 10% while revenue from Logistics and other services declined 13% YoY, with the steepest declines occurring from March to May when most of the country was placed under enhanced community quarantine (ECQ). Distribution revenue was also affected by the pandemic, however increased 2% YoY due to the full-year effect of two principals added in the latter half of 2019. During 2020, 2GO continued to improve and adapt its suite of services to cater to its customers given the evolving operating conditions caused by the pandemic. The Non-shipping business accounted for 78% of total revenue during 2020 vs. 67% during 2019.

Cost of services and goods sold were 14% lower YoY due to the lower volumes for the shipping and logistics businesses during the pandemic and the Group's efforts to improve efficiencies and control costs. General and administrative expenses were also 2% lower YoY. The Group incurred approximately ₱113 million of COVID-19 related expenses for the year which are included in Other Operational Expenses. These are mainly employee-related expenses for personal protective equipment, employee shuttle services, and allowances. Other Operational Expenses and Other Charges are generally non-recurring in nature and are primarily related to the Group's efforts to rationalize the business. Other Charges includes Php358M costs incurred to terminate a freighter co-loading agreement as the Group looks to focus on its core ROPAX services in 2021 and after.

Financial Position as of December 31, 2020 and December 31, 2019

	As of		
Amounts in millions	Dec 31, 2020	Dec 31, 2019	% Change
Current Assets	₱ 7,932	₱ 7,864	1%
Noncurrent Assets	6,827	8,536	(20%)
Total Assets	**₱ 14,759**	**₱ 16,400**	**(10%)**
Current Liabilities	₱ 8,508	₱ 8,883	(4%)
Noncurrent Liabilities	4,585	3,962	16%
Total Liabilities	**₱ 13,092**	**₱ 12,846**	**2%**
Total Equity	1,667	3,555	(53%)
Total Liabilities and Equity	**₱ 14,759**	**₱ 16,400**	**(10%)**

Total Assets decreased 10% to ₱14.8 billion, while Total Liabilities increased 2% to ₱13.1 billion.

Assets
Current Assets increased 1% to ₱7.93 billion from ₱7.86 billion. Cash and Cash Equivalents is almost unchanged YoY at ₱890 million. Trade and Other Receivables, net of Allowance for Doubtful Accounts, increased 1% to ₱4.12 billion from ₱4.10 billion.

Noncurrent Assets decreased 20% to ₱6.8 billion from ₱8.5 billion due to depreciation of fixed assets.

Liabilities
Current Liabilities decreased 4% to ₱8.5 billion from ₱8.9 billion. Short-term Notes Payable decreased 19% to ₱ 2.1 billion from ₱2.7 billion, while the current portion of obligation under lease decreased 17% to ₱373 million from ₱449 million. Trade and Other Payables increased 4% to ₱6.0 billion from ₱5.7 billion.

Noncurrent Liabilities increased 16% to ₱4.6 billion from ₱4.0 billion as of December 31, 2020 and 2019 as the Group converted ₱1.0 billion of short-term debt to long-term debt.

Equity
Total Equity decreased 53% to ₱1.7 billion from ₱3.6 billion primarily due to the Net Loss incurred in 2020.

Key Performance Indicators

The following are the key financial ratios of the Group for the years ended December 31, 2020 and 2019 and as of December 31, 2020 and December 31, 2019.

	Dec 31, 2020	Dec 31, 2019
Revenue Growth	(19%)	9%
Net Income Margin	(11%)	(4%)
EBITDA (in Millions of Pesos)	₱ 439	₱ 1,919
EBITDA Margin	3%	9%
	As of	
	Dec 31, 2020	Dec 31, 2019
Current Ratio	0.9	0.9
Interest Bearing Debt to Total Equity	3.4	1.5
Total Liabilities (less effect of PFRS 16) to Total Equity	7.3	3.2
Total Liabilities to Total Equity	7.9	3.6

Revenue decreased 19% in 2020, while Net Income Margin declined to -11% in 2020 vs. -4% in 2019.

EBITDA and EBITDA Margin remained positive at ₱439 million and 3% in 2020 and ₱1.9 billion and 9% in 2019.

Current Ratio was 0.9 as of December 31, 2020, in line with 2019. Interest Bearing Debt to Total Equity is 3.4 in 2020, compared to 1.5 in 2020. The Total Liabilities to Total Equity ratio is 7.9 in 2020, up from 3.6 in 2019. Excluding the effect of PFRS 16 adoption, the Total Liabilities to Total Equity ratio is 7.3 in 2020 and 3.2 in 2019.

The Group calculates the key financial ratios as follows:

Revenue Growth	(Total Revenue current period / Total Revenue prior period) - 1
Net Income Margin	Net Income / Total Revenue
EBITDA	Net Income + Interest + Income Tax + Depreciation & Amortization
EBITDA Margin	EBITDA / Total Revenue
Current Ratio	Current Assets / Current Liabilities
Interest-Bearing Debt to Total Equity	Total Interest-Bearing Debt / Total Equity
Total Liabilities (less effect of PFRS 16) to Total Equity	(Total Liabilities – Capitalized Operating Leases) / Total Equity
Total Liabilities to Total Equity	Total Liabilities / Total Equity

Company Outlook

2GO continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping and logistics services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group primarily operates roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery.

For 2024, 2GO continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. 2GO plans to achieve this through more streamlined operations and collaboration within its business units, investment in vessels and equipment, warehousing and logistics information technology solutions for customers, and synergies and best practices. Management is confident that 2GO will further its growth and become an even stronger shipping and logistics solutions provider going forward.

SIGNATURE

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

Registrant	**2GO Group, Inc.**
Signature and Title	**William Charles Howell CFO**
Date	2/26/2024

*****

NON-FINANCIAL DISCLOSURE REQUIREMENTS

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. 2GO and its subsidiaries (collectively referred to as the Group) provide shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates interisland roll-on/roll-off freight and passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

The Group's various businesses are known in the market by its strong flagship brand "2GO". The Group is composed of three core business units:

1. ***Sea Solutions*** — known as 2GO Freight and 2GO Travel, the Sea Solutions business unit owns and operates a fleet of roll-on/roll-off freight and passenger (ROPAX) vessels which offer fast and reliable services and the widest choice of routes linking Luzon, Visayas, and Mindanao, through land and sea multimodal transport linkages.

2. ***Logistics*** — operates under the brands 2GO Express, 2GO Logistics, Special Container and Value-added Services, and Kerry Logistics. This business unit offers transportation, warehousing, cold chain solutions, auto rolling cargo shipping, containerized shipping, break bulk & LCL consolidation, ISO tank shipments, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery.

3. ***Distribution*** — known as Scanasia, this business unit leverages on more than 100 years of expertise in Logistics, Distribution, Warehousing, and Inventory Management.

Sea Solutions

2GO Freight provides door-to-door and pier-to-pier transportation of raw materials and finished goods on full container load (FCL), less container load (LCL) or loose cargo shipments. Sea shipments are fulfilled via its fleet of large and medium ROPAX vessels, which are differentiated from freighter vessels as they offer speed and reliability of schedule.

2GO Travel provides comfortable and secure sea transportation between major ports nationwide. It offers a wide selection of hotel and accommodation services, as well as tours and events, on top of traditional passenger transport Beyond routine point-to-point transport, 2GO Travel provides a leisurely and low-cost travel experience. The Company's ability to guarantee convenience and affordability underpins its positioning as the preferred means of travel around the islands.

Significant Subsidiaries of 2GO Group, Inc.

1. 2GO Express, Inc.

2GO Express provides land, air, and sea transportation and forwarding including courier services, general cargo, sea cargo services, and last mile delivery for e-commerce. 2GO Express operates a nationwide network of retail outlets and partner agents. In partnership with leading international courier companies, 2GO Express also provides international express document, parcel, and cargo delivery services as the local partner of FedEx.

2GO Retail brings 2GO's end-to-end solutions closer to its customers by offering services of domestic parcel delivery, FedEx international services, and sale of 2GO Travel tickets. The Retail group constantly develops services to cater to the rapidly evolving needs of the retail consumer market.

Subsidiaries of 2GO Express, Inc.

2GO Logistics, Inc.

2GO Logistics provides transportation and warehousing solutions to principals throughout the Philippines, including inventory management, trucking, crossdocking, and domestic freight. 2GO Logistics leverages the Group's collective capability to serve customers nationwide given its expansive physical infrastructure of warehouses, trucks, and vessels. Through investment in modern enabling technology and process improvement, 2GO Logistics aims to provide services at the standard of international third-party logistics providers.

ScanAsia Overseas Inc. (SOI)

SOI is the Distribution business unit of 2GO. It completes the end-to-end proposition of 2GO by making products of principals available at store shelves of various retail customers nationwide. SOI traces its roots to specialist distribution services for the Dairy category by representing leading brands in various Modern Trade and Food Service outlets. SOI has expanded its distribution footprint to the FMCG category and the Pharma-Convenience store channel. In a meeting of the Board of Directors of 2GO, the Board approved the cessation of operations of Scanasia Overseas, Inc., effective 31 March 2024.

Kerry Logistics (Phils.), Inc. (KLPI)

KLPI is a joint venture between 2GO and Kerry Logistics Network Limited of Hong Kong. KLPI has strategically located branches and warehouses in Manila, Luzon, Visayas and Mindanao offering diverse services, including international and domestic air and sea freight forwarding, cargo consolidation, warehousing and domestic distribution, dangerous goods handling, customs brokerage, building logistics and exhibition logistics.

2GO Land Transport, Inc. (Land Transport)

Land Transport provides transportation, hauling or forwarding of cargo, freight, merchandise, goods, and other articles within the lawful commerce of man by means of trucks, automobiles, and both container and closed vans.

2. Special Container and Value Added Services, Inc. (SCVASI)

SCVASI provides innovative and strategic transportation solutions in the cold chain and liquid transportation sector, including temperature-controlled vans and trucks (Reefer Containers for FCL and LCL), hauling service for bulk liquids (domestic and international ISO tank and Flexibags). SCVASI is also engaged in project logistics, serving both private and public sectors in industries including infrastructure, power, telecommunications, mining, and property.

<u>DESCRIPTION OF PROPERTY</u>

<u>Vessel Fleet</u>

As of December 31, 2023, 2GO and its subsidiaries own and operate a fleet of nine (9) operating vessels, consisting of eight (8) RoRo/Pax vessels and one (1) freighter. 2GO's operating vessel fleet has a combined Gross Registered Tonnage of approximately 123,173, total annual passenger capacity of approximately two million passengers and aggregate annual cargo capacity of approximately three hundred thousand twenty-foot equivalent units (TEUs).

Currently, 2GO operates five (5) large RoRo/Pax vessels calling on Manila as their homeport. These vessels sail from Luzon to Visayas and Mindanao, including Palawan. Further, 2GO operates three (3) medium- sized vessels with Batangas as their homeport, plying on the Batangas-Odiongan-Caticlan and the Batangas-Caticlan-Roxas routes. 2GO also operates one (1) purely-cargo vessel, with Manila as its homeport, to complement its freight business.

<u>Container Yard and Warehousing Facilities</u>

The Company has one of the most extensive networks of container yards and warehousing facilities nationwide.

The Company's warehouse network consists of warehouses in Bacolod, Butuan, Cagayan de Oro, Cebu, Davao, Dumaguete, General Santos, Iligan, Iloilo, Ozamis, Palawan, Zamboanga and the Greater Manila Area. Warehouses are either owned or leased by the Company.

Most of the Company's container yards have been cemented, whether in whole or in part, to achieve greater efficiency in terminal operations, allow for shorter turnaround time in port, greater utilization in stacking of containers and lower repair and maintenance costs for the operating equipment used at the container yards.

<u>Land and Buildings</u>

2GO owns several pieces of land and a number of buildings and warehouses. These are used in the normal course of business.

Containers, Cargo Handling Equipment and Transportation Equipment

2GO owns and leases a variety of containers and other equipment of various types and sizes for use in its cargo operations including forklift, top loaders, yard tractors and trailers or chassis, and delivery vehicles of various sizes.

Liens and Encumbrances

Detailed discussion as regards the mortgage, liens and encumbrance over the properties of the Registrant are disclosed under the Notes of the 2022 Consolidated Financial Statements.

Legal Proceedings

There are certain legal cases filed against 2GO and its subsidiaries in the normal course of business. Management and its legal counsel believe that they have substantial legal and factual bases for their position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements.

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. Market Information

2GO was delisted from the Main Board of the PSE last July 17, 2023. There is no principal market where the Corporation's shares (Common and Government Preferred "A" shares) are being traded.

2GO is not aware of any recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction.

B. Stockholders

The number of common shareholders of record as of April 15, 2024 is 5,123. The top 20 common stockholders as of April 15, 2024 are as follows:

	Name	No. of Shares	Percentage
1	SM INVESTMENTS CORPORATION	1,654,861,652	66.177
2	PCD NOMINEE CORPORATION (FOREIGN)	781,266,753	31.242
3	WILLIAM GOTHONG & ABOITIZ INC	38,516,500	1.540
4	ABACUS SECURITIES CORPORATION	1,535,262	0.061
5	CONSTANTINE TANCHAN	1,262,500	0.050
6	SANTIAGO TANCHAN III	1,262,500	0.050
7	PCD NOMINEE CORPORATION (FILIPINO)	725,571	0.029
8	PHILIPS MULTIEMPLOYER RETIREMENT PLAN	631,250	0.025
9	RAMON RIVERO	600,000	0.024
10	DOLL AGRICULTURAL CORPORATION	519,999	0.021
11	AMA RURAL BANK OF MANDALUYONG, INC.	441,875	0.018
12	SUMMIT SECURITIES, INC.	440,963	0.018
13	ELIZABETH CHIU	378,750	0.015
14	JULIO & FLORENTINA LEDESMA FOUNDATION, INC.	338,500	0.014
15	RAMON R. RIVERO	320,000	0.013
16	LILIAN S. LIM	315,625	0.013

17	BDO SECURITIES CORPORATION FAO VARIOUS LOCAL INDIVIDUAL CLIENTS	291,356	0.012
18	DANIEL L. LACSON, JR.	269,708	0.011
19	BONIFACIO O. DOROY	222,960	0.009
20	CONCHITA LEDESMA	201,840	0.008

As of April 15, 2024, the total number of shares owned by the public is equivalent to 26,151,599 shares or equivalent to 1.06%.

C. Dividend Declaration

There were no dividends declared during the years 2012 to date.

Per Article VI, Section 3 of the By-laws, "dividends payable out of the surplus profits of 2GO shall be declared at such time and in such manner and in such amounts as the Board of Directors shall determine; Provided that, stock dividends shall be subject to the approval of the stockholders in a meeting called for the purpose."

CORPORATE GOVERNANCE

2GO Group Inc. and subsidiaries (2GO or the Company) is governed by the principles of fairness, accountability, and transparency, which is paramount to sustain its long-term growth and success. 2GO is committed in implementing the best practices in corporate governance that balance the growth and interests of all its stakeholders.

BOARD STRUCTURE

The 2GO Board of Directors is responsible for the long-term sustainability of the Company, and ensures that it balances its corporate objectives with the best interest of its shareholders and other stakeholders. It is composed of nine (9) highly respectable professionals, three (3) of whom, are non-executive-independent directors. In line with corporate governance best practice, the Company's independent directors are free from management responsibilities, substantial shareholdings and material relations, all of which are perceived to impede independent judgment. Likewise, the roles of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to promote a balanced Board and increase accountability and controls.

The following individuals constituted the Board of Directors for 2023:

Chairman : Frederic C. DyBuncio, President & Chief Executive Officer

Members : Francis C. Chua*, Vice Chairman
Elmer B. Serrano, Corporate Secretary & Corporate Information Officer
Laurito E. Serrano*, Independent Director
Jesus G. Dureza*, Independent Director
Paquito N. Ochoa, Jr., Independent Director
Sing Mein Ang, Director
Kiat Chan, Director
Stephen Ly*, Director
Howard Conrad T. Sy**, Director

**Resigned at the February 6, 2024 Board of Directors Meeting*
***Elected as Director at the February 6, 2024 Board of Directors Meeting*

BOARD COMMITTEES

The Board governs through the following committees: (1) Executive Committee, (2) Corporate Governance Committee, and (3) Audit Committee. Each committee has its own charter that can be found in the Company's website.

In line with the efforts of the Company to be a private company, the Company filed its application on December 5, 2023, to amend its Articles of Incorporation to reduce the number of its shareholders and decrease the number of its directors, with the SEC. On February 6, 2024, the Board of Directors accepted the resignations of Directors Francis C. Chua, Laurito E. Serrano, Jesus G. Dureza, and Stephen Ly, and elected Mr. Howard Sy as member of the Board. Due to the reduced number of directors in light of pending amendment before the SEC, the Board likewise reconstituted its committees to maintain only the Audit and Corporate Governance Committees. Pursuant to SEC Memorandum Circular No. 24, s. 2019, the functions of the Related Party Transactions and Risk Oversight Committees will be performed by the Audit Committee.

As of date of this Information Statement, the application for amendment of Articles of Incorporation is still pending SEC approval.

EXECUTIVE COMMITTEE

The Executive Committee is composed of both executive and non-executive directors and acts on behalf of the Board during the interim periods between Board meetings. The Committee meets on a regular basis in between Board meetings to assist the Board in overseeing the implementation of strategies, set and monitor the Company's performance goals and foster the sharing and dissemination of best practices in all areas of the business group. The Executive Committee also defines the group-wide policies and actions, relating to sustainable development, including environment, health and safety, internal communications, innovation and research and technology and purchasing.

The Executive Committee members are as follows:

Chairman: Mr. Frederic C. DyBuncio

Members Mr. Stephen Ly*
Mr. Elmer B. Serrano
**Resignation accepted at the February 6, 2024 Board of Directors Meeting*

There were no meetings of the executive committee as of December 31, 2023.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight functions related to the Company's overall approach to corporate governance. The Committee also takes the lead in promulgating and overseeing the principles of good corporate governance by reviewing committee charters, the independence of directors as well as the code of ethics for executives, employees, and directors.

The committee members as of April 15, 2024, are as follows:

Chairman: Mr. Paquito N. Ochoa, Jr. (ID)

Members: Mr. Kiat Chan**
Mr. Elmer B. Serrano**
***Appointed as member of the Committee at the February 6, 2024 Board of Directors Meeting*

Below is the attendance of the Committee members for the meetings held as of December 2023:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Paquito N. Ochoa, Jr.	1	1	100%
Laurito E. Serrano*	1	1	100%
Jesus G. Dureza*	1	1	100%

**Resignation accepted at the February 6, 2024 Board of Directors Meeting*

AUDIT COMMITTEE

The Audit Committee assists and advises the Board in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, and performs other duties as the Board may require.

The Audit Committee also performs the functions of Risk Oversight Committee and is responsible in leading the organization's strategic direction in the management of material business risks to enable the Board to make informed decisions. The committee also provides oversight for establishing, implementing, reviewing and assessing the effectiveness of the Company's risk management framework. In addition, the Audit Committee also performs the functions of a Related Party Transaction Committee responsible for ensuring that related party transactions are conducted at fair and arm's length as provided under existing laws, rules and regulation.

During the year, the Audit Committee monitored the execution of internal audit plan, approved the succeeding period's internal audit plan and budget as well as provided inputs to audit results, recommendations and management action plans. It also reviewed the previous year audited financial report presented by the external auditor for approval by the Board.

The Audit Committee maintains an effective working relationship with the Board by providing them assistance in promoting good corporate governance and audit-related decisions. It also ensures its objectivity by having an independent director as committee chairman.

The committee members, as of April 15, 2024, are as follows:

Chairman:	Mr. Paquito N. Ochoa, Jr. (ID)
Members:	Mr. Kiat Chan Mr. Howard Sy** ***Appointed as member of the Committee at the February 6, 2024 Board of Directors Meeting*

Below is the attendance of the Audit Committee members for the meetings held as of December 2023:

	No. of Meetings Attended	Total No. of Meetings	Percentage
Kiat Chan	6	6	100%
Laurito E. Serrano*	6	6	100%
Paquito N. Ochoa Jr.	5	6	83.33%

**Resignation accepted at the February 6, 2024 Board of Directors Meeting*

Enterprise Wide Risk Management Program (ERM)

The Board of Directors sets the overall risk tolerance for 2GO and delegates the responsibility of managing all of 2GO's risk exposures to the Risk Oversight Committee. The Committee designed the Risk Management Framework, and which was reviewed and approved by the Board.

Risk Oversight Committee / Board level

- Approval of the Enterprise Risk Management Program;
- Oversight of the processes by which risks are managed including:
    - Articulating the overall risk tolerance levels;
    - Monitoring 2GO's Risk Management performance

The Company understands that managing risks is continuous process and that it will evolve as the organization continues to grow. Such is the dynamic nature of risk management, the ability of the Company to learn, adapt and rebound from any risk, threat or disaster. The ERM Program of the Company will serve to contribute in achieving its goals, and in the future be the backbone in the thrust for corporate resiliency.

System of Internal Controls

The framework of control, risk management and governance processes is instilled within the 2GO group of companies. This aims to encourage incorruptibility and deter fraudulent activities within the ranks of both the Management and employees. The current processes of 2GO are continuously being reviewed by Management, Audit and External Consultants to identify areas wherein controls may be strengthened. Some of these processes are either combined and/or reduced to provide the basic elements of control and good governance needed to sustain operations.

The culture of accountability is apparent with the adherence of employees to the Employee Code of Conduct, management policies and directives in order to efficiently and effectively achieve company objectives.

The internal control system is designed to effectively safeguard assets, protect confidentiality, availability and integrity of information and as far as possible the reliability, relevance and accuracy of records; effectiveness and efficiency of operations and programs; and to ensure compliance with regulatory requirements.

Among the various measures of internal control undertaken by Management include setting and updating policies that are designed to attain the Company's goals, sourcing and maintaining competent personnel, segregation of incompatible duties and safeguarding of all critical assets.

Continuous enhancement of performance metrics and speedy resolution of audit issues raised are likewise given focus to assure risks are addressed or mitigated and company objectives are met. Resolutions of internal audit observations are updated and discussed quarterly with Senior Management and the Audit Committee to ensure that they are timely attended to and resolved within their commitment.

2GO Management is responsible in maintaining the internal control system and ensuring that resources are properly applied in the manner and to the activities intended.

Internal Audit

In accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and Code of Ethics by the Institute of Internal Auditors (IIA), the Internal Audit Department (IAD) continually strives to improve the proficiency, effectiveness and quality of the internal audit activities.

The IAD, headed by Mr. Rodolfo G. Bravo, directly reports to the Audit Committee and is responsible for providing independent, objective assurance and consulting services designed to assist management in ensuring the adequacy and effectiveness of 2GO's governance, risk management and control processes in attaining its business objectives.

The IAD strives to improve on a yearly basis by attending regular audit trainings to keep abreast with the current audit standards, trends and developments. This also helps expand the IAD's audit scope and engagements.

The IAD regularly monitors the implementation of the audit recommendation against the target date set by the business unit heads. Results of these monitoring are communicated accordingly to the Senior Management and the Audit Committee. The IAD also uses a audit analytics tool/software to efficiently carry out its audit work.

The IAD continues to deliver value-added services by providing meaningful recommendations to its audit cliens using a risk-based approach and methodology.

Executive Compensation Policy

The corporate compensation philosophy for executive remuneration in 2GO is meritocracy based. Commensurate compensation is given based on the annual performance evaluation of its executives. Any change in compensation is subject to full discussion and concurrence by the Board upon the review and recommendation of the Corporate Governance Committee.

Compensation of Directors

The table of the monthly fixed allowance and per diem per meeting attendance of the 2GO Board of Directors in 2023 is shown below.

Compensation	Director	Chairman of the Board
Monthly Fixed Allowance	₱80,000	₱120,000
Board Meeting Per Diem	₱30,000	₱45,000

Corporate Governance Policies

The 2GO Code of Business Conduct serves to guide employees' and Management's actions in line with the Company's corporate values and core principles. The Code consists of policies relating to ethical and legal standards of behavior and its applicability extends to all employees. 2GO believes that employees' adherence to desirable behaviors and conduct is a prerequisite to work excellence and indispensable to success. Reported violations of the Code are promptly investigated and treated with utmost confidentiality. Investigations of alleged Code violations and the imposition of disciplinary actions when so warranted are guided by the principles of neutrality, fairness and commensurability. There was no deviation from the application of the Code since it was adopted.

The Company also maintains a Manual on Corporate Governance which defines 2GO's compliance framework and identifies the roles and responsibilities of the Board in relation to corporate governance. The Manual sets out the duties and responsibilities of various board committees, Chairman of the Board and the Chief Executive Officer as well as the Company's policies on disclosures and transparency, and the rights and protection of shareholders. The Manual is reviewed and updated periodically and may be accessed via the Company's website.

Moreover, the Company had in place a Conflict of Interest Policy which requires all employees to immediately disclose any direct or indirect personal interest, whether pecuniary or non-pecuniary, that actually or may potentially conflict with the interest of the Company. All employees are likewise required to submit an annual disclosure of real or perceived conflict of interest. On the other hand, the Company's Insider Trading Policy prohibits directors, officers and employees from trading the Company's shares five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results or of any material, stock price-sensitive information. Other existing corporate governance-related policies include the Guidelines on Acceptance of Gifts and Entertainment, the Related Party Transaction Policy, and Policy on Accountability, Integrity and Vigilance otherwise known as the Company's Whistleblowing Policy. 2GO's various corporate governance-related policies and programs are regularly disseminated throughout the organization and are made public via the Company's website.

Information Technology Governance

2GO continues to invest in its information technology infrastructure and software applications and to focus on applications that provide real-time visibility and tracking to its customers as it aims to improve delivery performance and overall customer service. This will also help 2GO become more operationally efficient and reduce its costs to serve. These investments will provide resiliency and redundancy and ensure our mission-critical system during and after disaster functions.

2GO's IT governance includes periodic review of existing practices and policies and adaptation of IT to current business models, as well as measuring IT systems performance.

Corporate Governance Outlook

As businesses continue to open up to the global market and liberalization happens, the decision-making process becomes more diffused. This raises the level of accountability of corporate leaders to all 2GO stakeholders, including employees, customers and in particular, the shareholders. Good corporate governance, for this purpose, provides the appropriate reforms to existing practices to better adapt to the collective interests of all stakeholders. Rules must be crafted in accordance with the governance principles for which they are designed to maintain.

2GO, headed by the Board and the Management, aims to further strengthen its commitment to good corporate governance principles of accountability, transparency and integrity consistent with global best practices. 2GO strives to align, to the extent possible, the interests of individual stakeholders of the Company, and of the society in general, in the face of a more complex, open, and highly competitive global market.

FURTHER INFORMATION

The following documents are also available on https://www.2go.com.ph/corporate-governance-policies/

- 2GO Corporate Governance Policies
- 2GO Articles of Incorporation
- 2GO By-Laws
- 2GO Code of Business Conduct
- 2GO Anti-Money Laundering Statement of Policies & Procedure
- 2GO Guidelines on Acceptance of Gifts and Entertainment
- 2GO Alternative Dispute Resolution System
- 2GO Health, Safety & Employee Welfare Policy

UNDERTAKING TO PROVIDE WITHOUT CHARGE A COPY OF THE ANNUAL REPORT

Any Stockholder, upon written request, will be provided with a copy of 2GO's Annual Report in SEC Form 17-A without charge. All written requests should be directed at:

INVESTOR RELATIONS OFFICE
2GO GROUP, INC.
8th Floor, Tower 1, Double Dragon Plaza
Macapagal Blvd. Corner EDSA Extension, Pasay City

This Information Statement and the Annual Report in SEC Form 17-A will be posted at 2GO's website: ***http://www.2go.com.ph***

SCHEDULE A

2GO GROUP, INC.
ANNUAL STOCKHOLDERS' MEETING
May 23, 2024 at 2:00 p.m.

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2024 Annual Stockholders' Meeting (**ASM**) of 2GO Group, Inc. (**2GO** or the **Company**) is scheduled on **May 23, 2024, Thursday, at 2:00 p.m.** and the Board of Directors of the Company has fixed **April 15, 2024** (**Record Date**) as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

In accordance with Section 49 of the Revised Corporation Code, the Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia.

Registration

Stockholder must notify the Corporate Secretary of their intention to participate in the ASM via remote communication and to exercise their right to vote *in absentia* no later than **May 16, 2024** by registering at **asmregister.2go.com.ph** and by submitting there the following supporting documents/ information, subject to verification and validation:

- Individual Stockholders
    1. Copy of valid government ID of stockholder/proxy
    2. Stock certificate number/s
    3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)
    4. Email-address and contact number of stockholder or proxy

- Multiple Stockholders or joint owners
    1. Stock certificate number/s
    2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
    3. Copy of valid government IDs of all registered stockholders
    4. Email-address and contact number of authorized representative

- Corporate Stockholders
    1. Secretary's Certification of Board resolution appointing and authorizing proxy to participate in the ASM
    2. Valid government ID of the authorized representative
    3. Stock certificate number/s
    4. Email-address and contact number of authorized representative

- Stockholders still with shares under broker account
    1. Certification from broker as to the number of shares owned by stockholder
    2. Valid government ID of stockholder
    3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)
    4. Email-address and contact number of stockholder or proxy

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by 2GO.

Online Voting

Stockholders who have successfully registered shall be notified via email of their unique log-in credentials for the voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Log-in to the voting portal by clicking the link, and using the log-in credentials, sent by email to the email-address of the stockholder provided to the Company.

2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended as Annex A to the Notice of Meeting.

    2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

    2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

    Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (9 directors for 2GO) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

3. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

ASM Livestream

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to verified stockholders in the email addresses provided to the Company. Instructions on how to access the livestream will also be posted at **www.2go.com.ph/asm**

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

Open Forum

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum" to asm@2go.com.ph on or before May 16, 2024. A section for stockholder comments/questions or a “chatbox” shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations.

For any queries or concerns regarding this Guidelines, please contact the Company's Investor Relations Division at (632) 8528-7171 or via email at asm@2go.com.ph.

For complete information on the annual meeting, please visit www.2go.com.ph/asm.

THE PROXY SHOULD BE SUBMITTED TO THE OFFICE OF THE CORPORATE SECRETARY AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE OF THE MEETING OR UNTIL **May 16, 2024**, IN ACCORDANCE WITH THE BY-LAWS OF 2GO.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

Annex A

MINUTES OF THE SPECIAL MEETING OF THE
STOCKHOLDERS OF

2GO GROUP, INC.

Held on 6 November 2023 at 10:00 a.m.
(via Remote Communication)

DIRECTORS PRESENT:

FREDERIC C. DYBUNCIO	Chairman of the Board President and Chief Executive Officer Chairman, Executive Committee Member, Risk Oversight Committee
FRANCIS C. CHUA	Vice Chairman
ELMER B. SERRANO	Director and Corporate Secretary Member, Executive Committee
SING MEIN ANG	Director Chairman, Related Party Transaction Committee
KIAT CHAN	Director Member, Audit Committee
STEPHEN LY	Director
LAURITO E. SERRANO	Lead Independent Director Chairman, Audit Committee Member, Corporate Governance Committee Member, Risk Oversight Committee Member, Related Party Transaction Committee
JESUS G. DUREZA	Independent Director Chairman, Risk Oversight Committee Member, Corporate Governance Committee
PAQUITO N. OCHOA, JR.	Independent Director Chairman, Corporate Governance Committee Member, Related Party Transaction Committee Member, Audit Committee

ALSO PRESENT:

WILLIAM CHARLES HOWELL	Chief Financial Officer
ARTHUR A. SY	Assistant Corporate Secretary

Stockholders present in person or represented by proxy	2,435,994,717 shares (Please see Record of Attendance here attached as **Annex A**)

---

1. Call to Order

The host acknowledged the presence of the directors and key officers of **2GO Group, Inc.** (the **Company**) joining remotely.

Mr. Frederic C. DyBuncio, Chairman of the Board, welcomed stockholders and guests to the Special Stockholders' Meeting of the Company, streaming live via Zoom Webinar. The Chairman thanked the stockholders for joining the meeting.

The Chairman then called the meeting to order. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of meeting.

2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify to the posting and publication and existence of a quorum.

The Corporate Secretary certified that, in compliance with the rules issued by the Securities and Exchange Commission, the notice of the meeting, the Definitive Information Statement, along with the Company's "Guidelines for Participation via Remote Communication and Voting *in Absentia*" were posted on the Company's website on 10 October 2023. Further, the Corporate Secretary certified that the same notice of meeting was published in the business sections of Manila Times and Daily Tribune, both in print and online formats on 13 and 14 October 2023.

The Corporate Secretary also certified that based on the record of attendance, stockholders attending by proxy and stockholders who have registered to remotely join the virtual meeting represent 2,435,983,917 common shares, representing 98.45% of the issued and outstanding capital stock of the Company as of record date of 25 September 2023. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary also informed participants that the meeting will be recorded.

3. Approval of the Amendment of the Articles of Incorporation to Reclassify 330 Redeemable Preferred Shares and to Increase Par Value of Common Shares

The Chairman proceeded to the next item in the agenda which is the approval of the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares and to increase par value of common shares from Php1.00 to Php1,000.00 per share.

The Corporate Secretary informed the stockholders that 2GO is seeking approval of the increase in par value of its common shares for a more efficient administration of 2GO's corporate affairs He also informed the shareholders that 2GO likewise seeks approval of the reclassification of 330 redeemable preferred shares to make whole the Company's authorized capital stock as a result of the increase in par value of common shares..

The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

The Corporate Secretary then announced the results of voting:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
2,435,994,717	100%	0	0	0	0

With the above votes in favor of approval, the following resolutions were passed and adopted:

> "**RESOLVED**, that **2GO GROUP, INC.** (the **Corporation**) is hereby authorized to (i) reclassify 330 redeemable preferred shares into common shares and (ii) increase the par value of the common shares from P1.00 to P1,000.00, resulting in a change in the breakdown of the authorized capital stock of the Corporation to Four Billion Seventy Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine Currency, divided into: (a) Four Million Seventy Thousand Three Hundred Forty-Four (4,070,344) common shares with a par value of One Thousand Pesos (P1,000.00) per share and (b) Four Million Five Hundred Sixty-Four Thousand (4,564,000) redeemable preferred shares with a par value of One Peso (P1.00) per share, by amending the Seventh Article of its Articles of Incorporation to read as follows:

'**SEVENTH**: That the authorized capital stock of the Corporation is Four Billion Seventy-Four Million Nine Hundred and Eight Thousand (P4,074,908,000.00) Philippine currency, divided into: (a) **Four Million Seventy Thousand Three Hundred Forty-Four (4,070,344) common shares** with a par value of **One Thousand Pesos (P1,000.00)** per share and, b) **Four Million Five Hundred Sixty-Four Thousand (4,564,000)** redeemable preferred shares with a par value of One Peso (P1.00) per share.

xxx.'

RESOLVED, FURTHER, that the Chairman, Corporate Secretary and/or Directors of the Corporation, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation and amended By-Laws, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the Articles of Incorporation and By-Laws with the Securities and Exchange Commission (**SEC**) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect;

RESOLVED, FINALLY, that Serrano Law and/or any of its lawyers and staff are authorized to file, liaise with, and represent the Corporation before SEC and other relevant government agencies in relation to the foregoing resolutions."

4. Approval of the Amendment of the Articles of incorporation and By-Laws to Reduce the Number of Directors

The next item in the agenda is the approval of the Amendment of the Articles of Incorporation and By-Laws to reduce the number of directors.

The Corporate Secretary presented the provisions to be amended to the stockholders, particularly, the Sixth Article of the Articles of the Incorporation to reduce the number of directors and Section 2, Article IV of the By-Laws to remove reference to number of directors.

The Corporate Secretary then announced the results of voting:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
2,435,994,717	100%	0	0	0	0

With the above votes in favor of approval, the following resolutions were passed and adopted:

"**RESOLVED**, that **2GO GROUP, INC.** (the **Corporation**) is hereby authorized:

(1) To reduce the number of directors from nine (9) to six (6) by amending the Sixth Article of its Articles of Incorporation to read as follows:

'SIXTH: That the number of directors of said corporation shall be **six (6)** and the names, citizenships, and residences of the directors of the corporation, who are to serve until their successors are elected and qualified as provided by the by-laws, are as follows:

xxxx.'

(2) To remove the reference to the number of directors in the By-Laws of the Corporation by amending Section 2, Article III of the By-Laws to read as follows:

‘Section 2. NUMBER AND TERMS OF OFFICE. The business and property of the Corporation shall be managed by **<u>the Board of Directors</u>** who shall be stockholders and who shall be elected annually by the stockholders owning majority of the subscribed capital stock entitled to vote in the manner provided in these By-laws for a term of one year and shall serve until the election and acceptance of their duly qualified successors, or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any vacancies may be filled by the remaining members of the Board if still constituting a quorum by a majority vote, and the Directors so chosen shall serve for the unexpired terms.’

RESOLVED, FURTHER, that the Chairman, Corporate Secretary and/or Directors of the Corporation, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation and amended By-Laws, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the Articles of Incorporation and By-Laws with the Securities and Exchange Commission (**SEC**) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect;

RESOLVED, FINALLY, that Serrano Law and/or any of its lawyers and staff are authorized to file, liaise with, and represent the Corporation before SEC and other relevant government agencies in relation to the foregoing resolutions.”

5. Delegation of Authority to Amend the By-Laws to the Board of Directors

The next item in the agenda is the delegation to the Board of Directors of the authority to amend the Corporation’s By-Laws.

The Corporate Secretary informed the stockholders that the delegation allows flexibility for the Board to amend 2GO’s By-Laws to adjust to changes which may be required from time to time.

The Corporate Secretary then announced the results of voting:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
2,435,994,717	100%	0	0	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

“**RESOLVED**, that the Board of Directors of **2GO GROUP, INC.** (the **Corporation**) is hereby granted with the authority to amend the By-Laws of the Corporation.”

6. Other Matters

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

7. Adjournment

There being no further business to transact, the Chairman thanked everyone who joined the meeting wished everyone good health. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:

ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

FREDERIC C. DYBUNCIO
Chairman

Annex A

2GO Group, Inc.
Special Stockholders' Meeting
6 November 2023, 10:00 a.m.

Record of Attendance

Total number of voting shares outstanding	2,462,146,316
Total number of shares present by proxy	2,435,994,717
Total number of shares participating remotely	2,435,994,717
Total number of shares represented	2,435,994,717
Attendance percentage	**98.94%**

Annex B

MINUTES OF THE SPECIAL MEETING OF THE
STOCKHOLDERS OF

2GO GROUP, INC.

Held on 6 November 2023 at 10:00 a.m.
(via Remote Communication)

DIRECTORS PRESENT:

FREDERIC C. DYBUNCIO	Chairman of the Board President and Chief Executive Officer Chairman, Executive Committee Member, Risk Oversight Committee
FRANCIS C. CHUA	Vice Chairman
ELMER B. SERRANO	Director and Corporate Secretary Member, Executive Committee
SING MEIN ANG	Director Chairman, Related Party Transaction Committee
KIAT CHAN	Director Member, Audit Committee
STEPHEN LY	Director
LAURITO E. SERRANO	Lead Independent Director Chairman, Audit Committee Member, Corporate Governance Committee Member, Risk Oversight Committee Member, Related Party Transaction Committee
JESUS G. DUREZA	Independent Director Chairman, Risk Oversight Committee Member, Corporate Governance Committee
PAQUITO N. OCHOA, JR.	Independent Director Chairman, Corporate Governance Committee Member, Related Party Transaction Committee Member, Audit Committee

ALSO PRESENT:

WILLIAM CHARLES HOWELL	Chief Financial Officer
ARTHUR A. SY	Assistant Corporate Secretary

Stockholders present in person or represented by proxy	2,435,994,717 shares (Please see Record of Attendance here attached as **Annex A**)

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1. Call to Order

The host acknowledged the presence of the directors and key officers of **2GO Group, Inc.** (the **Company**) joining remotely.

Mr. Frederic C. DyBuncio, Chairman of the Board, welcomed stockholders and guests to the Special Stockholders' Meeting of the Company, streaming live via Zoom Webinar. The Chairman thanked the stockholders for joining the meeting.

The Chairman then called the meeting to order. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of meeting.

2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify to the posting and publication and existence of a quorum.

The Corporate Secretary certified that, in compliance with the rules issued by the Securities and Exchange Commission, the notice of the meeting, the Definitive Information Statement, along with the Company's "Guidelines for Participation via Remote Communication and Voting *in Absentia*" were posted on the Company's website on 10 October 2023. Further, the Corporate Secretary certified that the same notice of meeting was published in the business sections of Manila Times and Daily Tribune, both in print and online formats on 13 and 14 October 2023.

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The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

The Corporate Secretary then announced the results of voting:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
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RESOLVED, FURTHER, that the Chairman, Corporate Secretary and/or Directors of the Corporation, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation and amended By-Laws, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the Articles of Incorporation and By-Laws with the Securities and Exchange Commission (**SEC**) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect;

RESOLVED, FINALLY, that Serrano Law and/or any of its lawyers and staff are authorized to file, liaise with, and represent the Corporation before SEC and other relevant government agencies in relation to the foregoing resolutions."

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The Corporate Secretary then announced the results of voting:

In Favor		**Against**		**Abstain**	
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"**RESOLVED**, that the Board of Directors of **2GO GROUP, INC.** (the **Corporation**) is hereby granted with the authority to amend the By-Laws of the Corporation."

6. Other Matters

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

7. Adjournment

There being no further business to transact, the Chairman thanked everyone who joined the meeting wished everyone good health. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:

5

ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

FREDERIC C. DYBUNCIO
Chairman

Annex A

2GO Group, Inc.
Special Stockholders' Meeting
6 November 2023, 10:00 a.m.

Record of Attendance

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Total number of shares present by proxy	2,435,994,717
Total number of shares participating remotely	2,435,994,717
Total number of shares represented	2,435,994,717
Attendance percentage	**98.94%**

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	4	0	9

COMPANY NAME

2GO GROUP, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

8TH FLOOR, TOWER 1, DOUBLE DRAGON PLAZA, EDSA EXTENSION CORNER MACAPAGAL AVENUE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporatesecretary@2go.com.ph	(02) 8528-7171	0915 592 0331

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,118	4th Thursday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Elmer Serrano	calliope.ngo@serranolawlawph.com	(02) 8651-7408	N/A

CONTACT PERSON's ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City

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.*

Angieline Rejano

From:	eafs@bir.gov.ph
Sent:	Tuesday, February 27, 2024 6:45 PM
To:	2GO Group Tax
Cc:	2GO Group Tax Representative
Subject:	Your BIR AFS eSubmission uploads were received

NOTICE This email is from an **external source**. Please exercise **caution** and proceed only if you have confidence in the sender.

Hi 2GO GROUP, INC.,

Valid files

- EAFS000313401ITRTY122023.pdf
- EAFS000313401AFSTY122023.pdf
- EAFS000313401OTHTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2ZV2ZNXM0M43SV1PWQV34WMVW02R2RXVVX**
Submission Date/Time: **Feb 27, 2024 06:44 PM**
Company TIN: **000-313-401**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

as a result of e-mail transmission. For Encrypted Emails click here for instructions

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **2GO Group Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2023, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Frederic C. DyBuncio
Chairman of the Board
President and Chief Executive Officer

William Howell
Chief Financial Officer and Treasurer

Signed this 22nd day of February 2024.

SUBSCRIBED AND SWORN to before me this APR 15 2024 in TAGUIG CITY by affiant exhibiting to me their competent proof of identity as follow: Frederic C. DyBuncio TIN 103-192-854, William Charles Howell TIN 321-579-394.

Doc No. 266;
Page No. 55;
Book No. II;
Series of 2024.

JESSE JOHN M. HERMOSO
Appointment No. 132 (2023-2024)
Notary Public for Taguig City
Until December 31, 2024
Attorney's Roll No. 83148
1105 Tower 2 High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6104223; 01-03-24; Taguig City
IBP Receipt No. 398768; 01-04-24; Pasig City
Admitted to the Bar on June 2022

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor, Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

Opinion

We have audited the consolidated financial statements of 2GO Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023 and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Philippine Securities and Exchange Commission (SEC) Form17-A for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17-A and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023 are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079911, January 5, 2024, Makati City

February 22, 2024

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

(Amounts in Thousands)

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**₱762,035**	₱724,527
Trade and other receivables	*8,20*	**2,441,010**	3,442,385
Inventories	*9*	**190,470**	512,773
Other current assets	*10*	**2,068,926**	1,944,556
Total Current Assets		**5,462,441**	6,624,241
Noncurrent Assets			
Property and equipment	*11,17,18*	**7,064,899**	5,648,558
Investments in associates and joint ventures	*12*	**327,276**	334,365
Goodwill	*13*	**686,896**	686,896
Deferred income tax assets	*27*	**150,910**	100,666
Other noncurrent assets	*14*	**1,108,009**	997,168
Total Noncurrent Assets		**9,337,990**	7,767,653
TOTAL ASSETS		**₱14,800,431**	₱14,391,894
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	*15*	**₱1,816,000**	₱2,306,000
Trade and other payables	*16,19,20*	**4,904,947**	5,059,695
Obligations under lease - current portion	*11,18*	**415,000**	347,387
Long-term debt - current portion	*11,17*	**333,698**	3,496,823
Income tax payable		**28,715**	–
Total Current Liabilities		**7,498,360**	11,209,905
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	*11,17*	**3,542,947**	497,977
Obligations under lease	*11,18*	**1,422,382**	1,344,512
Accrued retirement benefits	*26*	**439,585**	344,900
Total Noncurrent Liabilities		**5,404,914**	2,187,389
Total Liabilities		**₱12,903,274**	₱13,397,294

(Forward)

	Note	December 31 2023	 2022
Equity			
Share capital	*21*	**₱2,500,663**	₱2,500,663
Additional paid-in capital	*21*	**2,498,621**	2,498,621
Other equity reserve	*21*	**712,245**	712,245
Other comprehensive losses - net	*12,26*	**(108,031)**	(60,381)
Deficit	*21*	**(3,722,803)**	(4,662,088)
Treasury shares	*21*	**(58,715)**	(58,715)
Equity Attributable to Equity Holders of the Parent Company		**1,821,980**	930,345
Non-controlling Interests		**75,177**	64,255
Total Equity		**1,897,157**	994,600
TOTAL LIABILITIES AND EQUITY		**₱14,800,431**	₱14,391,894

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands, Except Earnings Per Common Share)

		Years Ended December 31		
	Note	**2023**	2022	2021
REVENUES FROM CONTRACTS WITH CUSTOMERS				
Shipping:	*5,20*			
Freight		**₱6,770,492**	₱6,717,194	₱4,623,950
Travel		**2,336,846**	1,386,989	437,692
Nonshipping:				
Logistics and other services		**6,848,829**	6,437,565	5,236,752
		15,956,167	14,541,748	10,298,394
COST OF SERVICES AND GOODS SOLD	*22*	**13,221,156**	12,858,826	9,806,388
GROSS PROFIT		**2,735,011**	1,682,922	492,006
GENERAL AND ADMINISTRATIVE EXPENSES	*23*	**1,240,671**	977,386	1,239,525
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS		**1,494,340**	705,536	(747,519)
OTHER INCOME (CHARGES)				
Equity in net earnings of associates and joint ventures	*12*	**153,328**	58,566	55,407
Financing charges	*24*			
Bank loans		**(380,660)**	(379,924)	(349,793)
Lease liabilities		**(96,890)**	(96,757)	(49,101)
Others - net	*24*	**81,245**	60,964	6,179
		(242,977)	(357,151)	(337,308)
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**1,251,363**	348,385	(1,084,827)
PROVISION FOR INCOME TAX	*27*			
Current		**137,314**	72,440	43,674
Deferred		**(33,272)**	(18,085)	580
		104,042	54,355	44,254
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**1,147,321**	294,030	(1,129,081)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	*32*	**(197,114)**	17,903	(13,865)
NET INCOME (LOSS)		**₱950,207**	₱311,933	(₱1,142,946)
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company		**₱939,285**	₱308,833	(₱1,144,160)
Non-controlling interests		**10,922**	3,100	1,214
		₱950,207	₱311,933	(₱1,142,946)
Basic/Diluted Income (Loss) Per Share	*28*	**₱0.3815**	₱0.1254	(₱0.4647)
Basic/Diluted Income (Loss) Per Share for continuing operations	*28*	**₱0.4615**	₱0.1207	(₱0.4591)

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2023**	2022	2021
NET INCOME (LOSS)		**₱950,207**	₱311,933	(₱1,142,946)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains (losses) on net defined benefit liability	*26*	**(66,419)**	51,357	176,443
Income tax effect	*27*	**16,605**	(12,839)	(60,234)
		(49,814)	38,518	116,209
Share in remeasurement gain (loss) on retirement benefits of associates and joint ventures	*12*	**2,164**	5,195	(1,313)
		(47,650)	43,713	114,896
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱902,557**	₱355,646	(₱1,028,050)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company		**₱891,635**	₱352,546	(₱1,029,264)
Non-controlling interests		**10,922**	3,100	1,214
		₱902,557	₱355,646	(₱1,028,050)

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
				Other Comprehensive Income (Losses)								
	Share Capital (Note 21)	**Additional Paid-in Capital** (Note 21)	**Other Equity Reserve** (Note 21)	**Share in Cumulative Translation Adjustment of an Associate**	**Remeasurement Losses on Accrued Retirement Benefits - Net of tax** (Note 26)	**Share in Remeasurement Gains on Accrued Retirement Benefits of Associates and Joint Ventures** (Note 12)	**Subtotal**	**Deficit** (Note 21)	**Treasury Shares** (Note 21)	**Total**	**Non-controlling Interests**	**Total Equity**
BALANCES AT JANUARY 1, 2021	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱5,294**	**(₱229,732)**	**₱5,448**	**(₱218,990)**	**(₱3,826,761)**	**(₱58,715)**	**₱1,607,063**	**₱59,941**	**₱1,667,004**
Net income (loss) for the year	–	–	–	–	–	–	–	(1,144,160)	–	(1,144,160)	1,214	(1,142,946)
Other comprehensive income (loss) for the year	–	–	–	–	116,209	(1,313)	114,896	–	–	114,896	–	114,896
Total comprehensive income (loss) for the year	–	–	–	–	116,209	(1,313)	114,896	(1,144,160)	–	(1,029,264)	1,214	(1,028,050)
BALANCES AT DECEMBER 31, 2021	**2,500,663**	**2,498,621**	**712,245**	**5,294**	**(113,523)**	**4,135**	**(104,094)**	**(4,970,921)**	**(58,715)**	**577,799**	**61,155**	**638,954**
Net income for the year	–	–	–	–	–	–	–	308,833	–	308,833	3,100	311,933
Other comprehensive income for the year	–	–	–	–	38,518	5,195	43,713	–	–	43,713	–	43,713
Total comprehensive income for the year	–	–	–	–	38,518	5,195	43,713	308,833	–	352,546	3,100	355,646
BALANCES AT DECEMBER 31, 2022	**2,500,663**	**2,498,621**	**712,245**	**5,294**	**(75,005)**	**9,330**	**(60,381)**	**(4,662,088)**	**(58,715)**	**930,345**	**64,255**	**994,600**
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**939,285**	**–**	**939,285**	**10,922**	**950,207**
Other comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**(49,814)**	**2,164**	**(47,650)**	**–**	**–**	**(47,650)**	**–**	**(47,650)**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**(49,814)**	**2,164**	**(47,650)**	**939,285**	**–**	**891,635**	**10,922**	**902,557**
BALANCES AT DECEMBER 31, 2023	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱5,294**	**(₱124,819)**	**₱11,494**	**(₱108,031)**	**(₱3,722,803)**	**(₱58,715)**	**₱1,821,980**	**₱75,177**	**₱1,897,157**

See accompanying Notes to the Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before income tax from continuing operations		**₱1,251,363**	₱348,385	(₱1,084,827)
Income (Loss) before income tax from discontinued operations	*32*	**(191,482)**	21,943	(14,207)
Income (loss) before income tax		**1,059,881**	370,328	(1,099,034)
Adjustments for:				
Depreciation and amortization of property and equipment and software	*11,14, 22,23*	**1,286,060**	1,361,737	1,453,153
Financing charges	*24,32*	**495,572**	489,808	416,928
Interest income	*24,32*	**(619)**	(1,695)	(2,708)
Loss (gain) on disposal of:				
Property and equipment	*24*	**(4,550)**	(11,290)	36,614
Investment in an associate	*12,20,24*	–	(35,086)	–
Provision for impairment of other assets	*23*	**–**	8,647	–
Write-off of investment property	*23*	–	–	49,790
Gain on cessation of business of subsidiaries	*24*	–	–	(2,889)
Gain on lease pre-termination	*18*	**(66,329)**	–	–
Equity in net earnings of associates and joint ventures	*12*	**(153,328)**	(58,566)	(55,407)
Retirement benefit cost	*26*	**95,398**	87,939	85,368
Unrealized foreign exchange losses (gains)		**2,033**	(3,251)	692
Operating income before working capital changes		**2,714,118**	2,208,571	882,507
Decrease (increase) in:				
Trade and other receivables		**991,375**	(544,610)	1,040,355
Inventories		**322,303**	19,690	141,398
Other current assets		**(62,399)**	(13,145)	139,619
Other noncurrent assets		**18,777**	29,777	47,956
Increase (decrease) in trade and other payables		**(169,996)**	769,504	(1,362,863)
Net cash generated from operations		**3,814,178**	2,469,787	888,972
Contribution for retirement fund and benefits paid from book reserve	*26*	**(67,132)**	(63,286)	(23,205)
Interest received		**619**	1,695	2,708
Income taxes paid, including creditable withholding taxes		**(302,219)**	(245,384)	(245,833)
Net cash flows provided by operating activities		**3,445,446**	2,162,812	622,642
CASH FLOWS USED IN INVESTING ACTIVITIES				
Additions to:				
Property and equipment	*11*	**(2,080,587)**	(503,776)	(1,918,694)
Software	*14*	**(16,849)**	(38,170)	(15,311)
Proceeds from disposal of:				
Property and equipment	*11*	**26,960**	52,923	346,941
Investment in an associate	*12,20,24*	**10,000**	10,000	–
Collection of proceeds from the sale of a subsidiary and freighters	*24*	–	–	89,263
Dividends received		**162,581**	–	–
Receipts of (payments for) various deposits	*14*	**(45,588)**	914	8,003
Net cash flows used in investing activities		**(1,943,483)**	(478,109)	(1,489,798)

(Forward)

	Note	Years Ended December 31 2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES	*31*			
Proceeds from availments of:				
Short-term notes payable	*15*	**₱1,204,000**	₱2,380,000	₱2,811,000
Long-term debt	*17*	**–**	–	500,000
Payments of:				
Short-term notes payable	*15*	**(1,694,000)**	(3,180,000)	(1,868,500)
Long-term debt	*17*	**(100,000)**	–	–
Obligations under lease	*18*	**(483,965)**	(348,512)	(395,527)
Interest and financing charges	*24*	**(363,156)**	(482,249)	(397,903)
Debt transaction costs	*17, 24*	**(25,500)**	–	(3,750)
Net cash flows provided by (used in) financing activities		**(1,462,621)**	(1,630,761)	645,320
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(1,834)**	570	1,724
NET INCREAE (DECREASE) IN CASH AND CASH EQUIVALENTS		**37,508**	54,512	(220,112)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**724,527**	670,015	890,127
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**₱762,035**	₱724,527	₱670,015

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Earnings per Share, Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information and Approval of the Consolidated Financial Statements

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Its corporate life was renewed on May 12, 1995 and will expire on May 25, 2049. However, under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock are publicly traded on the Philippine Stock Exchange (PSE).

2GO and its subsidiaries (collectively referred to as the Group) provide shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates interisland roll-on/roll-off freight and passenger vessels, interisland freighters, and short-haul fast ferry passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

As of December 31, 2020, 2GO is 35.22%-owned by KGLI-NM Holdings, Inc., 30.49% owned by SM Investments Corporation (SMIC), 22.36%-owned by China-ASEAN Marine B.V. (CAMBV) and 11.93% owned by public shareholders.

On June 3, 2021, SMIC acquired 550,558,388 common shares representing 22.36% of 2GO from KGLI-NM. This resulted in an increase of SMIC's ownership in 2GO to 52.85%, thereby making 2GO a subsidiary of SMIC. On the same date, Trident Investments Holdings Pte. Ltd. (Trident) acquired 230,563,877 common shares of 2GO from KGLI-NM and 550,558,388 common shares from CAMBV, or a total of 781,122,265 common shares representing 31.73% of 2GO. Public shareholders own 15.42%.

On February 28, 2023, the Board of Directors of 2GO approved the voluntary delisting of 2GO shares from the PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission. In the Annual Stockholders' Meeting of 2GO held on April 18, 2023, stockholders owning 2,409,564,0081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting. The PSE approved the delisting effective July 17, 2023.

As of June 30, 2023, with the completion of the tender offer, 2GO's outstanding capital stock is owned by: SMIC (1,654,861,652 common shares or 67.21%); Trident (781,122,265 common shares or 31.73%); and public shareholders own 1.06%.

The accompanying consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were approved and authorized for issue by the BOD on February 22, 2024.

2. Basis of Preparation and Statement of Compliance

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

Statement of Compliance
The consolidated financial statements of the Group are prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

3. Material Accounting Policy Information

Accounting policies have been applied consistently to all years presented in the consolidated financial statements, except for the changes in accounting policies explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Group adopted the following amendments to standards starting January 1, 2023. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

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*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to PAS 1 and the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*
  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Leases*, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7*, Statement of Cash Flows*, and PFRS 7*, Financial Instruments: Disclosures*, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, *Lack of exchangeability*

Deferred effectivity

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

The material accounting policy information adopted in the preparation of the consolidated financial statements are summarized below.

Basis of Consolidation
The consolidated financial statements include the accounts of 2GO and the subsidiaries listed below:

		Percentage of Ownership	
	Nature of Business	**2023**	2022
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	**100.0**	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	**100.0**	100.0
2GO Logistics, Inc. (2GO Logistics)	Transportation/logistics	**100.0**	100.0
Scanasia Overseas, Inc. (SOI) [(1)]	Sales of goods	**100.0**	100.0
2GO Land Transport, Inc. [(2)]	Transportation	**100.0**	100.0
NN-ATS Logistics Management and Holdings Co., Inc. [(3)]	Holdings and logistics management	**100.0**	100.0
Astir Engineering Works, Inc. [(3)] [(4)]	Engineering services	**100.0**	100.0
WG&A Supercommerce, Incorporated [(4)]	Vessels' hotel management	**100.0**	100.0
North Harbor Tugs Corporation	Tugboat assistance	**58.9**	58.9
2GO Rush Delivery, Inc. (RUSH) [(5)]	Transportation/logistics	**100.0**	100.0

[1] *On August 9, 2023, the BOD approved the cessation of business operations of SOI*
[2] *Formerly WRR Trucking Corporation*
[3] *In September 2020, the BOD approved the merger of these companies*
[4] *Ended commercial operations in 2018 or prior*
[5] *Wound down due to non-operation*

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of subsidiaries are consistent with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in Associates and Joint Ventures

The consolidated financial statements include the significant associates and joint ventures of the Group listed below.

		Effective Percentage of Ownership	
	Nature of Business	**2023**	**2022**
Associates:			
MCC Transport Philippines (MCCP)	Container transportation	33.0	33.0
Mober Technology PTE Inc. (Mober) [1]	Logistics services	–	–
Joint Ventures:			
KLN Logistics Holdings Philippines Inc. (KLN)[2]	Holding company	78.4	78.4
Kerry Logistics Philippines, Inc. (KLI)[3]	International freight and cargo forwarding	62.5	62.5

[1]*Investment by 2GO Express in 2018. Mober was sold by the Group in August 2022.*
[2]*KLN is 78.4%-owned by 2GO Express.*
[3]*KLI is 62.5%-owned by KLN.*

All entities are incorporated in the Philippines.

Determination of Fair Value

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 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 the market participants act in their best economic interest.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets, recognition and de-recognition, as applicable, that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). With the exception of trade receivables or for which the Group has applied the practical expedient, the Group's initial measurement of financial instruments, except for those classified as fair value through profit or loss (FVTPL), includes transaction cost. Trade receivables or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

Financial assets
At initial recognition, the Group classifies its financial assets as follows:

- FVTPL
- Fair value through other comprehensive income (FVTOCI)
- Financial assets measured at amortized cost

The basis of the classification of the Group's financial instruments depends on the following:

- The Group's business model for managing its financial assets; and
- The contractual cash flow characteristics of the financial assets.

A financial asset is classified to be measured at amortized cost if following conditions were met:

- The financial asset is held to collect the contractual cash flows; and
- Contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has no financial assets classified as FVTPL and FVTOCI.

Financial liabilities
Financial liabilities are classified as measured at amortized cost except for:

- Financial liabilities measured at FVTPL which include derivatives that liabilities measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent considerations recognized by an acquirer in a business combination to which PFRS 3 applies.

Subsequent measurement
Financial assets measured at amortized cost
After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the consolidated statement of profit or loss when the loans and receivables are derecognized and impaired, as well as through the amortization process. Loans and receivables are included under current assets if realizability or collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Group's cash in banks and cash equivalents, trade and other receivables and refundable deposits (presented as part of "Other current assets" account and "Other noncurrent assets" account in the consolidated statement of financial position) are classified under this category.

Financial liabilities measured at amortized cost
After initial recognition, these financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium,

discount and any directly attributable transaction costs. Gains and losses on other financial liabilities are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group's notes payable, trade and other payables excluding unearned revenue, long-term debt and obligations under lease are classified under this category.

De-recognition of Financial Assets and Liabilities

Financial Assets. A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to 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.

When 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, 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 original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset 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 (e.g., financial difficulty or insolvency) indicates that the Group is unlikely to receive the outstanding contractual cash flows 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.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition, such as purchase price and transport costs, is primarily determined using the weighted average method. NRV of inventories for sale is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, while NRV of inventories for usage is the estimated replacement cost. An allowance for inventory obsolescence is provided for based on the Group's historical inventory expiration experience and physical inspection.

Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in Note 32. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property and Equipment

Property and equipment, except land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and related interest incurred during the construction.

When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Land is carried at cost, less accumulated impairment losses.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Drydocking costs, consisting mainly of main engine overhaul, replacement of steel plate of the vessels' hull and related expenditures, are capitalized as a separate component of "Vessels in operations". When significant drydocking costs are incurred prior to the end of the amortization period, the remaining unamortized balance of the previous drydocking cost is derecognized in profit or loss.

Vessels under refurbishment, if any, include the acquisition cost of the vessels, the cost of ongoing refurbishments and other direct costs. Construction-in-progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the refurbishment of vessels and construction of property and equipment are capitalized during the refurbishment and construction period. Vessels under refurbishment and construction in progress are not depreciated until such time the relevant assets are complete and available for use but tested for impairment losses. Refurbishment of existing vessels is capitalized as part of vessel improvements and depreciated at the time the vessels are put back into operation.

Vessel on lay-over, if any, represents vessel for which drydocking has not been done pending availability of the necessary spare parts. Such vessels, included under the "Property and equipment" account in the consolidated statement of financial position are stated at cost, less accumulated depreciation and any impairment in value.

Minor spare parts and service equipment are typically carried as inventory and recognized in profit or loss as consumed. Major spare parts and stand-by equipment are carried as property and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property and equipment.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, namely:

	Note	In Years
Vessels in operations, excluding drydocking costs and vessel equipment and improvements	*4*	30 - 35*
Drydocking costs		2 - 2.5
Vessel equipment and improvements		3 - 5
Containers and reefer vans		5 - 10
Terminal and handling equipment		5 - 10
Furniture and other equipment		3 - 5
Land improvements		5 - 10
Buildings and warehouses		5 - 20
Transportation equipment		5 - 10
Spare parts and service equipment		3 - 5
Leasehold improvements		Shorter of 5 - 20 or lease term

**From the time the vessel was built.*

Depreciation or amortization commences when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held-for-sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying values of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses are removed from the accounts and any resulting gain or loss is charged to profit or loss.

Goodwill

Impairment Testing of Goodwill. 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), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and,
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment at least annually.

Allocation of Impairment Loss. An impairment loss is recognized for a CGU if the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units first to reduce the carrying amount of goodwill allocated to the CGU or group of units and then to the other assets of the unit or group of units pro rata on the basis of the carrying amount of each asset in the unit or group of units.

Impairment of Nonfinancial Assets

The carrying values of the Group's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written-down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use (VIU). The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in the consolidated statement of profit or loss. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

The equity of the Group consists of share capital, additional paid-in capital (APIC), treasury shares, other comprehensive income (loss) OCI and retained earnings (deficit).

Treasury shares are the Group's own equity instruments that are reacquired. Treasury shares are recognized at cost and deducted from equity.

OCI of the Group includes share in OCI of associates and remeasurement gains or losses on accrued retirement benefits.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when controls of 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 the goods and services. The specific recognition criteria for each type of revenue are as follows:

Shipping Revenues are recognized when the related services are rendered. Shipping revenues include revenue from ancillary services such as wharfage, arrastre, stevedoring and other freight related services.

Logistics Revenues are recognized when the related services have been rendered. Service fees are also recognized when cargoes are received by either shipper or consignee for export and import transactions.

Sale of Goods are recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods.

Contract Balances

Contract assets

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

Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section “Financial instruments - initial recognition and subsequent measurement”.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are classified under “Trade and other payables” account in the consolidated statement of financial position. Contract liabilities are recognized as revenue when the Group performs under the contract.

Other Income

Rental Income arising from operating leases is recognized on a straight-line basis over the lease term.

Dividend Income is recognized when the shareholders’ right to receive the payment is established.

Costs and Expenses

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits
Majority of the subsidiaries of the Group have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and,
- Re-measurements of net defined benefit liability or asset.

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Right-of-use assets are recognized at the commencement date of the lease. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the following amount:

- lease liabilities recognized;
- initial direct costs incurred; and
- lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows.

	In Years
Container Yard	10
Office	10
Warehouse	10
Equipment	3-10

Lease liabilities are recognized at the commencement date of the lease and is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liability is carried at amortized cost. Lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the following recognition exemptions:

- short-term lease (leases with lease term of 12 months or less from the commencement date and do not contain a purchase option); or
- low-value assets.

Lease payments under short-term leases and low value assets are recognized as rent expense on a straight-line basis over the lease term.

Taxes

Current Tax. Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and,
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Income tax relating to items recognized directly in the consolidated statement of comprehensive income is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of profit or loss.

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

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

Creditable withholding taxes (CWTs)
CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rule on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve (12) months are classified as current assets.

Basic/Diluted Earnings (Loss) Per Common Share (EPS)
Basic EPS is computed by dividing the net income (loss) from continuing operations for the period attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding, after retroactive adjustment for any stock dividends and stock splits declared during the year.

For the purpose of computing diluted EPS, the net income (loss) from continuing operations for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all dilutive potential ordinary shares.

The basic/diluted EPS for the discontinued are disclosed in the notes to consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's Chief Decision Maker regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Financial information on business segments is presented in Note 6.

4. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the timing of satisfaction of performance obligation shipping and logistics and other services
The Group assessed that performance obligation for shipping and logistics and other services are rendered to the customers over time. As a result, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement. The measurement of progress used the estimated period travelled (measured in days) of the cargoes or goods delivered over the period of the date of cargo acceptance of the Group up to the date of delivery to the customers.

Estimates and Assumptions
The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Provision for ECL of trade teceivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8.

Estimation of useful lives of property and equipment
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use until it is derecognized. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. Specifically, in evaluating the useful lives of the vessels and related assets, management takes into account the intended life of the vessel fleet being operated, the estimate of the economic life from the date purchased or built, development in the domestic shipping regulations, the fleet deployment plans including the timing of fleet replacements, the changes in technology, as well as the repairs and maintenance program, among others.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expenses and decrease the carrying value of property and equipment. Refer to Note 11.

Assessment of impairment and estimation of recoverable amount of property and equipment
The Group assesses at the end of each reporting period whether there is any indication that the nonfinancial assets listed on the next page may be impaired. If such indication exists, the entity follows the accounting policy discussed in section 3, Material Accounting Policy Information (Impairment of Nonfinancial Assets).

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRSs.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are pertaining to the property and equipment of the Group amounting to ₱7.1 billion and ₱5.6 billion as of December 31, 2023 and 2022, respectively (see Note 11).

As at December 31, 2023 and 2022, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Group's property and equipment as the recoverable amount of the assets is higher than their carrying values.

Impairment of goodwill
The Group performs impairment testing on goodwill at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering seven-year and five-year projections for shipping and nonshipping business, respectively. The value-in-use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next five to seven years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the CGUs of the shipping and nonshipping businesses are disclosed in Note 13.

Estimation of retirement benefits costs and obligation
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions were described in Note 26 and include, among others, discount rate and future salary increase. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other retirement obligations.

The discount is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Refer to Note 26.

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Consequently, only a portion of the Group's deferred income tax assets was recognized. Refer to Note 27.

Estimation of provisions for contingencies
The Group is involved in certain legal and administrative proceedings arising from the ordinary course of business. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. The Group does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that significant differences in actual experience or assumption may materially affect the recorded provision. The inherent uncertainty over the outcome of these legal proceedings and other claims is brought about by the difference in the interpretation and implementation of the relevant laws and regulations. Refer to Note 19.

5. Revenue from Contracts with Customers

Disaggregated revenue information
The disaggregation of the Group's revenue from contracts with customers is presented in the consolidated statement of profit or loss and disclosed in the operating segment information. The Group's disaggregation of revenue from contracts with customers based on categories that depict the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations and timing of revenue recognition
The Group's performance obligations are summarized below.

- Shipping and logistics and other services: performance obligations are generally satisfied over time once the delivery services are completed.
- Sale of goods: performance obligation is generally satisfied upon delivery of the goods to the customers which is the point in time where the control has been transferred to the customer.

6. Operating Segment Information

The Group has identified two reportable operating segments as follows:

- The shipping segment provides ocean-going transportation of passengers, rolling cargo, and freight cargo.
- The nonshipping segment provides logistics, supply chain management and other services.

The BOD monitors the operating results of its two operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Revenues from one customer of nonshipping segment represent approximately 26% of the segment's total revenue. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues for the other segments.

The segment information below relates to continuing operations. The sale of goods under nonshipping segment is included in the discontinued operations in 2023 and is therefore not part of the segment information presented (see Note 32).

Revenues, expenses, results of operations, assets, liabilities and other information about the business segments are as follows:

	December 31, 2023			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Consolidated Balance**
		(In Thousands)		
External customers	**₱9,107,338**	**₱6,848,829**	**₱–**	**₱15,956,167**
Intersegment revenue	**1,595,272**	**361,648**	**(1,956,920)**	**–**
Revenues from contracts with customers	**₱10,702,610**	**₱7,210,477**	**(₱1,956,920)**	**₱15,956,167**
Income (Loss) before income tax from continuing operations	**₱1,556,755**	**(305,392)**	**–**	**1,251,363**
Benefit from (Provision for) income tax	**8,062**	**(112,104)**	**–**	**(104,042)**
Segment income (loss) from continuing operations	**₱1,564,817**	**(417,496)**	**–**	**₱1,147,321**
Segment assets	**₱13,482,768**	**₱4,900,841**	**(₱3,583,178)**	**₱14,800,431**
Segment liabilities	**₱9,724,894**	**₱7,145,147**	**(₱3,966,767)**	**₱12,903,274**
Other Information:				
Capital expenditures	**₱2,845,594**	**₱150,731**	**₱–**	**₱2,996,325**
Depreciation and amortization	**912,278**	**370,861**	**–**	**1,283,139**
Provision for ECL - net	**5,981**	**43,947**	**–**	**49,928**
Dividend income	**162,581**	**–**	**(162,581)**	**–**
Equity in net eanings of associates and joint ventures	**144,352**	**8,976**	**–**	**153,328**

	December 31, 2022, Adjusted			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	₱8,104,183	₱6,437,565	₱–	₱14,541,748
Intersegment revenue	1,412,316	344,557	(1,756,873)	–
Revenues from contracts with customers	₱9,516,499	₱6,782,122	(₱1,756,873)	₱14,541,748
Income (Loss) before income tax from continuing operations	₱523,010	(₱69,625)	(₱105,000)	₱348,385
Provision for income tax	(7,553)	(46,802)	–	(54,355)
Segment income (loss) from continuing operations	₱515,457	(₱116,427)	(₱105,000)	₱294,030
Segment assets	₱11,474,059	₱6,624,674	(₱3,706,839)	₱14,391,894
Segment liabilities	₱9,029,883	₱8,050,000	(₱3,682,589)	₱13,397,294
Other Information:				
Capital expenditures	₱1,078,818	₱955,774	₱–	₱2,034,592
Depreciation and amortization	945,015	415,543	–	1,360,558
Provision for ECL - net	10,913	32,046	–	42,959
Dividend income	105,000	–	(105,000)	–
Equity in net eanings of associates and joint ventures	50,175	8,391	–	58,566

	December 31, 2021, Adjusted			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	₱5,061,642	₱5,236,752	₱–	₱10,298,394
Intersegment revenue	1,066,109	313,850	(1,379,959)	–
Revenues from contracts with customers	₱6,127,751	₱5,550,602	(₱1,379,959)	₱10,298,394
Loss before income tax from continuing operations	(₱726,560)	(₱183,267)	(₱175,000)	(₱1,084,827)
Benefit from (Provision for) income tax	1,440	(45,694)	–	(44,254)
Segment loss from continuing operations	(₱725,120)	(₱228,961)	(₱175,000)	(₱1,129,081)
Segment assets	₱10,780,212	₱5,708,431	(₱3,569,922)	₱12,918,721
Segment liabilities	₱8,871,660	₱6,921,930	(₱3,513,823)	₱12,279,767
Other Information:				
Capital expenditures	₱1,819,832	₱193,420	₱–	₱2,013,252
Depreciation and amortization	1,090,283	361,117	–	1,451,400
Provision for ECL - net	39,001	339,620	–	378,621
Dividend income	175,000	–	(175,000)	–
Equity in net earnings of associates and joint ventures	29,044	26,363	–	55,407

Reconciliation of segment income (loss) and net income (loss) reported in the consolidated statements of profit or loss follows:

		Years Ended December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Segment income (loss)		**₱1,147,321**	₱294,031	(₱1,129,082)
Net income (loss) from discontinued operations	*32*	**(197,114)**	17,902	(13,864)
Net income (loss)		**₱950,207**	₱311,933	(₱1,142,946)

7. Cash and Cash Equivalents

This account consists of:

	Note	December 31 2023	2022
		(In Thousands)	
Cash on hand and in banks	*20*	**₱747,368**	₱712,888
Cash equivalents		**14,667**	11,639
		₱762,035	₱724,527

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are placements for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at prevailing market rates.

Interest income earned by the Group from cash in banks and cash equivalents amounted to ₱0.5 million ₱0.4 million and ₱0.5 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

8. Trade and Other Receivables

This account consists of:

	Note	December 31 2023	2022
		(In Thousands)	
Trade		**₱2,187,175**	₱2,954,257
Contract assets		**462,330**	653,245
Nontrade	*20*	**260,173**	328,954
Advances to officers and employees		**22,086**	24,177
		2,931,764	3,960,633
Allowance for ECL		**(490,754)**	(518,248)
		₱2,441,010	₱3,442,385

a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.

b. Contract assets relate to revenue earned from unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers. As such, the balance of this account vary and depend on the timing of issuance of billing invoice to customers. The outstanding balance of these accounts decreased in 2023 due to the increase in issued billings within the year.

c. Nontrade receivables include advances to principals, passage bonds, receivable from trustee fund and insurance from other claims. These receivables are noninterest-bearing and collectible on demand. The balance as of December 31, 2023 includes the ₱30.0 million (₱10.0 million as of December 31, 2022) current portion of receivable for the sale of Mober (see Notes 12 and 14).

d. The following tables set out the rollforward of the allowance for ECL as of December 31, 2023 and 2022 and 2021:

		December 31, 2023		
	Note	**Trade and Contract Assets**	**Nontrade**	**Total**
			(In Thousands)	
Beginning		**₱483,458**	**₱34,790**	**₱518,248**
Provision	*23*	**22,718**	**27,210**	**49,928**
Write-off		–	**(2,010)**	**(2,010)**
Reversal		**(76,367)**	**(1,445)**	**(77,812)**
Other adjustments		**2,400**	–	**2,400**
Ending		**₱432,209**	**₱58,545**	**₱490,754**

		December 31, 2022		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱480,602	₱29,617	₱510,219
Provision	*23*	29,078	13,881	42,959
Write-off/other adjustments		(26,222)	(8,708)	(34,930)
Ending		₱483,458	₱34,790	₱518,248

		December 31, 2021		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱582,732	₱155,945	₱738,677
Provision	*23*	315,401	63,220	378,621
Write-off/other adjustments		(342,784)	(262,030)	(604,814)
Deconsolidation of subsidiary	*20*	(74,747)	72,482	(2,265)
Ending		₱480,602	₱29,617	₱510,219

9. Inventories

This account consists of:

	December 31	
	2023	2022
At lower of cost and net realizable value:	*(In Thousands)*	
Trading goods	**₱22,993**	₱377,355
Materials, parts and supplies	**21,017**	19,020
At cost:		
Fuel, oil and lubricants	**146,460**	116,398
	₱190,470	₱512,773

The cost of trading goods carried at net realizable value amounted to ₱26.4 million and ₱382.2 million as of December 31, 2023 and 2022 while the cost of materials, parts and supplies carried at net realizable value amounted to ₱23.4 million and ₱21.4 million, respectively. The allowance for inventory obsolescence as of December 31, 2023 and 2022 amounted to ₱5.8 million and ₱7.3 million, respectively.

Costs of inventories were recognized and presented in the following accounts in the consolidated statements of profit or loss (see Notes 22 and 23):

	Note	Years Ended December 31 2023	2022	2021
			(In Thousands)	
Continuing operations:				
Cost of services	22	**₱3,296,235**	₱3,077,228	₱2,069,769
General and administrative expenses	23	**4,485**	4,331	2,261
Discontinued operations:	32			
Cost of goods sold		**3,011,890**	4,637,059	5,507,703
General and administrative expenses		–	241	–
		₱6,312,610	₱7,718,859	₱7,579,733

The cost of inventories used is presented as "Cost of services" and pertains mainly to fuel, oil and lubricants used in vessels' operations, food and beverages sold by the shipping segment, and materials and supplies used. The cost of inventories expensed and presented as "Cost of goods sold" pertains to the trading goods sold by the nonshipping segment. The cost of inventories presented as "General and administrative expenses" pertains to office supplies.

10. Other Current Assets

This account consists of:

	Note	December 31 2023	2022
		(In Thousands)	
CWTs - current portion	14	**₱1,523,875**	₱1,461,904
Prepaid expenses and others		**181,097**	132,007
Deferred input VAT		**130,615**	117,060
Refundable deposits - current portion	14	**110,587**	100,205
Input VAT		**67,435**	91,492
Advances to suppliers and contractors		**56,866**	43,437
		2,070,475	1,946,105
Allowance for impairment losses		**(1,549)**	(1,549)
		₱2,068,926	₱1,944,556

a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of a company in the Group to which the CWTs relate.

b. Prepaid expenses and others include prepaid rent, insurance and taxes.

11. Property and Equipment

	December 31, 2023											
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land and Improvements	Buildings and Warehouses	Transportation Equipment	Spare Parts and Service Equipment	Leasehold Improvements	Construction-In-Progress	Right-of-Use Assets	Total
							(In Thousands)					
Cost												
January 1, 2023	₱9,689,894	₱1,625,034	₱1,022,803	₱496,168	₱494,647	₱365,743	₱429,728	₱2,393	₱727,563	₱4,473	₱2,511,414	₱17,369,860
Additions	751,020	335	51,316	34,548	1,322	5,267	10,304	–	22,858	1,180,198	939,157	2,996,325
Disposals/retirements	(104,695)	(21,660)	(30,254)	(7,871)	(17,682)	(1,380)	(49,756)	(5)	(111,807)	–	(854,128)	(1,199,238)
Adjustment	–	–	–	–	–	–	–	–	–	–	1,618	1,618
December 31, 2023	10,336,219	1,603,709	1,043,865	522,845	478,287	369,630	390,276	2,388	638,614	1,184,671	2,598,061	19,168,565
Accumulated Depreciation and Amortization												
January 1, 2023	6,860,698	1,409,892	725,427	416,135	157,580	301,102	408,710	1,715	542,696	–	897,347	11,721,302
Depreciation and amortization	618,703	48,135	55,340	45,589	2,545	6,979	10,828	488	59,842	–	382,718	1,231,167
Disposals/retirements	(104,695)	(21,660)	(30,203)	(7,503)	–	(401)	(49,754)	(5)	(108,478)	–	(513,858)	(836,557)
Adjustment	–	–	–	–	735	–	–	–	(12,981)	–	–	(12,246)
December 31, 2023	7,374,706	1,436,367	750,564	454,221	160,860	307,680	369,784	2,198	481,079	–	766,207	12,103,666
Net carrying amounts	₱2,961,513	₱167,342	₱293,301	₱68,624	₱317,427	₱61,950	₱20,492	₱190	₱157,535	₱1,184,671	₱1,831,854	₱7,064,899

	December 31, 2022											
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land and Improvements	Buildings and Warehouses	Transportation Equipment	Spare Parts and Service Equipment	Leasehold Improvements	Construction-In-Progress	Right-of-Use Assets	Total
							(In Thousands)					
Cost												
January 1, 2022	₱10,512,687	₱1,625,846	₱971,904	₱458,968	₱471,545	₱361,559	₱424,648	₱2,393	₱685,781	₱53	₱1,841,155	₱17,356,539
Additions	464,728	915	50,982	38,423	23,102	4,184	5,965	–	41,782	4,420	1,400,661	2,035,162
Disposals/retirements	(1,287,521)	(1,727)	(83)	(1,223)	–	–	(885)	–	–	–	(730,402)	(2,021,841)
December 31, 2022	9,689,894	1,625,034	1,022,803	496,168	494,647	365,743	429,728	2,393	727,563	4,473	2,511,414	17,369,860
Accumulated Depreciation and Amortization												
January 1, 2022	7,427,965	1,352,582	669,319	393,357	155,179	294,683	381,729	1,237	468,779	–	1,235,287	12,380,117
Depreciation and amortization	678,621	59,037	56,191	24,001	2,401	6,419	27,866	478	79,496	–	392,461	1,326,971
Disposals/retirements	(1,245,888)	(1,727)	(83)	(1,223)	–	–	(885)	–	–	–	(730,401)	(1,980,207)
Reclassification/adjustment	–	–	–	–	–	–	–	–	(5,579)	–	–	(5,579)
December 31, 2022	6,860,698	1,409,892	725,427	416,135	157,580	301,102	408,710	1,715	542,696	–	897,347	11,721,302
Net carrying amounts	₱2,829,196	₱215,142	₱297,376	₱80,033	₱337,067	₱64,641	₱21,018	₱678	₱184,867	₱4,473	₱1,614,067	₱5,648,558

Property and equipment under lease
Containers, reefer vans, isotanks, cargo handling equipment, and office and operational spaces as of December 31, 2023 and 2022 include units acquired under lease arrangements (see Note 18).

Noncash additions include costs of leased assets for the years ended December 31, 2023, 2022 and 2021 amounting to ₱939.2 million, ₱1,400.7 million and ₱49.8 million, respectively. The related depreciation of the leased assets for the years ended December 31, 2023, 2022 and 2021 amounting to ₱382.7 million, ₱392.5 million and ₱388.2 million, respectively, were computed on the basis of the Group's depreciation policy for property and equipment. Set out below are the carrying amount of right-of-use assets as of December 31, 2023 and 2022.

December 31, 2023

	Container Yard	Office	Warehouse	Equipment	Total
		(In Thousands)			
Cost					
January 1, 2023	**₱562,987**	**₱352,745**	**₱1,253,978**	**₱341,704**	**₱2,511,414**
Additions	**239,009**	**–**	**671,239**	**28,909**	**939,157**
Disposal	**(3,270)**	**–**	**(776,565)**	**(74,293)**	**(854,128)**
Reclassification	**2,251**	**–**	**(2,251)**	**1,618**	**1,618**
December 31, 2023	**800,977**	**352,745**	**1,146,401**	**297,938**	**2,598,061**
Accumulated Depreciation					
January 1, 2023	**56,969**	**139,420**	**542,577**	**158,381**	**897,347**
Depreciation	**67,022**	**43,880**	**239,030**	**32,786**	**382,718**
Disposal	**(3,270)**	**–**	**(436,295)**	**(74,293)**	**(513,858)**
Reclassification	**(2,611)**	**75**	**2,536**	**–**	**–**
December 31, 2023	**118,110**	**183,375**	**347,848**	**116,874**	**766,207**
Net Carrying Amount	**₱682,867**	**₱169,370**	**₱798,553**	**₱181,064**	**₱1,831,854**

December 31, 2022

	Container Yard	Office	Warehouse	Equipment	Total
		(In Thousands)			
Cost					
January 1, 2022	₱181,714	₱323,423	₱1,072,190	₱263,828	₱1,841,155
Additions	561,968	52,723	631,275	154,695	1,400,661
Disposal	(180,695)	(23,401)	(449,487)	(76,819)	(730,402)
December 31, 2022	562,987	352,745	1,253,978	341,704	2,511,414
Accumulated Depreciation					
January 1, 2022	176,615	120,480	726,348	211,844	1,235,287
Depreciation	61,049	42,341	265,714	23,357	392,461
Disposal	(180,695)	(23,401)	(449,485)	(76,820)	(730,401)
December 31, 2022	56,969	139,420	542,577	158,381	897,347
Net Carrying Amount	₱506,018	₱213,325	₱711,401	₱183,323	₱1,614,067

In 2023, the Group pre-terminated certain leased warehouses which resulted to gain amounting to ₱66.3 million and is presented as part of "Others - net" account under "Other Income (Charges)" in the consolidated statements profit or loss (see Notes 18 and 24).

Residual value of vessels
The Group reviews the residual value of the vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. The residual value for vessels is reassessed by management based on the vessels' lightweight, the market price of scrap metals and the history of vessel disposal.

The reassessment of the estimated residual values of the Group's vessels in operations during the year resulted to a decrease in the depreciation expense in 2023 amounting to ₱114.5 million.Consequently, the depreciation expense in 2024 and 2025 is expected to decrease by ₱57.6 million and ₱68.1 million, respectively.

Capitalization of drydocking costs
Vessels in operations also include capitalized drydocking costs amounting to ₱340.8 million, ₱294.7 million and ₱258.5 million for the years ended December 31, 2023, 2022 and 2021, respectively. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Acquisition of property and equipment
In December 2023, the Group acquired two vessels with an acquisition cost totaling to ₱1,180.2 million, which are still in construction in progress as of December 31, 2023.

Unpaid acquisition costs of property and equipment amounted to ₱175.0 million and ₱198.4 million as of December 31, 2023 and 2022, respectively.

Sale and disposal of property and equipment
The Group disposed certain property and equipment for consideration of ₱26.8 million, ₱52.9 million and ₱346.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

In 2021, the proceeds from the disposal of property and equipment pertain mainly to the sale of two vessels amounting to ₱320.15 million.

Depreciation and amortization
Depreciation and amortization were recognized and presented in the following accounts in the consolidated statements of profit or loss:

		Years Ended December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Continuing operations:				
Cost of services and goods sold	*22*	**₱1,180,109**	₱1,279,731	₱1,368,206
General and administrative expense	*23*	**48,137**	46,061	44,519
Discontinued operations	*32*	**2,921**	1,179	1,753
		₱1,231,167	₱1,326,971	₱1,414,478

Property and equipment held as collateral
Property and equipment held or deemed as collateral for leases as at December 31, 2023 and 2022 amounted to ₱2,538.3 million and ₱2,316.2 million, respectively (see Note 18). One of the vessels in operations of the Group, with a carrying value of ₱706.4 million and ₱702.1 million as at December 31, 2023 and 2022, respectively, is subject to secure the ₱500.0 million term loan facility agreement with BDO (see Note 17).

12. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures are as follows:

		Years ended December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Acquisition - cost:				
Balances at beginning of year*		**₱29,634**	₱79,634	₱79,634
Disposal		–	(50,000)	–
Balances at end of year		**29,634**	29,634	79,634

(Forward)

	Note	Years ended December 31 **2023**	2022	2021
		(In Thousands)		
Accumulated equity in net earnings:				
Balances at beginning of year		**₱295,401**	₱201,749	₱146,342
Accumulated equity in net loss of disposed associate		–	35,086	–
Dividend received		**(162,581)**	–	–
Equity in net earnings during the year		**153,328**	58,566	55,407
Balances at end of year		**286,148**	295,401	201,749
Share in remeasurement gain on retirement benefits of associates and joint ventures:				
Balances at beginning of year		**9,330**	4,135	5,448
Share in remeasurement gain (loss) during the year		**2,164**	5,195	(1,313)
Balances at end of year		**11,494**	9,330	4,135
		₱327,276	₱334,365	₱285,518

**Includes share in cumulative translation adjustment when an associate changed its functional currency amounting to ₱5.3 million.*

In August 2022, the Group sold 100% of its shares in Mober for ₱50.0 million, which is payable on installment basis. As of December 31, 2023, the amount collected was ₱20.0 million and the balance of ₱30.0 million plus 8% interest per annum is payable in August 2024, and are presented as part of "Trade and other receivables" in the consolidated statements of financial position.

Summarized financial information of the Group's associates and joint ventures and reconciliation with the carrying amount of the investments in the consolidated financial statements are set as follows:

Statements of financial position:

	Associates MCCP **2023**	MCCP 2022	KLPI **2023**	KLPI 2022
	(In Thousands)			
As at December 31				
Current assets	**₱1,281,068**	₱876,829	**₱572,234**	₱619,437
Noncurrent assets	**266,412**	473,392	**198,667**	19,283
Current liabilities	**776,044**	620,440	**347,078**	366,543
Noncurrent liabilities	**32,803**	6,922	**171,830**	10,381
Equity	**738,633**	722,859	**251,993**	261,796

Statements of comprehensive income:

	Associates MCCP **2023**	MCCP 2022	MCCP 2021	KLPI **2023**	KLPI 2022	KLPI 2021	Mober **2023**	Mober 2022	Mober 2021
	(In Thousands)								
For the years ended December 31:									
Revenue from contracts with customers	**₱2,619,578**	₱2,373,105	₱1,784,761	**₱698,215**	₱1,119,984	₱911,813	**₱–**	₱28,158	₱15,992
Net income (loss)	**554,961**	346,619	105,030	**14,986**	82,481	57,367	–	(1,533)	(2,300)
Total comprehensive income (loss)	**551,647**	346,619	106,192	**14,986**	82,481	67,186	–	(1,533)	(2,300)

Below is the reconciliation of the total equity of the associates and joint ventures and the investment in associates and joint ventures.

	Years ended December 31 **2023**	2022	2021
		(In Thousands)	
Equity	**₱990,626**	₱984,655	₱499,742
Effective percentage of ownership	**33% to 78%**	33% to 78%	33% to 78%
Share in equity	**₱327,276**	₱334,365	₱285,518

**The Group effectively owns 33% of MCCP, 49% of KLI, and 78% of KLN and 50% of Mober. The Group sold its share in Mober in August 2022.*

13. **Goodwill**

<u>Impairment Testing of Goodwill</u>
As a result of a business combination in 2010, the Group carries goodwill totaling ₱686.9 million allocated to the shipping and non-shipping business amounting to ₱580.6 million and ₱106.3 million, respectively. The recoverable amounts of the CGUs were determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering seven-year period for shipping and a five-year period for non shipping.

<u>Key Assumptions Used in VIU Calculations for the Shipping Business</u>
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted Earnings before Interest, Tax, Depreciation and Allowance (EBITDA)
Budgeted EBITDA has been based on past experience adjusted for the following:

- *Passage and cargo revenue*. Management projected travel and freight revenue in line with historical volumes and rates, adjusted for the number of round trips per year.
- *Rates, exclusive of VAT.* Management expects an increase in passage and freight rates by 3% in 2024 and in subsequent years based on the history of rate increases.
- *Fuel prices*. Management expects fuel prices to increase in line with inflation. Management expects to recover from the Group's customers any change in fuel prices that are beyond budget through implementation of surcharge. Management believes the fuel surcharge would not cause any material change in the forecasted passenger and cargo volume.
- *Fixed operating costs and expenses*. Based on the cost savings analysis made by management, terminal operation's fixed costs are expected to increase in line with inflation, partially mitigated by ongoing optimization of sites and assets in various locations in the Philippines.
- *Terminal and overhead expenses*. Management expects that costs and expenses, in general, will increase in line with inflation.

Discount rate
The discount rate applied to cash flow projections was 10.7% in 2023 and 10.3% in 2022.

Budgeted capital expenditure
Budgeted capital expenditure is based on maintenance requirements of the shipping business' fleet and land-based assets.

Terminal growth rate
Cash flows beyond the seven-year period are extrapolated using a growth rate of 3%.

Sensitivity to changes in assumptions
Other than as disclosed above, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value of goodwill to exceed its recoverable amount.

<u>Key Assumptions Used in VIU Calculations for the CGUs of the Nonshipping Business</u>
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted Earnings before Interest, Tax, Depreciation and Allowance (EBITDA)
Budgeted EBITDA has been based on past experience adjusted for the following:

- *Nonshipping revenue.* Management projected nonshipping revenue in line with historical volume and rates.

- *Rates exclusive of VAT.* Management expects an increase in nonshipping revenue rates by 3% in 2024 and in subsequent years based on the history of rate increases.
- *Cost of services.* Management expects that the cost of services will increase in line with revenue growth, and that general and administrative expenses and other operating expenses will increase due to inflation and the increasing scale of the nonshipping business.

Discount rate
The discount rate applied to cash flow projections was 13.0% in 2023 and 2022.

Budgeted capital expenditure
Budgeted capital expenditure is based on the process improvement of non-shipping business' information technology (IT) infrastructure.

Terminal growth rate
Cash flows beyond the five-year period are extrapolated using a growth rate of 3%.

Sensitivity to changes in assumptions
Other than as disclosed above, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value of goodwill to exceed its recoverable amount.

14. **Other Noncurrent Assets**

		December 31	
	Note	**2023**	2022
		(In Thousands)	
CWTs - net of current portion	*10*	**₱874,413**	₱748,764
Software		**80,297**	118,617
Refundable deposits - net of current portion		**106,984**	76,123
Deferred input VAT		**13,530**	32,306
Advances to suppliers and contractors		**32,885**	–
Others	*8, 12*	**–**	30,000
		1,108,109	1,005,810
Allowance for impairment		**(100)**	(8,642)
		₱1,108,009	₱997,168

a. The software is amortized on a straight-line basis over its estimated useful life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The movements in software are as follows:

		December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Cost				
Balances at beginning of year		**₱364,757**	₱348,549	₱345,448
Additions		**16,849**	38,170	15,311
Disposals/Retirement		**(3,483)**	(21,962)	–
Reclassification/adjustment		**(91)**	–	(12,210)
Balances at end of year		**378,032**	364,757	348,549
Accumulated Amortization				
Balances at beginning of year		**246,140**	211,374	172,699
Amortization	*23*	**54,893**	34,766	38,675
Disposals/Retirement		**(3,298)**	–	–
Balances at end of year		**297,735**	246,140	211,374
Carrying Amount		**₱80,297**	₱118,617	₱137,175

Amortization was recognized and presented in the consolidated statements of profit or loss under "General and administrative expenses".

b. Refundable deposits consist of amounts paid for rental deposits which can be applied as rental payment at the end of the lease term or can be collected in cash upon termination of the lease. In 2023 and 2022, allowance for impairment amounting to ₱15.6 million and ₱8.6 million, respectively was recognized and is presented as part of "Others" under "General and Administrative Expenses"

c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels incurred prior to January 1, 2022.

d. As of December 31, 2022, others pertain to the noncurrent portion of the long-term receivable arising from the sale of investment in Mober in 2022 (see Notes 8 and 12).

15. Short-term Notes Payable

Notes payable represent unsecured short-term peso-denominated notes payable obtained by the Group from local banks with annual interest rates ranging from 5.85% to 7.50% in 2023, from 3.75% to 4.5% in 2022 and from 3.75% to 4.75% in 2021. Total interest expense incurred by the Group from short-term notes payable was ₱99.2 million, ₱119.4 million and ₱106.7 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

16. Trade and Other Payables

		December 31	
	Note	**2023**	2022
		(In Thousands)	
Trade	*20*	**₱900,219**	₱1,245,489
Accruals:			
Expenses	*20*	**2,436,022**	2,206,608
Salaries and wages		**112,817**	120,855
Interest	*24*	**65,509**	55,350
Capital expenditure		**175,012**	198,432
Others		**141,175**	142,327
Nontrade		**823,536**	842,036
Government payables		**151,098**	78,286
Contract liabilities		**39,882**	35,827
Other payables	*19,20*	**59,677**	134,485
		₱4,904,947	₱5,059,695

a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.

b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.

c. Nontrade payables consist of security deposits, advances from principals and contractors, agencies and others.

d. Contract liabilities include advance payments received for services to be rendered. The outstanding balances of these accounts increased in 2023 due to the increase in uncompleted service of freight cash transactions within the year. Set out below is the amount of revenue recognized from:

	December 31	
	2023	2022
	(In Thousands)	
Amounts included in contract liabilities at the beginning of the year	**₱35,827**	₱59,458

e. Other payables include provision for contingencies amounting to ₱58.1 million and ₱41.7 million as at December 31, 2023 and 2022, respectively (see Note 19).

17. **Long-term Debt**

Long-term debt consists of:

		December 31	
	Note	**2023**	2022
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*20*	**₱3,900,000**	₱4,000,000
Unamortized debt arrangement fees		**(23,355)**	(5,200)
		3,876,645	3,994,800
Current portion		**333,698**	3,496,823
Noncurrent portion		**₱3,542,947**	₱497,977

BDO Term Loan Facility Agreements

a.) On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from its previous long-term loan with BDO and to fund various capital expenditures and other general requirements. Principal borrowings are due upon maturity at the end of five years in April 2023, while interest is payable quarterly. In April 2018 and April 2020, 2GO borrowed ₱2.5 billion and ₱1.0 billion, respectively, which is subject to fixed and floating interest rate, respectively.

On April 11 and 14, 2023, 2GO repaid ₱100.0 million of the term loan and refinanced ₱3.4 billion with a new term loan facility agreement for another five-year term. The new term loan facility requires annual repayment of 10% of the outstanding principal by the anniversary date each year and balloon payment of 50% on maturity date and is subject to a floating interest rate.

The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 2GO is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum debt service coverage ratio of 1.25.

Interest rate is floater at 3M BVAL plus 100 bps/.95 or floor of 7%. The floating interest rate is subject to periodic review and adjustment earlier than five banking days prior to each "Interest Setting Date" as long as the term loan remains unpaid.

b.) On April 19, 2021, 2GO entered into another five-year ₱500.0 million term loan facility agreement with BDO to partially finance acquisition and landed cost of vessel. Principal borrowings are due upon maturity at the end of five years in April 2026, while interest is payable quarterly and is subject to fixed interest rate of 4.9%. The facility was fully drawn in April 2021.

The second term loan facility agreement is secured by the Chattel Mortgage over a passenger-cargo ship named M/V Masagana with a carrying value of ₱706.4 million and ₱702.1 million as of December 31, 2023 and 2022, respectively. 2GO is required to maintain a debt-to-equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO.

Borrowing Costs and Debt Transaction Costs
Interests from long-term borrowings of the Group recognized as expense totaled ₱260.9 million, ₱232.1 million and ₱224.2 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

The Group paid ₱25.5 million, ₱3.0 million, ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2023, 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱7.3 million, ₱7.0 million and ₱6.5 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

Compliance with debt covenants
At December 31, 2023 and 2022, the Group was not compliant with the debt-to-equity ratio under the Group's long-term loan agreement with BDO. However, the Group obtained a waiver letter from BDO which waives the financial covenant at December 31, 2023 and 2022.

18. **Leases**

The Group has various lease arrangements with third parties for the lease of containers, reefer vans, isotanks, cargo handling equipment, transportation equipment, warehouses, container yards and office space.

The future minimum lease payments on the obligations under lease together with the present value of the minimum lease payments are as follows:

	December 31, 2023		December 31, 2022	
	Future Minimum Lease Payments	**Present Value of Minimum Lease payments**	Future Minimum Lease Payments	Present Value of Minimum Lease payments
Less than one year	**₱515,794**	**₱415,000**	₱438,703	₱347,387
Between one and five years	**1,458,354**	**1,265,615**	1,297,383	1,139,609
Between six and 10 years	**162,049**	**156,767**	218,175	204,903
	2,136,197	**1,837,382**	1,954,261	1,691,899
Interest component	**298,815**	**–**	262,362	–
Present value	**₱1,837,382**	**₱1,837,382**	₱1,691,899	₱1,691,899

The interest expense recognized related to these leases amounted to ₱96.9 million, ₱96.8 million and ₱49.1 million for the years ended December 31, 2023, 2022 and 2021, respectively, under "Financing charges" account in the consolidated statements of profit or loss (see Note 24).

Set out below are the amounts recognized in the consolidated statement of profit or loss for the years ended December 31, 2023, 2022 and 2021 in relation to the obligation under lease and the related right-of-use assets.

		Years Ended December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Continuing operations:				
Depreciation expense of right-of-use assets	*11*	**₱382,718**	₱392,461	₱388,228
Interest expense on obligation under lease	*24*	**96,890**	96,757	49,101
Rent expense - short-term leases	*22,23*	**493,058**	413,062	309,528
Rent expense - low value assets	*22,23*	**6,326**	5,300	3,972
Gain on lease pre-termination	*11,24*	**(66,329)**	–	–
Discontinued operations	*32*	**16,326**	12,315	20,464
		₱928,989	₱919,895	₱771,293

The rollforward analysis of obligation under lease for the years ended December 31, 2023 and 2022 is disclosed in Note 31.

Lease-related expenses are presented under "Cost of Services and Goods Sold", "General and Administrative Expenses", "Financing Charges", "Other operational expenses" and "Others - net" as follows:

		Years Ended December 31		
	Note	**2023**	2022	2021
Continuing operations:			*(In Thousands)*	
Cost of services and goods sold	*22*	**₱841,748**	₱774,592	₱663,246
General and administrative expenses	*23*	**40,354**	36,231	38,482
Financing charges	*24*	**96,890**	96,757	49,101
Gain on lease pre-termination	*11,24*	**(66,329)**	–	–
Discontinued operations	*32*	**16,326**	12,315	20,464
		₱928,989	₱919,895	₱771,293

19. Provisions and Contingencies

There are certain legal cases filed against the Group in the normal course of business. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general descriptions were provided.

The Group's provision for probable losses arising from these legal cases as at December 31, 2023 and 2022 amounted to ₱58.1 million and ₱41.7 million, respectively, and are presented as part of "Other payables" under "Trade and other payables" in the consolidated statements of financial position (see Note 16). Provision for probable losses recognized in the consolidated statements of profit or loss amounted to ₱25.0 million, ₱1.8 million and ₱7.8 million in 2023, 2022 and 2021, respectively (see Note 23).

20. **Related Parties**

In the normal course of business, the Group has transacted with the following related parties:

Relationship	Name
Stockholders of the Company	SM Investments Corporation (SMIC)
	Trident Investments Holdings Pte. Ltd.
Subsidiaries	2GO Express, Inc. (2GO Express or EXP)
	2GO Logistics, Inc. (2GO Logistics or 2GOLI)
	Scanasia Overseas, Inc. (SOI) [4]
	2GO Land Transport, Inc. (2GO Land) [1]
	Special Container and Value Added Services, Inc. (SCVASI)
	NN-ATS Logistics Management and Holdings Corporation, Inc. (NALMHCI)
	North Harbor Tugs Corporation (NHTC)
	Astir Engineering Works, Inc. (AEWI)
	United South Dockhandlers, Inc. (USDI)
	WG & A Supercommerce, Inc. (WSI) [3]
	2GO Rush, Inc. (Rush) [3]
Associates	MCC Transport Philippines, Inc. (MCCP)
	Mober Technology PTE Inc. [2]
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies	Supervalue, Inc.
	Super Shopping Market, Inc.
	BDO Unibank, Inc.
	Prime Metroestate, Inc.
	SM Retail, Inc.
	Coolblog Philippines, Inc.
	Watsons Personal Care Stores (Philippines), Inc.
	Brownies Unlimited, Inc.
	Goldilocks Bakeshop, Inc.
	Sanford Marketing Corporation
	China Banking Corporation
	SM Prime Holdings Inc.
	Alfamart Trading Philippines, Inc.
	Homeworld Shopping Corporation
	Mini Depato Corp.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	ASP Airspeed Philipines, Inc.
	Airspeed International Corporation
	International Toyworld, Inc.
	Kultura Store, Inc.
	Waltermart Supermarket, Inc.
	Online Mall Incorporated
	Sports Central (Manila), Inc.
	Costa Del Hamilo Inc.
	Digital Advantage Corp.
	Fast Retailing Philippines, Inc.
	Mindpro Retail Inc.
	SM Mart, Inc.
	SM Development Corporation

(1) Formerly WRR Trucking Corporation.
(2) Sold in August 2022. Related party disclosure relates to the transactions until the date of sale.
(3) Dormant companies.
(4) On August 9, 2023, the BOD approved the cessation of business operations of SOI.

The following are the revenue and income (costs and expenses) included in the consolidated statements of profit or loss with related parties:

	Nature	2023	2022	2021
		Years Ended December 31		
		(In Thousands)		
Stockholders of the Company	Outside services	**(₱50,900)**	(₱95,808)	(₱90,342)
	Computer charges	**(19,040)**	(22,581)	(29,063)
	Communication, light and water	**(2,885)**	(1,016)	(1,341)
	Other services	**–**	–	8,771
	Freight revenue	**–**	–	399
	Transportation and delivery	**–**	–	(7)
	Personnel cost	**–**	–	(10,381)
	Other expenses	**–**	–	(1,782)
Associates and joint venture	Freight revenue	**419**	3,839	1,322
	Freight expense	**(72,606)**	(57,407)	(63,615)
	Shared cost	**(3,006)**	(4,183)	(10,544)
	Dividend income	**162,581**	–	–
Other Affiliated Companies	Sale of goods	**–**	–	260,044
	Freight revenue	**241,258**	163,413	140,180
	Other services	**272,806**	100,388	46,895
	Interest	**(342,037)**	(189,707)	(290,149)
	Food and beverage	**(234,079)**	(150,798)	(92,201)
	Rent	**(42,497)**	(16,761)	(17,510)
	Transportation and delivery	**–**	–	(12,078)
	Materials, parts and supplies	**(25,841)**	(16,747)	(11,958)
	Outside services	**(613)**	(363)	(7,402)
	Interest income	**358**	40	2,603
	Transportation and travel	**–**	–	(33)
	Others - net	**(4,016)**	9,161	(1,016)
Key Management Personnel	Short-term employee benefits	**(58,964)**	(53,009)	(58,423)
	Long-term employee benefits	**(7,159)**	(15,008)	(14,725)

The consolidated statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	2023	2022
			December 31	
			(In Thousands)	
Stockholders of the Parent Company	Trade payable	30 to 60 days; noninterest-bearing	**(₱10,603)**	(₱33,121)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(15,317)**	(19,139)
Associates and joint venture	Nontrade receivables	On demand; noninterest-bearing	**73,792**	69,205
	Trade payables	30 to 60 days; noninterest-bearing	**(6,817)**	(1,100)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(699)**	(10,443)
	Due to related parties	30 to 60 days; noninterest-bearing	**(19)**	(9)
Other Affiliated Companies	Short-term loan	See Note 15	**(1,356,000)**	(339,000)
	Long-term debt	See Note 17	**(3,900,000)**	(3,994,800)
	Cash in bank	On demand; interest-bearing	**559,153**	172,230
	Cash equivalents	On demand; interest-bearing	**3,954**	925
	Nontrade receivables	On demand; noninterest-bearing	**99,327**	71,879
	Accrued expenses	30 to 60 days; noninterest-bearing	**(88,597)**	(77,287)
	Trade payables	30 to 60 days; noninterest-bearing	**(7,555)**	(44,134)

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

Transactions with Subsidiaries, Associates and Other Related Parties under Common Control

- Transactions with other associates and related companies consist of shipping and co-loading services, shared services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, and repair services and rental.

- The Company's transactions with SCVASI and 2GO Express include shipping and forwarding services, commission and trucking services.
- The Company provides shared services to 2GO Express, SCVASI and SOI at fees based on agreed rates.
- 2GO Land provides trucking and management services to 2GO Express.
- NALMHCI provides trucking services to 2GO Express.
- In 2021, certain subsidiaries of the Group were deconsolidated as their corporate life ended during the year. The Group recognized a gain on cessation of business of subsidiaries amounting to ₱2.9 million in 2021 (see Notes 12 and 24).
- In 2022, the Group sold its share in Mober and recognized gain amounting to ₱35.1 million (see Note 24).

Intercompany Balances Eliminated during Consolidation
The following are the intercompany balances among related parties which are eliminated in the consolidated financial statements:

Amounts owed to:	Amounts owed by:	Terms and Conditions	2023	2022
			(In Thousands)	
2GO	SCVASI/EXP/2GOLI/SOI/HLP/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**₱3,379,789**	₱3,248,201
EXP	2GO/SCVASI/2GOLI/SOI/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**242,149**	451,398
SOI	2GO/SCVASI/EXP/2GOLI	30 to 60 days; noninterest-bearing	**70,809**	75,596
2GOLI	2GO/SCVASI/EXP/SOI/2GO LAND	30 to 60 days; noninterest-bearing	**35,715**	(290,987)
SCVASI	2GO	30 to 60 days; noninterest-bearing	**77,024**	37,272
NLMHCI	2GO/EXP/NHTC	30 to 60 days; noninterest-bearing	**56,236**	45,325
USDI	2GO	30 to 60 days; noninterest-bearing	**51,175**	16,076
2GO Land	EXP/2GOLI	30 to 60 days; noninterest-bearing	**41,288**	64,717
AEWI	2GO	30 to 60 days; noninterest-bearing	**7,622**	7,622
NHTC	2GO	30 to 60 days; noninterest-bearing	**4,963**	5,614

21. Equity

a. Share Capital

Details of share capital as at December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
		(In Thousands)
Authorized common shares at ₱1.00 par value each	4,070,343,670	₱4,070,344
Authorized preferred shares at ₱1.00 par value each	4,564,330	₱4,564
Issued and outstanding common shares	2,462,146,316	₱2,462,146

Movements in issued and outstanding capital stock follow:

Date	Activity	Issue price	Number of shares Common shares
May 26, 1949	Issued capital stock as of incorporation date	₱1,000.00	1,002
December 10, 1971 to October 26, 1998	Increase in issued capital stock	1,000.00	1,496,597,636
December 6, 2002	Reclassification of common shares to preferred shares	1.00	40,000,000
February 10, 2003	Issuance of preferred shares before redemption	1.00	–
November 18, 2003	Redemption of preferred shares	6.67	–
September 6, 2004	Issuance of common shares by way of stock dividends	1.00	393,246,555
November 22, 2004	Redemption of preferred shares	6.67	–

(Forward)

Date	Activity	Issue price	Number of shares Common shares
December 31, 2004	Issuance of common shares prior to reorganization	1.00	(756)
October 24, 2005	Issuance of common shares through share swap transactions	1.76	414,121,123
August 22 to October 13, 2006	Conversion of redeemable preferred shares to common shares	3.20	140,687,340
December 6 -31, 2012	Redemption of redeemable preference share	6.00	–
January 1, 2019	Net issuance of common shares	1.00	16,009,916
			2,500,662,816
December 31, 2001	Treasury shares*	1.50	(38,516,500)
			2,462,146,316

** The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.*

Issued and outstanding common shares are held by 5,118 and 5,109 equity holders as of December 31, 2023 and 2022, respectively.

On November 11, 2023, the BOD approved the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares into common shares and to increase par value of common shares from ₱1.00 to ₱1,000.00 per share. As of February 22, 2024, the amended Articles of Incorporation is yet to be approved by SEC.

b. Effective January 1, 2019, 2GO, as the surviving entity of the merger, issued a total of 2,176,151,907 shares with par value of One Peso (₱1.00) per share to the stockholders of Negros Navigation Co., Inc. ("NN"), former parent company and the absorbed company, in exchange for the net assets of NN. As a result, 2GO recognized the excess of the consolidated net assets of NN over the carrying value of additional shares issued by 2GO to NN stockholders as additional paid-in capital amounting to ₱1.6 billion and other equity reserves amounting to ₱712.2 million.

c. Retained earnings include undistributed earnings amounting to ₱767.1 million and ₱1,003.8 million as of December 31, 2023 and 2022, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until received in the form of dividends from such subsidiaries and associates. Retained earnings is further restricted to the extent of the cost of the shares held in treasury and deferred income tax assets recognized as of December 31, 2023 and 2022.

22. Cost of Services and Goods Sold

This account consists of the following:

		Years Ended December 31		
	Note	**2023**	2022	2021
			(In Thousands)	
Cost of Services				
Transportation and delivery	*20*	**₱3,555,747**	₱3,555,787	₱2,341,238
Fuel, oil and lubricants	*9*	**2,855,993**	2,787,563	1,903,014
Outside services	*20*	**2,397,087**	2,279,617	1,864,040
Depreciation and amortization	*11*	**1,180,109**	1,279,731	1,368,206
Personnel costs	*25, 26*	**848,178**	797,590	856,140
Repairs and maintenance	*20*	**565,428**	486,480	254,705
Rent	*18,20*	**494,021**	415,935	308,997
Food and beverage	*9, 20*	**283,703**	161,894	42,664

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
		(In Thousands)		
Insurance		**₱233,398**	₱231,826	₱237,891
Arrastre and stevedoring	*20*	**209,430**	300,301	192,498
Material and supplies used	*9, 20*	**156,539**	127,771	124,091
Communication, light and water	*20*	**131,968**	111,586	107,291
Taxes and licenses		**99,356**	60,195	51,695
Food and subsistence		**76,699**	61,042	49,870
Concession expenses		**61,864**	60,413	57,681
Travel expenses		**51,927**	37,972	46,006
Others		**19,709**	103,123	361
		₱13,221,156	₱12,858,826	₱9,806,388

Others include various expenses that are individually immaterial.

23. General and Administrative Expenses

This account consists of the following:

	Note	2023	2022	2021
		Years Ended December 31		
		(In Thousands)		
Personnel costs	*25, 26*	**₱552,496**	₱488,420	₱448,865
Depreciation and amortization	*11, 14*	**103,030**	80,827	83,194
Computer charges	*20*	**91,158**	75,494	105,280
Outside services	*20*	**88,309**	54,514	65,622
Provision for ECL	*8*	**49,928**	42,959	378,621
Transportation and travel	*20*	**42,512**	41,520	27,080
Advertising and promotion		**34,274**	25,270	16,240
Provision for litigation	*19*	**24,966**	1,804	7,848
Service fee		**16,524**	9,136	1,051
Input VAT expense		**14,668**	10,454	2,462
Communication, light and water	*20*	**11,059**	24,200	16,326
Taxes and licenses		**8,144**	2,602	5,140
Repairs and maintenance	*20*	**6,708**	14,463	11,853
Entertainment, amusement and recreation		**6,138**	6,149	1,284
Special projects		**6,000**	6,029	500
Rent	*18, 20*	**5,363**	2,427	4,503
Office supplies	*9*	**4,485**	4,331	2,261
Provision for impairment of assets		**–**	8,647	–
Insurance		**617**	630	1,871
Inventory obsolescence		**–**	716	1,344
Others	*8, 14*	**174,292**	76,794	58,180
		₱1,240,671	₱977,386	₱1,239,525

Others included termination cost amounting to ₱45.0 million and ₱12.3 million in 2023 and 2022, respectively, and various expenses that are individually immaterial such as food and subsistence and other corporate expenses (see Notes 8 and 14). In 2021, the balance include loss on write-off of investment property amounting to ₱49.8 million as the property is not currently being used in operations and the title to the property is subject to dispute.

24. Other Income (Charges)

Financing Charges

	Note	Years Ended December 31 2023	2022	2021
		(In Thousands)		
Interest expense on:				
Short-term notes payable	*15*	**₱99,217**	₱119,371	₱106,735
Long-term debt	*17*	**260,869**	232,130	224,202
Amortization of:				
Obligations under lease	*18*	**96,890**	96,757	49,101
Debt transaction costs	*17*	**7,345**	6,957	6,514
Other financing charges		**13,229**	21,466	12,342
		₱477,550	₱476,681	₱398,894

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of December 31, 2023 and 2022 amounted to ₱65.5 million and ₱55.3 million, respectively (see Note 16).

Others - net

	Note	Years Ended December 31 2023	2022	2021
		(In Thousands)		
Interest income	*7, 8, 20*	**₱561**	₱1,590	₱2,599
Gain (loss) on:				
Disposal of property and equipment	*11*	**4,550**	11,290	(36,614)
Cessation of business of subsidiaries	*20*	**–**	–	2,889
Disposal of an associate	*20*	**–**	35,086	–
Pre-termination of leases	*11*	**66,329**	–	–
Foreign exchange gain (loss)		**(2,595)**	1,019	(1,157)
Others - net		**12,400**	11,979	38,462
		₱81,245	₱60,964	₱6,179

During 2021, the Group sold two ROPAX vessels (see Note 11). In 2023, the Group pre-terminated certain leased warehouses (see Note 11).

Others - net comprise of prompt payment discount and other items that are individually immaterial.

25. Personnel Costs

Details of personnel costs are as follows:

	Note	Years Ended December 31 2023	2022	2021
		(In Thousands)		
Salaries and wages		**₱1,093,522**	₱1,065,500	₱1,077,928
Retirement benefit cost	*26*	**83,949**	83,496	78,892
Other employee benefits		**223,203**	137,014	148,185
		₱1,400,674	₱1,286,010	₱1,305,005

Other employee benefits include medical allowances and hospitalization, Social Security System, PhilHealth, Pag-ibig premiums, directors' fee, and other items that are individually immaterial.

26. **Retirement Benefits**

The Group has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Group's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law.*

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group expects to contribute ₱30.5 million to the retirement fund in 2024. The Group's transaction with the plan pertain to contribution and benefit payments.

The following tables summarize the components of retirement benefit cost included in the consolidated statements of profit or loss are as follows:

		Years Ended December 31		
	Note	**2023**	2022	2021
		(In Thousands)		
From continuing operations:				
Current service cost		**₱59,242**	₱62,748	₱59,870
Net interest cost		**24,707**	20,748	19,022
		83,949	83,496	78,892
From discontinued operations:	*32*			
Current service cost		**11,449**	4,443	6,476
		₱95,398	₱87,939	₱85,368

The following tables summarize the funded status and amounts recognized in the consolidated statements of financial position as of December 31:

	2023		
	Defined Benefit Obligations	**Fair Value of Plan Assets**	**Accrued Retirement Benefits**
	(In Thousands)		
January 1	**₱466,328**	**(₱121,428)**	**₱344,900**
Net retirement benefits cost in profit or loss:			
Current service cost	**70,691**	**–**	**70,691**
Net interest cost	**31,219**	**(6,512)**	**24,707**
	101,910	**(6,512)**	**95,398**
Benefits paid from:			
Plan assets	**(84,495)**	**84,495**	**–**
Book reserve	**(13,737)**	**–**	**(13,737)**
	(98,232)	**84,495**	**(13,737)**
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	**66,508**	**–**	**66,508**
Experience adjustments	**(6,026)**	**–**	**(6,026)**
Return on plan assets	**–**	**5,937**	**5,937**
	60,482	**5,937**	**66,419**
Actual contributions	**–**	**(53,395)**	**(53,395)**
December 31	**₱530,488**	**(90,903)**	**₱439,585**

	2022		
	Defined Benefit Obligations	Fair Value of Plan Assets	Accrued Retirement Benefits
		(In Thousands)	
January 1	₱519,631	(₱146,764)	₱372,867
Net retirement benefits cost in profit or loss:			
Current service cost	67,191	–	67,191
Net interest cost	28,191	(7,443)	20,748
	95,382	(7,443)	87,939
Benefits paid from:			
Plan assets	(85,578)	85,578	–
Book reserve	(670)	–	(670)
	(86,248)	85,578	(670)
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	(39,800)	–	(39,800)
Experience adjustments	(21,374)	–	(21,374)
Return on plan assets	–	9,817	9,817
	(61,174)	9,817	(51,357)
Actual contributions	–	(62,616)	(62,616)
Reclassification/adjustment	(1,263)	–	(1,263)
December 31	₱466,328	(₱121,428)	₱344,900

The plan assets available for benefits are as follows:

	December 31	
	2023	2022
	(In Thousands)	
Cash and cash equivalents	**₱81**	₱19
Investments in government and other debt securities	**50,039**	73,209
Investments in unit investment trust fund (UITF)	**40,189**	47,480
Others	**594**	720
Fair value of plan assets	**₱90,903**	₱121,428

The Group's plan assets do not have quoted market price in an active market except for some debt instruments held by the Group. The plan assets have diverse investments and do not have any concentration risk. The plan asset is handled by BDO Unibank Inc.

As of December 31, 2023 and 2022, the Group has no transactions with its retirement funds such as loans, investments, gratuities, or surety. The fund also does not have investments in debt or equity securities of the companies in the Group.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. Management reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The cost of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The Group updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining defined benefit obligation for the Group's plans as of January 1 are shown below.

	2023	2022
Discount rate	**7.31%-7.38%**	5.12%-5.22%
Future salary increase	**6.00%**	4.50%
Turnover rate	**0.00% - 7.50%**	0.00% - 7.50%

As of December 31, 2023, the discount rate, future salary increase rate and turnover rate are 6.13% to 6.14%, 6.0%, and 0.00% to 7.50%, respectively.

The accrued retirement benefits is subject to several key assumptions. Shown below is the sensitivity analysis of the retirement obligation to reasonably possible changes on each significant assumption as of December 31, 2023 and 2022.

	Increase	Impact on Accrued Retirement Benefits	
	(Decrease)	**2023**	2022
		(In Thousands)	
Discount rate	+1%	**(₱56,889)**	(₱49,221)
	-1%	**67,443**	58,083
Salary increase rate	+1%	**66,849**	58,275
	-1%	**(57,453)**	(50,222)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.
There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The average duration of the defined benefit obligation is 12.7 years and 12.5 years as of December 31, 2023 and 2022, respectively.

Maturity analysis of the benefit payments:

	2023	2022
	(In Thousands)	
Less than 5 years	**₱115,127**	₱98,466
5 years to 10 years	**330,137**	386,231
More than 10 years	**4,140,492**	4,511,538

27. **Income Taxes**

a. The components of provision for (benefit from) income tax are as follows:

	Years Ended December 31		
	2023	2022	2021
		(In Thousands)	
Current:			
RCIT	**₱80,977**	₱50,614	₱44,611
MCIT	**56,337**	21,826	9,990
Impact of CREATE in 2020	–	–	(10,927)
	137,314	72,440	43,674
Deferred	**(33,272)**	(18,085)	(8,474)
Impact of CREATE in 2020	–	–	9,054
	(33,272)	(18,085)	580
	₱104,042	₱54,355	₱44,254

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act
On March 26, 2021, the President of the Philippines signed the Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises Act (the Law). The Law took effect on April 11, 2021. The Law reformed corporate income taxes and incentives in the country by implementing the changes to the current tax regulations. Effective July 1, 2020, some of these changes are as follows:

- Reduction in the RCIT from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the particular business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;
- Reduction in the MCIT from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and
- Imposition of 10% improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event.

Applying the Law, the Parent Company and subsidiaries are subjected to lower RCIT rate of 20% or 25%, or MCIT rate of 1%, whichever is applicable, effective July 1, 2020. The reduced amounts are reflected in the Parent Company and subsidiaries' 2020 income tax return. However, for the financial reporting, the changes are recognized in 2021 as shown in the table on the previous page.

b. The components of the Group's recognized net deferred income tax assets and liabilities are as follows:

	Years ended December 31	
	2023	2022
	(In Thousands)	
Directly recognized in profit or loss:		
Deferred income tax assets on:		
Accrued retirement benefits	**₱56,973**	₱50,780
Unamortized past service cost	**8,922**	10,971
Obligations under lease	**440,104**	391,939
Accruals and others	**45,230**	8,128
	551,229	461,818
Deferred income tax liabilities on:		
Right-of-use assets	**(431,541)**	(379,462)
Unamortized debt arrangement fees and other taxable temporary differences	**(5,928)**	(2,235)
	113,760	80,121
Directly recognized in OCI:		
Deferred income tax asset on remeasurement of retirement benefits cost	**37,150**	20,545
	₱150,910	₱100,666

Deferred income tax assets on obligations under lease and deferred income tax liabilities on right-of-use assets pertain to lease arrangements that are classified as operating lease for tax purposes.

c. On September 30, 2020, the BIR issued Revenue Regulation (RR) No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's NOLCO and excess MCIT over RCIT which can be carried forward and claimed as tax credit against regular taxable income and regular income tax due, respectively, are as follows:

NOLCO

					Balances as at December 31, 2023	
Year Incurred	Available Until	Amount	Applied	Expired	Amount	Tax Effect
				(In Thousands)		
2023	2026	₱69,919	₱–	₱–	₱69,919	₱20,976
2021	2026	1,337,057	(756,437)	–	580,620	145,155
2020	2025	1,328,796	(1,199,504)	–	129,292	32,323
2019	2022	1,254,674	(713,082)	(541,592)	–	–
		₱3,990,446	(₱2,669,023)	(541,592)	₱779,831	₱198,454

Excess MCIT over RCIT

Year Incurred	Available Until	Amount	Applied	Expired	**Balances as at December 31, 2023**
				(In Thousands)	
2023	2026	₱54,510	₱–	₱–	₱54,510
2022	2025	28,016	–	–	28,016
2021	2024	11,326	(5)	–	11,321
2020	2023	26,411	(3,236)	(13,223)	9,952
2019	2022	13,379	(41)	(13,338)	–
		₱133,642	(₱3,282)	(₱26,561)	₱103,799

d. The following are the Group's NOLCO, excess MCIT over RCIT and other deductible temporary differences for which no deferred tax assets have been recognized:

	December 31	
	2023	2022
	(In Thousands)	
Accruals and provisions	**₱1,531,460**	₱784,987
NOLCO	**779,831**	2,557,832
Allowance for ECL	**490,754**	518,883
Excess of MCIT over RCIT	**103,799**	63,592
Provision for litigation	**58,122**	41,741
Allowance for cargo losses and damages	**47,899**	233,738
Obligation under lease	**26,457**	80,244
Accrued retirement	**21,821**	56,430
Allowance for inventory obsolescence	**5,770**	7,256
Others	**2,797**	9,193

e. Reconciliation between the income tax expense computed at statutory income tax rate of 25% to the provision for income tax as shown in profit or loss is as follows:

	Years Ended December 31		
	2023	2022	2021
	(In Thousands)		
Tax effect of income (loss) at statutory rates	**₱312,841**	₱87,097	(₱271,207)
Income tax effects of:			
Movement in deductible temporary differences for which no deferred tax assets were recognized	**(200,082)**	(19,566)	317,907
Nondeductible expense	**29,740**	5,314	13,673
Interest income already subjected to final tax	**(125)**	(90)	(132)
Equity in net earnings of associates and gain on sale of associate	**(38,332)**	(18,205)	(13,852)
Impact of CREATE in 2020	–	–	(1,874)
Others	**–**	(195)	(261)
Provision for income tax	**₱104,042**	₱54,355	₱44,254

28. Earnings (Loss) Per Share (EPS)

Basic and diluted earnings per share were computed as follows:

	Years ended December 31		
	2023	2022	2021
	(In Thousands, except weighted average number of common shares and loss per common shares)		
Net income (loss) for the year attributable to equity holders of the Parent Company	**₱939,285**	₱308,833	(₱1,144,160)
Net income (loss) loss for the year attributable to equity holders of the Parent Company (from continuing operations)	**₱1,136,399**	₱297,131	(₱1,130,296)
Weighted average number of common shares outstanding during the year	**2,462,146,316**	2,462,146,316	2,462,146,316
Income (Loss) per common share	**₱0.3815**	₱0.1254	(₱0.4647)
Income (Loss) per common share (from contuinuing operations)	**₱0.4615**	₱0.1207	(₱0.4591)

There are no potentially dilutive common shares as at December 31, 2023, 2022 and 2021.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt, obligations under lease and obligations under finance lease. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Group's exposure to credit, liquidity, foreign exchange and interest rate risks on the manner in which it manages and measures the risks since prior years.

The Group uses derivative instruments to manage exposures to fuel price risks arising from the Group's operations and its sources of financing. The details of the Group's derivative transactions, including the risk management objectives and the accounting results, are discussed in this note.

Credit risk
To manage credit risk, the Group has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group has policies that limit the amount of credit exposure to any particular customer.

The Group's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. The Group has concentration of credit risk given that majority of the Group's cash and cash equivalents are deposited in the local affiliated bank. Management assessed and believes that the Group is not exposed to any significant risk since the local affiliated bank is a related party and is one of the country's reputable banks. The Group does not have any significant credit risk exposure to other single counterparties. As of December 31, 2023 and 2022, the Group did not hold collateral from any counterparty.

The credit quality per class of financial assets that are current and neither past due nor impaired and contract assets is as follows:

December 31, 2023

	High	**Medium**	**Total**
		(In Thousands)	
Financial assets:			
Cash in banks	**₱705,313**	**₱–**	**₱705,313**
Cash equivalents	**14,667**	**–**	**14,667**
Trade receivables	**–**	**696,522**	**696,522**
Nontrade receivables	**–**	**54,634**	**54,634**
Advances to officers and employees*	**5,207**	**–**	**5,207**
Refundable deposits	**217,571**	**–**	**217,571**
Contract assets	**–**	**462,330**	**462,330**
Total	**₱942,758**	**₱1,213,486**	**₱2,156,244**

**Excluding advances amounting to ₱16.9 million subject to liquidation*

December 31, 2022

	High	Medium	Total
		(In Thousands)	
Financial assets:			
Cash in banks	₱685,860	₱–	₱ 685,860
Cash equivalents	11,639	–	11,639
Trade receivables	–	1,656,888	1,656,888
Nontrade receivables	–	70,453	70,453
Advances to officers and employees*	2,806	–	2,806
Refundable deposits	176,328	–	176,328
Contract assets	–	653,245	653,245
Total	₱876,633	₱2,380,586	₱3,257,219

**Excluding advances amounting to ₱21.4 million subject to liquidation.*

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. For new customers, the Group has no basis yet as far as payment habit is concerned.

The Group evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. The Group also evaluated its advances to officers and employees as high grade since these are collected through salary deductions. The credit risk for refundable deposits is considered negligible as the Group has ongoing lease agreements with the counterparties with sound financial condition and sufficient liquidity.

The aging per class of financial assets, contract assets and expected credit loss are as follows:

		Past Due						
December 31, 2023	**Current**	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**Over 120 Days**	**Expected Credit Loss**	**Total**
				(In Thousands)				
Financial assets:								
Cash in banks	**₱705,313**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱705,313**
Cash equivalents	**14,667**	**–**	**–**	**–**	**–**	**–**	**–**	**14,667**
Trade receivables	**696,522**	**322,363**	**93,189**	**122,965**	**113,460**	**838,676**	**(389,180)**	**1,797,995**
Nontrade receivables[1]	**54,634**	**1,034**	**13,472**	**6,997**	**5,973**	**75,213**	**(58,545)**	**98,778**
Advances to officers and employees[2]	**5,207**	**–**	**–**	**–**	**–**	**–**	**–**	**5,207**
Refundable deposits	**217,571**	**–**	**–**	**–**	**–**	**–**	**–**	**217,571**
Contract assets	**462,330**	**–**	**–**	**–**	**–**	**–**	**(43,029)**	**419,301**
Total	**₱2,156,244**	**₱323,397**	**₱106,661**	**₱129,962**	**₱119,433**	**₱913,889**	**(₱490,754)**	**₱3,258,832**

[(1)]Excluding nonfinancial asset amounting to ₱102.8 million.
[(2)]Excluding advances amounting to ₱16.9 million subject to liquidation.

		Past Due						
December 31, 2022	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Expected Credit Loss	Total
				(In Thousands)				
Financial assets:								
Cash in banks	₱685,860	₱–	₱–	₱–	₱–	₱–	₱–	₱685,860
Cash equivalents	11,639	–	–	–	–	–	–	11,639
Trade receivables	1,656,888	634,893	263,734	31,023	164,918	202,801	(435,327)	2,518,930
Nontrade receivables[1]	70,453	757	1,683	1,457	13,794	153,812	(34,790)	207,166
Advances to officers and employees[2]	2,806	–	–	–	–	–	–	2,806
Refundable deposits	176,328	–	–	–	–	–	–	176,328
Contract assets	653,245	–	–	–	–	–	(48,131)	605,114
Total	₱3,257,219	₱635,650	₱265,417	₱32,480	₱178,712	₱356,613	(₱518,248)	₱4,207,843

[(1)]Excluding nonfinancial asset amounting to ₱119.8 million; including long-term receivable amounting to ₱30.0 million.
[(2)]Excluding advances amounting to ₱21.4 million subject to liquidation.

Liquidity risk
The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Group regularly evaluates its projected and actual cash flows generated from operations.

The Group's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Group.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual repayment obligations and the Group's cash to be generated from operations and the Group's financial assets:

	December 31, 2023			
	Less than 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	**₱3,988,612**	**₱–**	**₱–**	**₱3,988,612**
Short-term notes payable	**1,816,000**	**–**	**–**	**1,816,000**
Long-term debt[2]	**340,000**	**3,560,000**	**–**	**3,900,000**
Obligations under lease[3]	**515,794**	**1,458,354**	**162,049**	**2,136,197**
	₱6,660,406	**₱5,018,354**	**₱162,049**	**₱11,840,809**
Financial and contract assets				
Cash and cash equivalents	**₱762,035**	**₱–**	**₱–**	**₱762,035**
Trade and other receivables[4]	**2,349,705**	**–**	**–**	**2,349,705**
Refundable deposits	**110,587**	**106,984**	**–**	**217,571**
	₱3,222,327	**₱106,984**	**₱–**	**₱3,329,311**

	December 31, 2022			
	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	₱4,122,339	₱–	₱–	₱4,122,339
Short-term notes payable	2,306,000	–	–	2,306,000
Long-term debt[2]	3,500,000	500,000	–	4,000,000
Obligations under lease[3]	438,703	1,297,383	218,175	1,954,261
	₱10,367,042	₱1,797,383	₱218,175	₱12,382,600
Financial and contract assets				
Cash and cash equivalents	₱724,527	₱–	₱–	₱724,527
Trade and other receivables[4]	3,301,211	30,000	–	3,331,211
Refundable deposits	100,205	76,123	–	176,328
	₱4,125,943	₱106,123	₱–	₱4,232,066

[1]*Excludes nonfinancial liabilities amounting to ₱775.2 million and ₱972.4 million as of December 31, 2023 and 2022, respectively.*
[2]*Gross of unamortized debt arrangement fees amounting to ₱23.4 million and ₱5.2 million as of December 31, 2023 and 2022, respectively.*
[3]*Gross of interest component amounting to ₱298.8 million and ₱262.4 million as of December 31, 2023 and 2022, respectively.*
[4]*Excludes nonfinancial assets amounting to ₱119.7 million and ₱141.2 million as of December 31, 2023 and 2022, respectively, and includes long-term receivable amounting to nil and 30.0 million as of December 31, 2023 and 2022, respectively .*

Trade and other payables and maturing other liabilities are expected to be settled using cash to be generated from operations, drawing from existing and new credit facilities, and additional capital contribution of the shareholders.

The future interest repayment for the long-term debt is as follows:

	December 31	
	2023	2022
	(In Thousands)	
Less than 1 Year	**₱252,517**	₱20,723
1 to 5 Years	**655,054**	51,940
Total	**₱907,571**	₱72,663

The undrawn loan commitments from credit facilities of the Group amounted to ₱2.6 billion and ₱1.1 billion as of December 31, 2023 and 2022, respectively.

Foreign exchange risk
Foreign currency risk arises when the Group enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. To mitigate the risk of incurring foreign exchange losses, the Group maintains cash in banks in foreign currency to match its financial liabilities.

The Group's significant foreign currency-denominated financial assets and financial liabilities as of December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022	
	Currency	**Amount in Original Currency**	**Total Peso Equivalent**	Amount in Original Currency	Total Peso Equivalent
			(In Thousands)		
Financial Assets					
Cash in banks	USD	**372**	**₱20,653**	306	₱17,173
Trade receivables	USD	**146**	**8,087**	387	21,718
			₱28,740		₱38,891
Financial Liabilities					
Trade and other payables	USD	**464**	**₱25,805**	257	₱14,423
	JPY	**27,240**	**10,705**	19,530	8,203
Obligation under lease	USD	**2,206**	**122,575**	–	–
			₱159,085		₱22,626
Net foreign currency denominated assets (liabilities)	USD	**(2,153)**	**(₱119,640)**	436	₱24,468
	JPY	**(27,240)**	**(10,705)**	(19,530)	(8,203)

USD 1 = ₱55.57 in December 2023 and ₱56.12 in 2022
JPY 1 = ₱0.39 in December 2023 and ₱0.42 in December 2022

The Group recognized foreign exchange gain (loss) amounting to (₱2.6 million), ₱1.0 million, and (₱1.2 million) for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 24).

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax for years ended December 31, 2023, 2022 and 2021.

	Appreciation (Depreciation) of Foreign Currency	**Decrease (increase) in loss before tax** December 31 **2023**	2022	2021
			(In Thousands)	
US Dollar (USD)	1%	**(₱7,286)**	(₱1,299)	(₱790)
	(1%)	**7,286**	1,299	790
Japanese Yen (JPY)	1%	**(1,219)**	(1,019)	–
	(1%)	**1,219**	1,019	–

There is no other impact on the Group's equity other than those already affecting profit or loss.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are subject to fixed interest rates ranging from 5.85% to 7.50% and 3.75% to 6.75% in 2023 and 2022, respectively.

The Group's ₱3.9 billion long-term debt under the BDO Term Loan Facility Agreements includes ₱3.4 billion long-term debt which bear floating interest rates and exposes the Group to cash flow interest rate risk.

The table below sets forth the estimated change in the Group's income before tax (through the impact on the floating interest rate borrowings) due to parallel changes in the interest rate curve in terms of the basis points (bp) as of December 31, 2023 and 2022, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of profit or loss.

	Decrease (increase) in loss before income tax	
	December 31	
	2023	2022
	(In Thousands)	
100 bp rise	**₱38,766**	₱39,948
100 bp fall	**(38,766)**	(39,948)
50 bp rise	**19,383**	19,974
50 bp fall	**(19,383)**	(19,974)

Cashflow hedge

The Group is exposed to the increased volatility of fuel prices (commodity price risk). As a result, the Group entered into a commodity swap agreement with a certain bank on August 13, 2019, in order to manage the risk on fuel price volatility. Hedging the price volatility of forecast fuel purchases is in line with the management strategy implemented by the Board of Directors. The Group designated the commodity swap agreement as cashflow hedge. The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of commodity swap agreement is identical to the hedged risk component.

In 2021, the Group discontinued the hedging instrument with a carrying amount of ₱0.2 million. The cumulative loss on the hedging instrument amounting ₱57.1 million that has been reported directly in equity is recognized in profit or loss.

Capital Risk Management Objectives and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group's overall strategy in managing its capital remains unchanged since the prior year.

The Group considers its total equity as its capital. The Group monitors capital on the basis of the carrying amount of equity as presented on the consolidated statement of financial position. The capital ratios are as follows:

	December 31	
	2023	2022
Assets financed by:		
Creditors	**87%**	93%
Stockholders	**13%**	7%

As of December 31, 2023 and 2022, the Group met its capital management objectives.

30. **Fair Values of Financial Instruments and Nonfinancial Assets**

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; and,
Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

The table below shows the carrying amounts and fair values of financial assets and liabilities. The fair values have been determined based on Level 3 fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

	December 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Liabilities				
Long-term debts	**₱3,876,645**	**₱4,039,849**	₱3,994,800	₱3,936,702
Obligations under lease	**1,837,382**	**1,821,864**	1,691,899	1,598,416
	₱5,714,027	**₱5,861,713**	₱5,686,699	₱5,535,118

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and nonfinancial asset:

Cash and cash equivalents, trade and other receivables, trade and other payables, refundable deposits included under "Other current assets"
The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

Refundable deposits included under "Other noncurrent assets"
The carrying amount of this financial instrument is carried at present value due to the long-term nature of this account. The fair value of refundable deposits was computed by discounting the expected cash flows ranging from 4.52% to 4.99% as the EIR. The computed fair value approximates the carrying amount of this account.

Short-term notes payable
The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

Long-term debt
Discount rate of 7.8% and 6.9% was used in calculating the fair value of the long-term debt as of December 31, 2023 and 2022, respectively.

Obligations under lease
The fair values of obligations under lease are based on the discounted net present value of cash flows using the discount rate ranging from 7.1% to 7.8% and 6.3% to 8.5% as of December 31, 2023 and 2022, respectively.

31. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

For the Year Ended December 31, 2023:

	January 1,	Cash Flows				December 31,
	2023	Availments	Payments	Net	Others	2023
Short-term notes payable	₱2,306,000	₱1,204,000	(₱1,694,000)	(₱490,000)	₱–	₱1,816,000
Current portion of obligations under lease	347,387	–	(485,965)	(485,965)	553,578	415,000
Current portion of long-term debt	3,496,823	–	(100,000)	(100,000)	(3,063,125)	333,698
Noncurrent portion of long-term debt	497,977	–	–	–	3,044,970	3,542,947
Noncurrent portion of obligations under lease	1,344,512	–	–	–	77,870	1,422,382
Total liabilities from financing activities	₱7,992,699	₱1,204,000	(₱2,279,965)	(₱1,075,965)	₱613,293	₱7,530,027

For the Year Ended December 31, 2022:

	January 1,	Cash Flows				December 31,
	2022	Availments	Payments	Net	Others	2022
Short-term notes payable	₱3,106,000	₱2,380,000	(₱3,180,000)	(₱800,000)	₱–	₱2,306,000
Current portion of obligations under lease	141,557	–	(348,512)	(348,512)	554,342	347,387
Current portion of long-term debt	–	–	–	–	3,496,823	3,496,823
Noncurrent portion of long-term debt	3,987,844	–	–	–	(3,489,867)	497,977
Noncurrent portion of obligations under lease	498,008	–	–	–	846,504	1,344,512
Total liabilities from financing activities	₱7,733,409	₱2,380,000	(₱3,528,512)	(₱1,148,512)	₱1,407,802	₱7,992,699

"Others" includes the effect of the following:

a. reclassification of non-current portion to current due to the passage of time;
b. amortization of debt transaction costs capitalized amounting to ₱7.3 million and ₱7.0 million in 2023 and 2022, respectively;
c. payment of debt transaction cost amounting to ₱25.5 million in 2023 (nil in 2022);
d. availment of obligation under lease amounting to ₱939.2 million and ₱1,401 million in 2023 and 2022, respectively;
e. amortization of obligation under lease, which was paid during the year and included in the "Interest and financing charges" in the consolidated statements of cash flows, amounting to ₱96.9 million in 2023 and ₱96.8 million in 2022; and
f. pre-termination of certain obligations under lease amounting to ₱396.5 million in 2023 (nil in 2022).

32. **Discontinued Operations**

On August 9, 2023, the BOD approved the cessation of business operations of SOI as part of a plan to focus on improving core services and profitability of the Group.

The results of the discontinued operations are as follows:

	For the Years Ended December 31		
	2023	2022	2021
		(In thousands)	
Revenue from contracts with customers	**₱2,835,654**	₱4,726,473	₱5,109,702
Costs and expenses	**(3,012,145)**	(4,694,300)	(5,112,477)
Operating income (loss)	**(176,491)**	32,173	(2,775)
Financing charges	**(18,022)**	(13,127)	(18,034)
Others - net*	**3,031**	2,897	6,602
Income (loss) before income tax	**(191,482)**	21,943	(14,207)
Provision for (benefit from) income tax			
Current	**6,000**	4,030	1,991
Deferred	**(368)**	10	(2,333)
	5,632	4,040	(342)
Net income (loss)	**(₱197,114)**	₱17,903	(₱13,865)
Basic/Diluted Income (Loss) Per Share for discontinued operations	**(₱0.0800)**	₱0.0047	(₱0.0056)

** Includes interest income amounting to ₱0.05 million in 2023, ₱1.59 million in 2022 and ₱2.60 million in 2021.*

The net cash flows incurred by the discontinued operations are as follows:

	Year ended December 31		
	2023	2022	2021
		(In thousands)	
Operating activities	**₱276,528**	₱78,145	₱308,855
Investing activities	**(288,500)**	(571)	(971)
Financing activities	**(175,349)**	(71,081)	(137,076)

The Group re-presented the prior year comparative information of the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of cash flows.

Below is the impact on the comparative balances for the years ended December 31, 2022 and 2021 as a result of the discontinued operations.

Consolidated Statement of Profit or Loss

	Year Ended December 31		
	2022, as previously presented*	Effect of Discontinued Operation Increase (Decrease)	2022, as re-presented
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Shipping:			
Freight	₱6,619,616	₱97,578	6,717,194
Travel	1,386,989	–	1,386,989
Nonshipping:			
Logistics and other services	6,331,438	106,127	6,437,565
Sale of goods	4,930,178	(4,930,178)	–
	19,268,221	(4,726,473)	14,541,748
COST OF SERVICES AND GOODS SOLD	17,495,885	(4,637,059)	12,858,826
GROSS PROFIT	1,772,336	(89,414)	1,682,922
GENERAL AND ADMINISTRATIVE EXPENSES	1,034,627	(57,241)	977,386
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	737,709	(32,173)	705,536
OTHER INCOME (CHARGES)			
Equity in net earnings of associates and joint ventures	58,566	–	58,566
Financing charges			
Bank loans	(393,051)	13,127	(379,924)
Lease liabilities	(96,757)	–	(96,757)
Others - net	63,861	(2,897)	60,964
	(367,381)	10,230	(357,151)
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	370,328	(21,943)	348,385
PROVISION FOR INCOME TAX			
Current	76,470	(4,030)	72,440
Deferred	(18,075)	(10)	(18,085)
	58,395	(4,040)	54,355
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	311,933	(17,903)	294,030
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	–	17,903	17,903
NET INCOME (LOSS)	₱311,933	₱–	₱311,933

**Includes reclassification of revenue transactions between fregh and logistics and other services*

	Year Ended December 31		
	2021, as previously presented*	Effect of Discontinued Operation Increase (Decrease)	2021, as re-presented
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Shipping:			
Freight	₱4,511,424	₱112,526	4,623,950
Travel	437,692	–	437,692
Nonshipping:			
Logistics and other services	4,969,353	267,399	5,236,752
Sale of goods	5,489,627	(5,489,627)	–
	15,408,096	(5,109,702)	10,298,394
COST OF SERVICES AND GOODS SOLD	14,814,091	(5,007,703)	9,806,388
GROSS PROFIT	594,005	(101,999)	492,006
GENERAL AND ADMINISTRATIVE EXPENSES	1,344,299	(104,774)	1,239,525
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	(750,294)	2,775	(747,519)
OTHER INCOME (CHARGES)			
Equity in net earnings of associates and joint ventures	55,407	–	55,407
Financing charges			
Bank loans	(367,827)	18,034	(349,793)
Lease liabilities	(49,101)	–	(49,101)
Others - net	12,781	(6,602)	6,179
	(348,740)	11,432	(337,308)
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(1,099,034)	14,207	(1,084,827)
PROVISION FOR INCOME TAX			
Current	45,666	(1,992)	43,674
Deferred	(1,754)	2,334	580
	43,912	342	44,254
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(1,142,946)	13,865	(1,129,081)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	–	(13,865)	(13,865)
NET INCOME (LOSS)	(₱1,142,946)	₱–	(₱1,142,946)

**Includes reclassification of revenue transactions between fregh and logistics and other services*

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor, Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of 2GO Group, Inc. and Subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated February 22, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079911, January 5, 2024, Makati City

February 22, 2024

2GO GROUP, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

2GO GROUP, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands)

Unappropriated Retained earnings (deficit), beginning of reporting period				**(₱2,644,381)**
Add:	**Category A:**	**Items that are directly credited to Unappropriated Retained Earnings**		
		Reversal of Retained Earnings Appropriation/s	–	
		Effect of restatements or prior-year adjustments	–	
		Others (describe nature)	–	–
Less:	**Category B:**	**Items that are directly debited to Unappropriated Retained Earnings**		
		Dividend declaration during the reporting period	–	
		Retained Earnings appropriated during the reporting period	–	
		Effect of restatements or prior-year adjustments	–	
		Others - deferred tax assets beginning	222,938	
		Others - treasury shares	58,715	281,653
Unappropriated Retained Earnings, as adjusted				**(2,926,034)**
Add/Less: Net Income (Loss) for the current year				**1,362,817**
Less:	**Category C.1:**	**Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
		Equity in net income of associate/joint venture, net of dividends declared	–	
		Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Unrealized fair value gain of Investment Property	–	
		Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Add:	**Category C.2:**	**Unrealized income recognized in the profit or loss in prior reporting periods but realized in the curret reporting period (net of tax)**		
		Realized foreign exchange gain, except those attributable to cash and cash equivalends	–	
		Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Realized fair value gain of Investment Property	–	
		Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–

Add:	**Category C.3:**	**Unrealized income recognized in the profit or loss in prior periods but reversed in the curret reporting period (net of tax)**		
		Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalends	–	
		Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Reversal of previously recorded fair value gain of Investment Property	–	
		Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Adjusted Net Income (Loss)				**(1,563,217)**
Add:	**Category D:**	**Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
		Depreciation on revaluation increment (after tax)	–	
		Sub-total		–
Add/ (Less)	**Category E:**	**Adjustments related to relief granted by the SEC and BSP**		
		Amortization of the effect of reporting relief	–	
		Total amount of reporting relief granted during the year	–	
		Others (describe nature)	–	
		Sub-total		–
Add/ (Less)	**Category F:**	**Other items that should be excluded from the determination of the amount of available for dividends distribution**		
		Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
		Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(186,248)	
		Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service cencession asset and concession payable	–	
		Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
		Others (describe nature)	–	
		Sub-total		(186,248)
Total Retained Earnings, end of reporting period available for dividend				**(₱1,749,465)**

2GO GROUP, INC. AND SUBSIDIARIES
Schedule A - Financial Assets
December 31, 2023
(Amounts in thousands)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in balance	Income received and accrued
At equity:			
MCC Transport Philippines, Inc.	119,504	214,939	145,528
Kerry Logistics Philippines Inc.	7,839,998	112,337	9,964

(i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

(ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.

(iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

2GO GROUP, INC. AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023
(Amounts in thousands)

Name & Designation of Debtor	Balance at December 31, 2022	Additions	Amounts collected/liquidated	Amounts written off/offset	Current	Noncurrent	Balance at December 31, 2023
Advances to officers and employees	₱24,177	₱–	(₱2,838)	₱–	₱21,339	₱–	₱21,339

2GO GROUP, INC. AND SUBSIDIARIES
Schedule C - Amounts Receivable from (Payable to) Related Parties which are eliminated during the consolidation of financial statements
December 31, 2023
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Noncurrent	Balance at End of Year
			Amounts Collected	Amounts Written-off			
2GO Group, Inc.	₱20,625	3,355,195	–	–	₱3,375,820	–	₱3,375,820
2GO Express, Inc.	215,877	22,304	–	–	238,181	–	238,181
2GO Logistics, Inc.	1,964,241	–	(1,932,495)	–	31,746	–	31,746
Astir Engineering Works, Inc.	–	3,563	–	–	3,563	–	3,563
2GO Land Transport, Inc (*Formerly WRR Trucking Corporation*)		37,319	–	–	37,319	–	37,319
North Harbor Tugs Corporation	–	994	–	–	994	–	994
Special Container and Value-Added Services, Inc.	170,396	–	(97,341)	–	73,055	–	73,055
Scanasia Overseas, Inc.	1,044,844	–	(978,004)	–	66,840	–	66,840
NN-ATS Logistics Management and Holdings Co., Inc.	–	52,267	–	–	52,267	–	52,267
United South Dockhandlers, Inc.	3,449	43,758	–	–	47,207	–	47,207
	₱3,419,432	**₱3,515,400**	**(₱3,007,840)**	–	**₱3,926,992**	–	**₱3,926,992**

2GO GROUP, INC. AND SUBSIDIARIES
Schedule D - Long-term debt
December 31, 2023
(Amounts in thousands)

kTitle of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current portion of long-term debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term debt" in Related Balance Sheet
BDO - Philippine Peso-denominated term loan	₱3,876,645	₱333,698	₱3,542,947

2GO GROUP, INC. AND SUBSIDIARIES
Schedule E - Indebtedness to Related Parties (Long-term loans from Related Companies)
December 31, 2023

Name of Affiliates	Beginning Balance (in thousands)	Ending Balance (in thousands)

Not applicable

2GO GROUP, INC. AND SUBSIDIARIES
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of Issue of each class of securities guaranteed	Total amount of guaranteed outstanding	Amount owned by person or which statement is filed	Nature of Guarantee

Not applicable

2GO GROUP, INC. AND SUBSIDIARIES
Schedule G - Capital Stock
December 31, 2023

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 shared held by related parties	Directors, officers and employees	Others
Common shares	4,070,343,670	2,462,146,316	–	2,435,983,917	600	26,161,799
Preferred shares	4,564,330	–	–	–	–	–

2GO GROUP, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 AND 2022

(Amounts in Thousands, Except for Ratios)

Ratio	Formula			2023	2022
Current ratio	Total Current Assets Divided by Total Current Liabilities			0.73	0.60
	Total Current Assets		5,462,441		
	Divided by: Total Current Liabilities		7,498,359		
	Current Ratio		0.73		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities			0.43	0.38
	Total Current Assets		5,462,441		
	Less: Inventories		190,470		
	Other current assets		2,068,926		
	Quick assets		3,203,045		
	Divided by: Total Current Liabilities		7,498,359		
	Acid test ratio		0.43		
Solvency ratio	Net income before Depreciation & Amortization (Net loss from continuing operations plus depreciation and amortization) divided by Interest Bearing Debt			0.40	0.25
	Net income from continuing operations		1,147,321		
	Add: Depreciation and Amortization		1,283,139		
	Net income before depreciation and Amortization		2,430,460		
	Short Term Notes	1,816,000			
	Long Term Notes	3,876,645			
	Obligations under finance lease	71,047			
	Divided by: Interest Bearing Debt		5,763,692		
	Solvency Ratio		0.40		

Ratio	Formula		2023	2022
Debt-to-equity ratio	Total Liabilities divided by Total Stockholders' Equity		6.80	13.61
	Total Liabilities	12,903,273		
	Divided by: Total Stockholders' Equity	1,897,158		
	Debt-to-equity ratio	6.80		
Asset-to-equity ratio	Total Assets divided by Total Stockholders' Equity		7.80	14.61
	Total Assets	14,800,431		
	Divided by: Total Stockholders' Equity	1,897,158		
	Asset-to-equity ratio	7.80		
Interest rate coverage ratio	Earnings from continuing operations before income tax divided by interest expense		3.62	1.75
	Earnings from continuing operations before income tax	1,251,363		
	Add: Finance Charges	477,550		
	Less: Interest Income	561		
		1,728,352		
	Divided by: Interest expense	477,550		
	Interest rate coverage ratio	3.62		
Return on equity	Net income from continuing operations divided by Average Total Stockholders' Equity		0.79	0.23
	Net income from continuing operations	1,147,321		
	Divided by: Average Total Stockholders' Equity	1,445,879		
		0.79		
Return on assets	Net loss from continuing operations divided by Average Total Assets		0.08	0.02
	Net income from continuing operations	1,147,321		
	Divided by: Average Total Assets	14,596,163		
	Return on assets	0.08		
Net profit margin	Net income from continuing operations divided by Total revenue		0.07	0.02
	Net income from continuing operations	1,147,321		
	Divided by: Total Revenue	15,956,167		
	Net profit margin	0.07		

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
4409

COMPANY NAME
2GO GROUP, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*
8TH FLOOR, TOWER 1, DOUBLE DRAGON PLAZA, EDSA EXTENSION CORNER MACAPAGAL AVENUE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
investor_relations@2go.com.ph	(02) 8554-8777	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
5,118	4th Thursday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Elmer Serrano	calliope.ngo@serranolawlawph.com	(02) 8651-7408	N/A

CONTACT PERSON's ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City

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.*

Angieline Rejano

From:	eafs@bir.gov.ph
Sent:	Tuesday, February 27, 2024 6:45 PM
To:	2GO Group Tax
Cc:	2GO Group Tax Representative
Subject:	Your BIR AFS eSubmission uploads were received

NOTICE This email is from an **external source**. Please exercise **caution** and proceed only if you have confidence in the sender.

Hi 2GO GROUP, INC.,

Valid files

- EAFS000313401ITRTY122023.pdf
- EAFS000313401AFSTY122023.pdf
- EAFS000313401OTHTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2ZV2ZNXM0M43SV1PWQV34WMVW02R2RXVVX**
Submission Date/Time: **Feb 27, 2024 06:44 PM**
Company TIN: **000-313-401**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **2Go Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the parent company financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2023, has audited the parent company financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Frederic C. DyBuncio
Chairman of the Board
President and Chief Executive Officer

William Howell
Chief Financial Officer and Treasurer

Signed this 22nd day of February 2024.

SUBSCRIBED AND SWORN to before me this APR 15 2024 in TAGUIG CITY by affiant exhibiting to me their competent proof of identity as follow: Frederic C. DyBuncio TIN 103-192-854, William Charles Howell TIN 321-579-394.

Doc No. 267;
Page No. 55;
Book No. I;
Series of 2024.

JESSE JOHN M. HERMOSO
Appointment No. 132 (2023-2024)
Notary Public for Taguig City
Until December 31, 2024
Attorney's Roll No. 83148
1105 Tower 2 High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6104223; 01-03-24; Taguig City
IBP Receipt No. 398768; 01-04-24; Pasig City
Admitted to the Bar on June 2022

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of 2GO Group, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and parent company statements of profit or loss, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of 2GO Group, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079911, January 5, 2024, Makati City

February 22, 2024

2GO GROUP, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 19*	**₱274,780**	₱223,862
Trade and other receivables	*8, 19*	**4,392,609**	4,631,595
Inventories	*9*	**166,834**	126,574
Other current assets	*10*	**1,134,832**	1,361,835
Total Current Assets		**5,969,055**	6,343,866
Noncurrent Assets			
Property and equipment	*11, 16, 17*	**6,281,258**	4,322,154
Investments in subsidiaries and an associate - at cost	*12*	**319,628**	319,628
Deferred income tax assets	*26*	**75,509**	69,342
Other noncurrent assets	*13*	**677,907**	265,163
Total Noncurrent Assets		**7,354,302**	4,976,287
TOTAL ASSETS		**₱13,323,357**	₱11,320,153
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	*14*	**₱890,000**	₱1,125,000
Trade and other payables	*15, 18, 19*	**3,260,783**	3,027,282
Current portion of:			
Long-term debt	*16*	**333,698**	3,496,823
Obligations under lease	*11, 17*	**213,873**	79,841
Total Current Liabilities		**4,698,354**	7,728,946
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	*16*	**3,542,947**	497,977
Obligations under lease	*11, 17*	**1,239,454**	642,890
Accrued retirement benefits	*25*	**281,840**	221,354
Total Noncurrent Liabilities		**5,064,241**	1,362,221
Total Liabilities		**9,762,595**	9,091,167
Equity	*20*		
Share capital	*20*	**2,500,663**	2,500,663
Additional paid-in capital	*20*	**2,498,621**	2,498,621
Other equity reserve	*20*	**(11,700)**	(11,700)
Other comprehensive loss	*25*	**(86,543)**	(55,502)
Deficit	*20*	**(1,281,564)**	(2,644,381)
Treasury shares	*20*	**(58,715)**	(58,715)
Total Equity		**3,560,762**	2,228,986
TOTAL LIABILITIES AND EQUITY		**₱13,323,357**	₱11,320,153

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.
PARENT COMPANY STATEMENTS OF PROFIT OR LOSS
(Amounts in Thousands)

		Years Ended December 31	
	Note	**2023**	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	*5, 19*		
Freight		**₱7,698,209**	₱5,953,152
Passage		**2,336,846**	1,386,989
Other services		**667,555**	2,176,358
		10,702,610	9,516,499
COST OF SERVICES	*21*	**8,239,810**	8,017,129
GROSS PROFIT		**2,462,800**	1,499,370
GENERAL AND ADMINISTRATIVE EXPENSES	*22*	**848,805**	771,583
OPERATING INCOME		**1,613,995**	727,787
OTHER INCOME (CHARGES)			
Financing charges	*23*		
Bank loans		**(314,769)**	(324,621)
Lease liabilities		**(57,385)**	(44,154)
Dividend income	*19*	**162,581**	105,000
Others - net	*23*	**7,981**	8,975
		(201,592)	(254,800)
INCOME BEFORE INCOME TAX		**1,412,403**	472,987
PROVISION FOR (BENEFITS FROM) INCOME TAX	*26*		
Current		**45,406**	16,687
Deferred		**4,180**	(9,133)
		49,586	7,554
NET INCOME		**₱1,362,817**	₱465,433

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended December 31	
	Note	**2023**	2022
NET INCOME		**₱1,362,817**	₱465,433
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement income (loss) on accrued retirement benefits	*25*	**(41,388)**	26,654
Income tax effect	*26*	**10,347**	(6,663)
		(31,041)	19,991
TOTAL COMPREHENSIVE INCOME		**₱1,331,776**	₱485,424

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands)

	Share Capital (Note 20)	**Additional Paid-in Capital** (Note 20)	**Other Equity Reserves** (Note 20)	**Remeasurement Losses on Accrued Retirement Benefit -** Net of Tax (Note 25)	**Deficit** (Note 20)	**Treasury Shares**	**Total Equity**
BALANCE AT JANUARY 1, 2022	**₱2,500,663**	**₱2,498,621**	**(₱11,700)**	**(₱75,493)**	**(₱3,109,814)**	**(₱58,715)**	**₱1,743,562**
Net income for the year	–	–	–	–	465,433	–	465,433
Other comprehensive income for the year	–	–	–	19,991	–	–	19,991
Total comprehensive income for the year	–	–	–	19,991	465,433	–	485,424
BALANCE AT DECEMBER 31, 2022	**2,500,663**	**2,498,621**	**(11,700)**	**(55,502)**	**(2,644,381)**	**(58,715)**	**2,228,986**
Net income for the year	–	–	–	–	1,362,817	–	1,362,817
Other comprehensive income for the year	–	–	–	(31,041)	–	–	(31,041)
Total comprehensive income for the year	–	–	–	(31,041)	1,362,817	–	1,331,776
BALANCE AT DECEMBER 31, 2023	**₱2,500,663**	**₱2,498,621**	**(₱11,700)**	**(₱86,543)**	**(₱1,281,564)**	**(₱58,715)**	**₱3,560,762**

See accompanying Notes to the Parent Company Financial Statements.

2GO GROUP, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱1,412,403**	₱472,987
Adjustments for:			
Depreciation and amortization of property and equipment and software cost	*11, 13 21, 22*	**912,275**	945,015
Financing charges	*23*	**429,539**	368,775
Gain on disposal of property and equipment	*23*	**(5,433)**	(6,694)
Provision for impairment of other assets	*11*	**736**	–
Interest income	*7, 19, 23*	**(148)**	(173)
Dividend income	*19*	**(162,581)**	(105,000)
Retirement benefit cost	*25*	**53,026**	52,559
Unrealized foreign exchange loss		**1,119**	644
Operating income before working capital changes		**2,640,936**	1,728,113
Decrease (increase) in:			
Trade and other receivables		**238,986**	(494,123)
Inventories		**(40,260)**	(23,329)
Prepaid expenses and other current assets		**(28,583)**	82,855
Increase in trade and other payables		**250,311**	354,109
Cash generated from operations		**3,061,390**	1,647,625
Interest received		**148**	173
Contribution to retirement fund	*25*	**(33,928)**	(31,129)
Income taxes paid, including creditable withholding taxes		**(160,106)**	(139,421)
Net cash provided by operating activities		**2,867,504**	1,477,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	*11*	**(1,974,313)**	(367,846)
Software costs	*13*	**(5,870)**	(10,766)
Investments in a subsidiary	*12*	–	(1,000)
Dividends received	*19*	**162,581**	105,000
Proceeds from sale of property and equipment	*11*	**21,849**	13,089
Payments for various deposits		**(79,526)**	(343)
Net cash used in investing activities		**(1,875,279)**	(261,866)

(Forward)

		Years Ended December 31	
	Note	**2023**	2022
CASH FLOWS FROM FINANCING ACTIVITIES	*29*		
Proceeds from availments of short-term notes payable	*14*	**₱990,000**	₱1,800,000
Payments of:			
Short-term notes payable	*14*	**(1,225,000)**	(2,484,000)
Long-term debt	*16*	**(100,000)**	–
Obligations under lease	*17*	**(223,663)**	(114,374)
Interest and financing charges	*23*	**(356,025)**	(361,187)
Debt transaction cost	*23*	**(25,500)**	–
Net cash used in financing activities		**(940,188)**	(1,159,561)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(1,119)**	–
NET INCREASE IN CASH		**50,918**	55,821
CASH AT BEGINNING OF YEAR		**223,862**	168,041
CASH AT END OF YEAR	*7*	**₱274,780**	₱223,862

See accompanying Notes to the Parent Company Financial Statements.

1. Corporate Information and Approval of the Parent Company Financial Statements

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. Its corporate life was renewed in May 12, 1995 and will expire on May 25, 2049. However, under the Revised Corporation Code of the Philippines, 2GO shall have a perpetual corporate life. It is primarily engaged in the business of operating Roll-on Roll-off (ROPAX) and freighter vessels for purposes of transporting cargo and passengers by sea within of the Philippines. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila. 2GO's shares of stock are publicly traded on the Philippine Stock Exchange (PSE).

As of December 31, 2020, 2GO is 35.22%-owned by KGLI-NM Holdings, Inc., 30.49% owned by SM Investments Corporation (SMIC), 22.36%-owned by China-ASEAN Marine B.V. (CAMBV) and 11.93% owned by public shareholders.

On June 3, 2021, SMIC acquired 550,558,388 common shares representing 22.36% of 2GO from KGLI-NM. This resulted in an increase of SMIC's ownership in 2GO to 52.85%, thereby making 2GO a subsidiary of SMIC. On the same date, Trident Investments Holdings Pte. Ltd. (Trident) acquired 230,563,877 common shares of 2GO from KGLI-NM and 550,558,388 common shares from CAMBV, or a total of 781,122,265 common shares representing 31.73% of 2GO. Public shareholders own 15.42%.

On February 28, 2023, the Board of Directors of 2GO approved the voluntary delisting of 2GO shares from the PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission. In the Annual Stockholders' Meeting of 2GO held on April 18, 2023, stockholders owning 2,409,564,0081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting. The PSE approved the delisting effective July 17, 2023.

As of June 30, 2023, with the completion of the tender offer, 2GO's outstanding capital stock is owned by: SMIC (1,654,861,652 common shares or 67.21%); Trident (781,122,265 common shares or 31.73%); and public shareholders own 1.06%.

The accompanying parent company financial statements as at December 31, 2023 and 2022 and for the years then ended were approved and authorized for issue by the BOD on February 22, 2024.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The parent company financial statements have been prepared on a historical cost basis. The parent company financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All values are presented to the nearest thousands, except when otherwise indicated.

The Company also prepared and issued consolidated financial statements for the same period in which it consolidates all its investments in subsidiaries and associates and interests in joint ventures. Such consolidated financial statements provide information about the economic activities.

Statement of Compliance
The parent company financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRS).

3. Material Accounting Policy Information

Accounting policies have been applied consistently to all years presented in the parent company financial statements, except for the changes in accounting policies explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Company adopted the following new or revised standards, amendments to standards and interpretations effective for annual periods beginning January 1, 2023. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

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*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to PAS 1 and the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Company's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the parent company financial statements.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

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

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, *Lack of exchangeability*

Deferred effectivity

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

The material accounting policy information adopted in the preparation of the parent company financial statements are summarized below.

Investments in Subsidiaries
Investment in subsidiaries are carried at cost less any accumulated impairment in value. Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Company reassesses 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.

Investments in Associates
Investments in associate are accounted for under the cost method less any impairment in value. An associate is an entity in which the Company has significant influence but not control, and which is neither a subsidiary nor a joint venture. This is generally accompanied by a shareholding between 20% to 50% of the voting rights of the investment. Under the cost method, the investment is recognized at cost and rights for dividend payments from the investment are recognized as "Dividend income" in the parent company statement of profit or loss.

The Company determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the difference in the parent company statement of profit or loss.

Determination of Fair Value
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 by the Company. 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 the market participants act in their best economic interest.

Financial Instruments
Date of Recognition
The Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets, recognition and de-recognition, as applicable, that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial Recognition of Financial Instruments
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). With the exception of trade receivables or for which the Company has applied the practical expedient, the Company's initial measurement of financial instruments, except for those classified as fair value through profit or loss (FVTPL), includes transaction cost. Trade receivables or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

Financial assets
At initial recognition, the Company classifies its financial assets as follows:

- FVTPL
- Fair value through other comprehensive income (FVTOCI)
- Financial assets measured at amortized cost

The basis of the classification of the Company's financial instruments depends on the following:

- The Company's business model for managing its financial assets; and

- The contractual cash flow characteristics of the financial assets.

A financial asset is classified to be measured at amortized cost if following conditions were met:

- The financial asset is held to collect the contractual cash flows; and
- Contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has no financial assets classified as FVTPL and FVTOCI.

Financial liabilities
Financial liabilities are classified as measured at amortized cost except for:

- Financial liabilities measured at FVTPL which include derivatives that liabilities measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent considerations recognized by an acquirer in a business combination to which PFRS 3 applies.

Subsequent measurement
Financial assets measured at amortized cost
After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the parent company statement of profit or loss when the loans and receivables are derecognized and impaired, as well as through the amortization process. Loans and receivables are included under current assets if realizability or collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash in banks and cash equivalents, trade and other receivables and refundable deposits (presented as part of "Other current assets" account and "Other noncurrent assets" account in the parent company statement of financial position) are classified under this category.

Financial liabilities measured at amortized cost
After initial recognition, these financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses on other financial liabilities are recognized in the parent company statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Company's notes payable, trade and other payables excluding unearned revenue, long-term debt and obligations under lease are classified under this category.

De-recognition of financial assets and liabilities

Financial assets. A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Company 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 Company 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.

When the Company 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, the asset is recognized to the extent of the Company'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 original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

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

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition, such as purchase price and transport costs, is primarily determined using the weighted average method. NRV of inventories for sale is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale, while NRV of

inventories for usage is the estimated replacement cost. An allowance for inventory obsolescence is provided for based on the Company's historical inventory expiration experience and physical inspection.

Property and Equipment

Property and equipment, except land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and related interest incurred during the construction.

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Land is carried at cost, less accumulated impairment losses.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Drydocking costs, consisting mainly of main engine overhaul, replacement of steel plate of the vessels' hull and related expenditures, are capitalized as a separate component of "Vessels in operations". When significant drydocking costs are incurred prior to the end of the amortization period, the remaining unamortized balance of the previous drydocking cost is derecognized in profit or loss.

Vessels under refurbishment, if any, include the acquisition cost of the vessels, the cost of ongoing refurbishments and other direct costs. Construction-in-progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the refurbishment of vessels and construction of property and equipment are capitalized during the refurbishment and construction period. Vessels under refurbishment and construction in progress are not depreciated until such time the relevant assets are complete and available for use but tested for impairment losses. Refurbishment of existing vessels is capitalized as part of vessel improvements and depreciated at the time the vessels are put back into operation.

Vessel on lay-over, if any, represents vessel for which drydocking has not been done pending availability of the necessary spare parts. Such vessels, included under the "Property and equipment" account in the parent company statement of financial position are stated at cost, less accumulated depreciation and any impairment in value.

Minor spare parts and service equipment are typically carried as inventory and recognized in profit or loss as consumed. Major spare parts and stand-by equipment are carried as property and equipment when an entity expects to use them during more than one period or when they can be used only in connection with an item of property and equipment.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, namely:

	Note	In Years
Vessels in operations, excluding drydocking costs and vessel equipment and improvements	*4*	30 - 35*
Drydocking costs		2 - 2.5
Vessel equipment and improvements		3 - 5
Containers and reefer vans		5 - 10
Terminal and handling equipment		5 - 10
Furniture and other equipment		3 - 5
Land improvements		5 - 10
Buildings and warehouses		5 - 20
Transportation equipment		5 - 10
Spare parts and service equipment		3 - 5
Leasehold improvements		Shorter of 5 - 20 or lease term

**From the time the vessel was built.*

Depreciation or amortization commences when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held-for-sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The residual values, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying values of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and accumulated provision for impairment losses are removed from the accounts and any resulting gain or loss is charged to profit or loss.

Property Acquisitions

Property Acquisitions. When property is acquired through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Impairment of Nonfinancial Assets

The carrying values of the Company's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGUs are written-down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell or value in use (VIU). The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the parent company statement of profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. In such a case, the recoverable amount is estimated. Any previously recognized impairment loss is reversed only when there is a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Accordingly, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized in prior years. Such reversal is recognized in the parent company statement of profit or loss. After such a reversal, the depreciation or amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

The equity of the Parent Company consists of share capital, additional paid-in capital (APIC), treasury shares, other comprehensive income (loss) (OCI) and retained earnings (deficit).

Treasury shares are the Company's own equity instruments that are reacquired. Treasury shares are recognized at cost and deducted from equity.

OCI of the Company includes gains or losses on accrued retirement benefits.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when controls of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services. The specific recognition criteria for each type of revenue are as follows:

Shipping revenues are recognized when the related services are rendered. Shipping revenues include revenue from ancillary services such as wharfage, arrastre, stevedoring and other freight related services.

Contract balances

Contract assets

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section for "Financial instruments - initial recognition and subsequent measurement."

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are classified under "Trade and other payables" account in the parent company statement of financial position for customer payments for services which have not yet been rendered. Contract liabilities are recognized as revenue when the Company performs under the contract. .

Other Income
Rental income arising from operating leases is recognized on a straight-line basis over the lease term.

Management fee is recognized at a point in time when the related services are rendered.

Dividend income is recognized when the shareholders' right to receive the payment is established.

Costs and Expenses
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Employee Benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefits
The Company has a funded, noncontributory retirement plan, administered by the trustee, covering its permanent employees.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Re-measurements of net defined benefit liability or asset.

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Right-of-use assets are recognized at the commencement date of the lease. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the following amount:

- lease liabilities recognized;
- initial direct costs incurred; and
- lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	In Years
Container Yard	10
Office	10
Warehouse	10
Equipment	3-10

Lease liabilities are recognized at the commencement date of the lease and is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liability is carried at amortized. Lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the following recognition exemptions:

- short-term lease (leases with lease term of 12 months or less from the commencement date and do not contain a purchase option); or
- low-value assets.

Lease payments under short-term leases and low value assets are recognized as rent expense on a straight-line basis over the lease term.

Taxes

Current Tax. Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Income tax relating to items recognized directly in the parent company statement of comprehensive income is recognized in the parent company statement of comprehensive income and not in the parent company statement of profit or loss.

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

Value-added taxes (VAT)

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

Creditable Withholding Taxes (CWTs)

CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rule on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve (12) months are classified as current assets.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

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

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company's Chief Decision Maker regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Financial information on business segments is presented in Note 6.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRSs requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

Determining the timing of satisfaction of performance obligation shipping and logistics and other services

The Company assessed that performance obligation for shipping other services are rendered to the customers over time. As a result, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement. The measurement of progress used the estimated period travelled (measured in days) of the cargoes or goods delivered over the period of the date of acceptance of the Company up to the date of delivery to the customers.

Estimates and Assumptions

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Provision for ECL of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8.

Estimation of useful lives of property and equipment

The useful life of each of the Company's items of property and equipment is estimated based on the period over which the asset is expected to be available for use until it is derecognized. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. Specifically, in evaluating the useful lives of the vessels and related assets, management takes into account the intended life of the vessel fleet being operated, the estimate of the economic life from the date purchased or built, development in the domestic shipping regulations, the fleet deployment plans including the timing of fleet replacements, the changes in technology, as well as the repairs and maintenance program, among others.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expenses and decrease the carrying value of property and equipment. Refer to Note 11.

Assessment of impairment and estimation of recoverable amount of property and equipment

The Company assesses at the end of each reporting period whether there is any indication that the nonfinancial assets listed below may be impaired. If such indication exists, the entity follows the accounting policy discussed in Note 3, Material Accounting Policy Information (Impairment of Nonfinancial Assets).

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are pertaining to the property and equipment of the Company amounting to ₱6.3 billion and ₱4.3 billion as of December 31, 2023 and 2022, respectively (see Note 11).

As at December 31, 2023 and 2022, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Company's property and equipment as the recoverable amount of the assets is higher than their carrying values.

Estimation of retirement benefits costs and obligation
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions were described in Note 25 and include, among others, discount rate and future salary increase. While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's pension and other retirement obligations.

The discount is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Refer to Note 25.

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Consequently, only a portion of the Company's deferred income tax assets was recognized. Refer to Note 26.

Estimation of provisions for contingencies
The Company is involved in certain legal and administrative proceedings arising from the ordinary course of business. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. The Company does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that significant differences in actual experience or assumption may materially affect the recorded provision. The inherent uncertainty over the outcome of these legal proceedings and other claims is brought about by the difference in the interpretation and implementation of the relevant laws and regulations. Refer to Note 18.

5. Revenue from Contracts with Customers

Disaggregated revenue information
The disaggregation of the Company's revenue from contracts with customers is presented in the parent company statement of profit or loss and disclosed in the operating segment information. The Company's disaggregation of revenue from contracts with customers based on categories that depicts the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations and timing of revenue recognition
Freight, passage, and others other services: performance obligations are generally satisfied over time once the delivery services are completed.

6. **Operating Segment Information**

The Company has identified two reportable operating segments as follows:

- The shipping segment provides ocean-going transportation of passengers, rolling cargo, and freight cargo.
- The nonshipping segment provides logistics, supply chain management and other services.

The BOD monitors the operating results of its two operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the parent company financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Revenues from one customer of nonshipping segment represent approximately 26% of the segment's total revenue. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues for the other segments.

Revenues, expenses, results of operations, assets, liabilities and other information about the business segments are as follows:

	December 31, 2023			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Parent company Balance**
		(In Thousands)		
External customers	**₱9,107,338**	**₱6,848,829**	**(₱5,253,557)**	**₱10,702,610**
Intersegment revenue	**1,595,272**	**361,648**	**(1,956,920)**	**–**
Revenues from contracts with customers	**₱10,702,610**	**₱7,210,477**	**(₱7,210,477)**	**₱10,702,610**
Income (Loss) before income tax	**₱1,556,755**	**(₱305,392)**	**₱161,040**	**₱1,412,403**
Provision for (Provision for) income tax	**(8,062)**	**112,104**	**(153,628)**	**(49,586)**
Segment income	**₱1,548,693**	**(₱193,288)**	**₱7,412**	**₱1,362,817**
Segment assets	**₱13,482,768**	**₱4,900,841**	**(₱5,060,252)**	**₱13,323,357**
Segment liabilities	**₱9,724,894**	**₱7,145,146**	**(₱7,107,445)**	**₱9,762,595**
Other Information:				
Capital expenditures	**₱2,845,594**	**₱150,731**	**(₱1,047,605)**	**₱1,948,720**
Depreciation and amortization	**912,278**	**370,861**	**(370,863)**	**912,276**
Provision for expected credit losses	**5,981**	**43,947**	**(43,947)**	**5,981**
Dividend income	**162,581**	**–**	**–**	**162,581**
Equity in net earnings of associates and joint ventures	**144,352**	**8,976**	**(153,328)**	**–**

	December 31, 2022			
	Shipping	Non Shipping	Eliminations/ Adjustments	Parent company Balance
	(In Thousands)			
External customers	₱6,401,520	₱12,866,701	(₱11,261,616)	₱8,006,605
Intersegment revenue	1,509,894	456,403	(456,403)	1,509,894
Revenues from contracts with customers	₱7,911,414	₱13,323,104	(₱11,718,019)	₱9,516,499
Income (Loss) before income tax	₱523,010	(₱47,682)	(₱2,341)	₱472,987
Provision for income tax	(7,553)	(51,127)	51,126	(7,554)
Segment income (loss)	₱515,457	(₱98,809)	₱48,785	₱465,433
Segment assets	₱11,474,059	₱6,624,388	(₱6,778,294)	₱11,320,153
Segment liabilities	₱9,029,883	₱8,050,000	(₱7,988,716)	₱9,091,167
Other Information:				
Capital expenditures	₱342,903	₱291,597	(₱117,650)	₱516,850
Depreciation and amortization	945,016	416,722	(416,722)	945,016
Provision for expected credit losses	10,913	20,830	(20,830)	10,913
Dividend income	105,000	–	–	105,000
Equity in net earnings of associates and joint ventures	50,175	8,391	(58,566)	–

7. Cash and Cash Equivalents

This account consists of:

		December 31	
	Note	**2023**	2022
		(In Thousands)	
Cash on hand and in banks	*19*	**₱273,501**	₱223,583
Cash equivalents		**1,279**	279
		₱274,780	₱223,862

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are placements for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at prevailing market rates.

Interest income earned by the Company from cash in banks amounted to ₱0.1 million and ₱0.2 million in 2023 and 2022 (see Note 23).

8. Trade and Other Receivables

This account consists of:

		December 31	
	Note	**2023**	2022
		(In Thousands)	
Trade	*19*	**₱965,141**	₱1,412,193
Contract assets		**189,982**	213,320
Nontrade	*19*	**3,288,656**	3,057,772
Advances to officers and employees		**14,418**	6,934
		4,458,197	4,690,219
Allowance for ECL		**65,588**	58,624
		₱4,392,609	₱4,631,595

a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.

b. Contract assets relate to revenue earned from unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers. As such, the balance of this account varies and depends on the timing of issuance of billing invoice to customers. The outstanding balance of these accounts decreased in 2023 due to the increase in issued billings within the year.

c. Nontrade receivables include advances to principals, suppliers and contractors, passage bonds and insurance from other claims. These receivables are noninterest-bearing and collectible on demand.

d. The following tables set out the rollforward of the allowance for ECL:

		December 31, 2023		
	Note	**Trade and Contract Assets**	**Nontrade**	**Total**
			(In Thousands)	
Beginning		**₱42,803**	**₱15,821**	**₱58,624**
Provision	*22*	**–**	**5,981**	**5,981**
Write-off/adjustment		**1,051**	**(68)**	**983**
Ending		**₱43,854**	**₱21,734**	**₱65,588**

		December 31, 2022		
	Note	Trade and Contract Assets	Nontrade	Total
			(In Thousands)	
Beginning		₱40,049	₱16,096	₱56,145
Provision	*22*	10,913	–	10,913
Write-off/adjustment		(8,159)	(275)	(8,434)
Ending		₱42,803	₱15,821	₱58,624

9. Inventories

This account consists of:

	December 31	
	2023	2022
	(In Thousands)	
At cost:		
Fuel, oil and lubricants	**₱139,806**	₱108,489
Trading goods	**22,513**	13,060
At net realizable value:		
Materials, parts and supplies	**4,515**	5,025
	₱166,834	₱126,574

The cost of materials, parts and supplies carried at net realizable value amounted to ₱5.4 million and ₱5.9 million as at December 31, 2023 and 2022, respectively. The allowance for inventory obsolescence as at December 31, 2023 and 2022 amounted to ₱0.8 million. The Company did not recognize any write-down of inventories to NRV in 2023 and 2022.

Costs of inventories were recognized and presented in the following accounts in the parent company statements of profit or loss:

		December 31	
	Note	**2023**	2021
		(In Thousands)	
Cost of services	*21*	**₱3,099,407**	₱2,868,658
General administrative expenses	*22*	**3,290**	3,607
		₱3,102,697	₱2,872,265

The cost of inventories used is presented as "Cost of services" and pertains mainly to fuel, oil and lubricants used in vessels' operation, food and beverages sold by the shipping segment and materials and supplies used. The cost of inventories presented as "General and administrative expenses" pertains to office supplies.

10. Other Current Assets

This account consists of:

		December 31	
	Note	**2023**	2022
		(In Thousands)	
CWTs - current portion	*13*	**₱960,230**	₱1,230,900
Input VAT		**63,017**	63,516
Prepaid expenses and others		**52,387**	39,577
Refundable deposits - current portion	*13*	**26,818**	16,901
Advances to suppliers/contractors		**32,380**	10,941
		₱1,134,832	₱1,361,835

a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of the Company.

b. Prepaid expenses and others include prepaid insurance and taxes.

11. **Property and Equipment**

	December 31, 2023										
	Vessels in Operations	**Containers and Reefer Vans**	**Terminal and Handling Equipment**	**Furniture, Spare parts Other Equipment**	**Land Improvements**	**Buildings and Warehouses**	**Transportation Equipment**	**Leasehold Improvements**	**Construction in Progress**	**Right-Of-Use Asset**	**Total**
					(In Thousands)						
Cost											
January 1, 2023	**₱9,369,633**	**₱1,371,444**	**₱847,068**	**₱177,841**	**₱494,647**	**₱359,445**	**₱159,081**	**₱321,599**	**₱4,420**	**₱1,082,840**	**₱14,188,018**
Additions	**715,344**	**-**	**25,256**	**15,219**	**-**	**5,267**	**1,338**	**6,098**	**1,180,198**	**896,874**	**2,845,594**
Disposals/retirements	**(104,695)**	**(21,659)**	**(29,958)**	**(171)**	**(16,360)**	**-**	**--**		**-**	**(160,954)**	**(333,797)**
Reclassifications		**240**	**(240)**						**-**	**-**	**-**
December 31, 2023	**9,980,282**	**1,350,025**	**842,126**	**192,889**	**478,287**	**364,712**	**160,419**	**327,697**	**1,184,618**	**1,818,760**	**16,699,815**
Accumulated Depreciation and Amortization											
January 1, 2023	**6,643,305**	**1,239,623**	**615,763**	**159,902**	**157,580**	**298,332**	**153,053**	**216,270**	**-**	**382,036**	**9,865,864**
Depreciation and amortization	**583,772**	**33,547**	**45,651**	**11,272**	**2,545**	**6,515**	**3,817**	**22,914**	**-**	**159,305**	**869,338**
Disposals/retirements	**(104,695)**	**(21,659)**	**(29,907)**	**(166)**	**-**	**-**	**-**	**-**	**-**	**(160,954)**	**(317,381)**
Impairment	**-**	**-**	**-**	**-**	**736**	**-**	**-**	**-**	**-**		**736**
December 31, 2023	**7,122,382**	**1,251,511**	**631,507**	**171,008**	**160,861**	**304,847**	**156,870**	**239,184**	**-**	**380,387**	**10,418,557**
Net Carrying Amounts	**₱2,857,900**	**₱98,514**	**₱210,619**	**₱21,881**	**₱317,426**	**₱59,865**	**₱3,549**	**₱88,513**	**₱1,184,618**	**₱1,438,373**	**₱6,281,258**

	December 31, 2022										
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land Improvements	Buildings and Warehouses	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-Of-Use Asset	Total
					(In Thousands)						
Cost											
January 1, 2022	₱10,221,803	₱1,371,554	₱805,153	₱167,958	₱471,545	₱355,766	₱159,967	₱319,011	₱-	₱795,591	₱14,668,348
Additions	431,240	-	41,915	9,907	23,102	3,679	-	2,588	4,420	561,968	1,078,819
Disposals/retirements	(1,283,410)	(110)	-	(24)	-	-	(886)	-	-	(274,719)	(1,559,149)
December 31, 2022	9,369,633	1,371,444	847,068	177,841	494,647	359,445	159,081	321,599	4,420	1,082,840	14,188,018
Accumulated Depreciation and Amortization											
January 1, 2022	7,238,230	1,196,381	570,650	154,425	155,179	292,208	150,188	187,785	-	523,004	10,468,050
Depreciation and amortization	647,725	43,806	45,113	5,500	2,401	6,124	3,751	28,485	-	133,751	916,656
Disposals/retirements	(1,242,650)	(564)	-	(23)	-	-	(886)	-	-	(274,719)	(1,518,842)
December 31, 2022	6,643,305	1,239,623	615,763	159,902	157,580	298,332	153,053	216,270	-	382,036	9,865,864
Net Carrying Amounts	₱2,726,328	₱131,821	₱231,305	₱17,939	₱337,067	₱61,113	₱6,028	₱105,329	₱4,420	₱700,804	₱4,322,154

Property and equipment under lease
Containers, cargo handling equipment and transportation equipment and office and operational spaces as of December 31, 2023 and 2022 include units acquired under lease arrangements (see Note 17).

Noncash additions include costs of leased assets for the years ended December 31, 2023 and 2022 amounting to ₱896.9 million and 562.0 million, respectively. The related depreciation of the leased assets for the years ended December 31, 2023 and 2022 amounting to ₱159.3 million and ₱133.8 million, respectively, were computed on the basis of the Company's depreciation policy for property and equipment. Set out below are the carrying amounts of right-of- use assets.

December 31, 2023

	Container Yard	**Office**	**Warehouse**	**Equipment**	**Total**
			(In Thousands)		
Cost					
January 1, 2023	**₱565,239**	**₱300,022**	**₱123,625**	**₱93,954**	**₱1,082,840**
Additions	**239,009**	**–**	**657,865**	**–**	**896,874**
Disposal/Retirement	**(3,270)**	**–**	**(123,625)**	**(34,059)**	**(160,954)**
December 31, 2023	**800,978**	**300,022**	**657,865**	**59,895**	**1,818,760**
Accumulated depreciation					
January 1, 2023	**54,360**	**133,343**	**116,353**	**77,980**	**382,036**
Depreciation	**67,022**	**33,336**	**52,957**	**5,990**	**159,305**
Disposal/Retirement	**(3,270)**	**–**	**(123,625)**	**(34,059)**	**(160,954)**
December 31, 2023	**118,112**	**166,679**	**45,685**	**49,911**	**380,387**
Net Carrying Amounts	**₱682,866**	**₱133,343**	**₱612,180**	**₱9,984**	**₱1,438,373**

December 31, 2022

	Container Yard	Office	Warehouse	Equipment	Total
			(In Thousands)		
Cost					
January 1, 2022	₱277,990	₱300,022	₱123,625	₱93,954	₱795,591
Additions	561,968	–	–	–	561,968
Disposal/Retirement	(180,695)	–	–	(94,024)	(274,719)
Reclassification	(94,024)	–	–	94,024	–
December 31, 2022	565,239	300,022	123,625	93,954	1,082,840
Accumulated depreciation					
January 1, 2022	263,544	99,933	87,199	72,328	523,004
Depreciation	51,906	33,336	29,088	19,421	133,751
Disposal/Retirement	(180,695)	–	–	(94,024)	(274,719)
Reclassification	(80,395)	74	66	80,255	–
December 31, 2022	54,360	133,343	116,353	77,980	382,036
Net Carrying Amounts	₱510,879	₱166,679	₱7,272	₱15,974	₱700,804

Residual value of vessels
The Company reviews the residual value of the vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. The residual value for vessels is reassessed by management based on the vessel's lightweight, the market price of scrap metals and the history of vessels disposal.

The reassessment of the estimated residual value of the Company's vessels in operations during the year resulted to a decrease in the depreciation expense in 2023 amounting to ₱114.5 million.

Consequently, the depreciation expense in 2024 and 2025 is expected to decrease by ₱57.6 million and ₱68.1 million, respectively.

Capitalization of drydocking costs
Vessels in operations also include capitalized drydocking costs incurred amounting to ₱340.8 million and ₱294.7 million for the years ended December 31, 2023 and 2022, respectively. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Acquisition of property and equipment
In December 2023, the Group acquired two vessels with an acquisition cost totaling to ₱1,180.2 million, which are still in construction in progress as of December 31, 2023.

Unpaid acquisition costs of property and equipment amounted to ₱152.5 million and ₱178.1 million as of December 31, 2023 and 2022, respectively.

Sale and disposal of property and equipment
The Company disposed certain property and equipment for net cash proceeds of ₱21.8 million and ₱13.1 million for the years ended December 31, 2023 and 2022, respectively.

Depreciation and amortization
Depreciation and amortization were recognized and presented in the following accounts in the parent company statements of profit or loss:

		Years Ended December 31	
	Note	**2023**	2022
		(In Thousands)	
Cost of services and goods sold	*21*	**₱822,486**	₱871,346
General and administrative expense	*22*	**46,852**	45,310
		₱869,338	₱916,656

Property and equipment held as collateral
As at December 31, 2023 and 2022, the Company's property and equipment held or deemed as collateral include under lease and a certain vessel with total net book value of ₱2,144.8 million and ₱1,403.0 million, respectively (see Note 17). One of the vessels in operations of the Company, with a carrying value of ₱706.4 million and ₱702.1 million, as at December 31, 2023 and 2022, respectively, is subject to secure the ₱500.0 million term loan facility agreement with BDO (see Note 16).

12. Investments in Subsidiaries and an Associate

As at December 31, 2023 and 2022, the subsidiaries and an associate of the Company, all incorporated in the Philippines, are the following:

		Percentage of Ownership	
	Nature of Business	Direct	Indirect
Subsidiaries:			
2GO Express Inc. (2GO Express) and Subsidiaries:	Transportation/logistics	100.0	–
2GO Logistics, Inc. (2GO Logistics)	Logistics/warehousing	–	100.0
Scanasia Overseas, Inc. (SOI) (5)	Distribution	–	100.0
2Go Land Transport, Inc. (1)	Transportation	–	100.0
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	100.0	–
WG&A Supercommerce, Inc. (WSI) (2)(4)	Vessels' hotel management	100.0	–

(Forward)

	Nature of Business	Percentage of Ownership Direct	Indirect
NN-ATS Logistics Management and Holdings Co., Inc. (NALMHCI) [(3)] and Subsidiaries:	Holding company	100.0	–
North Harbor Tugs Corporation (NHTC)	Tug assistance	–	59.0
Astir Engineering Works, Inc. (AEWI) [(2)] [(3)]	Engineering works	–	100.0
Associate:			
MCC Transport Philippines (MCCP)	Container transportation business	33.0	–

[1]*Formerly WRR Trucking Corporation*
[2]*Ended commercial operations in 2018 or prior*
[3]*In September 2020, the BOD approved the merger of these companies*
[4]*Dormant companies*
[5]*On August 9, 2023, the BOD approved the cessation of business operations of SOI.*

The details of the Company’s investments in subsidiaries and an associate accounted for under the cost method are as follows:

	December 31 2023	2022
	(In Thousands)	
Subsidiaries:		
2GO Express	**₱260,628**	₱260,628
NALMHCI	**37,500**	37,500
SCVASI	**5,000**	5,000
WSI	**250**	250
	303,378	303,378
Associate - MCCP	**16,500**	16,500
	319,878	319,878
Less allowance for impairment losses	**250**	250
	₱319,628	₱319,628

In April 2022, the Company subscribed to additional 1,000,000 shares of SCVASI for ₱1.0 million.

Summarized financial information of the Company’s subsidiaries and associate are set as follows:

	Subsidiaries Express 2023	2022	SCVASI 2023	2022	Others 2023	2022	Associate MCCP 2023	2022
				(In Thousands)				
As at December 31:								
Current assets	**₱1,111,194**	₱1,291,679	**₱627,373**	₱461,428	**₱128,135**	₱170,479	**₱1,281,068**	₱876,829
Noncurrent assets	**222,571**	653,114	**378,744**	347,022	**37,927**	29,362	**266,412**	473,392
Current liabilities	**1,583,975**	1,429,150	**610,029**	461,017	**119,257**	155,027	**776,044**	620,440
Noncurrent liabilities	**126,767**	83,107	**191,884**	183,734	**101**	–	**32,803**	6,922
Equity	**376,977**	432,536	**204,204**	163,699	**46,704**	44,814	**738,633**	722,859
For the years ended December 31:								
Revenue from contracts with customers	**₱3,251,125**	₱3,026,206	**₱2,651,566**	₱2,199,453	**₱17,785**	₱–	**₱2,619,578**	₱2,373,105
Net income (loss)	**(789,776)**	11,903	**43,410**	57,119	**1,677**	369	**554,647**	346,619

13. **Other Noncurrent Assets**

	December 31	
	2023	2022
	(In Thousands)	
CWTs - net of current portion	**₱520,769**	₱135,399
Software	**59,131**	96,199
Advances to suppliers and contractors	**32,718**	–
Refundable deposits - net of current portion	**58,140**	11,332
Deferred input VAT	**7,149**	22,233
	₱677,907	₱265,163

a. The software is amortized on a straight-line basis over its estimated useful life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The movements in Software are as follows:

		December 31	
	Note	**2023**	2022
Cost		*(In Thousands)*	
Balances at beginning of year		**₱195,204**	₱184,438
Additions		**5,870**	10,766
Balances at end of year		**201,074**	195,204
Accumulated Amortization			
Balances at beginning of year		**99,005**	70,646
Amortization	*23*	**42,938**	28,359
Balances at end of year		**141,943**	99,005
Carrying Amount		**₱59,131**	₱96,199

Amortization was recognized and presented in the parent company statements of profit or loss under “General and administrative expenses”.

b. Refundable deposits consist of amounts paid for rental deposits which can be collected in cash upon termination of the lease.

c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels incurred prior to January 1, 2022.

14. **Short-term Notes Payable**

Notes payable represents unsecured short-term peso-denominated notes payable obtained by the Company from local banks with annual interest rates ranging from 5.85% to 7.25% in 2023 and from 3.4% to 4.75% in 2022. Total interest expense incurred by the Company from short-term notes payable was ₱40.3 million and ₱72.4 million for the years ended December 31, 2023 and 2022, respectively (see Notes 19 and 23).

15. **Trade and Other Payables**

	Note	December 31 2023	2022
		(In Thousands)	
Trade	*19*	**₱581,884**	₱425,230
Accrued expenses			
Expenses	*19*	**1,517,032**	1,689,755
Capital expenditure		**152,527**	178,120
Withholding and other taxes		**98,308**	28,226
Interest		**62,293**	53,509
Salaries and wages		**53,641**	66,527
Others		**78,453**	100,475
Nontrade	*19*	**647,737**	422,000
Contract liabilities		**15,843**	24,073
Other payables	*18, 19*	**53,065**	39,367
		₱3,260,783	₱3,027,282

a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.

b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.

c. Nontrade payables consist of security deposits, advances from principals and contractors, payables due to government agencies, due to related parties and others.

d. Contract liabilities include advance payments received for services to be rendered. The outstanding balances of these accounts decreased in 2023 due to increase in service completion of freight cash transactions within the year. Set out below is the amount of revenue recognized from:

	December 31 2023	2022
	(In Thousands)	
Amounts included in contract liabilities at the beginning of the year	**₱24,073**	₱59,061

e. Other payables pertain to provision for contingencies and general provision amounting to ₱53.1 million and ₱39.4 million as at December 31, 2023 and 2022, respectively (see Note 18).

16. **Long-term Debt**

Long-term debt consists of:

	Note	December 31 2023	2022
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*19*	**₱3,900,000**	₱4,000,000
Unamortized debt arrangement fees		**(23,355)**	(5,200)
Noncurrent portion		**3,876,645**	3,994,800
Current portion		**333,698**	3,496,823
Noncurrent portion		**₱3,542,947**	₱497,977

BDO Term Loan Facility Agreements

a. On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from its previous long-term loan with BDO and to fund various capital expenditures and other general requirements. Principal borrowings are due upon maturity at the end of five years in April 2023, while interest is payable quarterly. In April 2018 and April 2020, 2GO borrowed ₱2.5 billion and ₱1.0 billion, respectively, which is subject to fixed and floating interest rate, respectively.

   On April 11 and 14, 2023, 2GO repaid ₱100 million of the term loan and refinanced ₱3.4 billion with a new term loan facility agreement for another five-year term. The new term loan facility requires annual repayment of 10% of the outstanding principal by the anniversary date each year and balloon payment of 50% on maturity date and is subject to a floating interest rate.

   The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 2GO is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum debt service coverage ratio of 1.25.

   Interest rate is floater at 3M BVAL plus 100 bps/.95 or floor of 7%. The floating interest rate is subject to periodic review and adjustment earlier than five banking days prior to each "Interest Setting Date" as long as the term loan remains unpaid.

b. On April 19, 2021, 2GO entered into another five-year ₱500.0 million term loan facility agreement with BDO to partially finance acquisition and landed cost of vessel. Principal borrowings are due upon maturity at the end of five years in April 2026, while interest is payable quarterly and is subject to fixed interest rate of 4.9%. The facility was fully drawn in April 2021.

   The second term loan facility agreement is secured by the Chattel Mortgage over a passenger-cargo ship named M/V Masagana with a carrying value of ₱706.4 million and ₱702.1 million as of December 31, 2023 and 2022, respectively. 2GO is required to maintain a debt-to-equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO.

Borrowing costs and debt transaction costs
Interests from long-term borrowings of the Company recognized as expense totaled ₱260.9 million and ₱232.1 million for the years ended December 31, 2023 and 2022, respectively (see Note 23).

The Company paid ₱25.5 million, ₱3.0 million, ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2023, 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱7.3 million and ₱7.0 million for the years ended December 31, 2023 and 2022, respectively (see Note 23).

Compliance with debt covenants
At December 31, 2023 and 2022, the Company was not compliant with the debt-to-equity ratio under the Company's long-term loan agreement with BDO. However, the Company obtained a waiver letter from BDO which waives the financial covenant at December 31, 2023 and 2022.

17. **Leases**

The Company has various lease arrangements with third parties for the lease of containers, cargo handling equipment transportation equipment, warehouse, container yard and office space.

The future minimum lease payments on the obligations under lease together with the present value of the minimum lease payments are as follows:

	December 31, 2023		December 31, 2022	
	Future Minimum Lease Payments	**Present Value of Minimum Lease Payments**	Future Minimum Lease Payments	Present Value of Minimum Lease Payments
		(In Thousands)		
Less than one year	**₱297,267**	**₱213,873**	₱120,755	₱79,841
Between one and five years	**1,263,936**	**1,082,687**	543,008	437,986
Beyond five years	**162,048**	**156,767**	218,175	204,904
	1,723,251	**1,453,327**	881,938	722,731
Interest component	**269,924**	**–**	159,207	–
Present value	**₱1,453,327**	**₱1,453,327**	₱722,731	₱722,731

The net carrying values of the above property and equipment held by the Company under leases disclosed in Note 11 to the parent company financial statements are summarized as follows:

	December 31	
	2023	2022
	(In Thousands)	
Cost	**₱1,818,759**	₱1,082,840
Less accumulated depreciation	**380,386**	382,036
Net book value	**₱1,438,373**	₱700,804

Interest expense recognized related to these leases amounted to ₱57.4 million and ₱44.2 million in 2023 and 2022, respectively, under “Financing charges” in the parent company statements of profit or loss (see Note 23).

Set out below are the amounts recognized in the parent company statements of profit or loss in relation to the obligation under lease and right-of-use assets for the years ended December 31, 2023 and 2022:

		Years Ended December 31	
	Note	**2023**	2022
		(In Thousands)	
Depreciation expense of right-of-use assets	*11*	**₱159,305**	₱133,751
Interest expense on obligations under lease	*23*	**57,385**	44,154
Rent expense - short-term leases	*21,22*	**73,440**	54,496
Rent expense - low-value assets	*21,22*	**136,426**	101,235
		₱426,556	₱333,636

The rollforward analysis of obligation under lease for the years ended December 31, 2023 and 2022 is disclosed in Note 29.

Lease-related expenses are presented under “Cost of Services”, “General and Administrative Expenses” and “Financing charges” as follows:

		Years Ended December 31	
	Note	**2023**	2022
		(In Thousands)	
Cost of services	*21*	**₱329,339**	₱253,337
General and administrative expenses	*22*	**39,831**	36,145
Financing charges	*23*	**57,385**	44,154
		₱426,555	₱333,636

18. Provisions and Contingencies

There are certain legal cases filed against the Company in the normal course of business. Management and its legal counsel believe that the Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the parent company financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, only general descriptions were provided.

The Company's provision for probable losses arising from these legal cases as at December 31, 2023 and 2022 amounted to ₱53.1 million and ₱39.4 million, respectively, are presented as part of "Other payables" under "Trade and other payables" in the parent company statements of financial position (see Note 15). Provision for probable losses recognized in the parent company statements of profit or loss in 2023 amounted to ₱22.3 million (nil in 2022) (see Note 22).

19. Related Parties

In the normal course of business, the Company has transacted with the following related parties:

Relationship	Name
Stockholders of the Company	SM Investments Corporation (SMIC)
	Trident Investments Holdings Pte. Ltd.
Subsidiaries	2GO Express, Inc. (2GO Express or EXP)
	2GO Logistics, Inc. (2GO Logistics or 2GOLI)
	Scanasia Overseas, Inc. (SOI) [1]
	2GO Land Transport, Inc. (2GO Land) [2]
	Special Container and Value Added Services, Inc. (SCVASI)
	NN-ATS Logistics Management and Holdings Corporation, Inc. (NALMHCI)
	North Harbor Tugs Corporation (NHTC)
	United South Dockhandlers, Inc. (USDI)
Associate	MCC Transport Philippines, Inc. (MCCP)
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies	Supervalue, Inc.
	Super Shopping Market, Inc.
	BDO Unibank, Inc.
	Prime Metroestate, Inc.
	SM Retail, Inc.
	Coolblog Philippines, Inc.
	Watsons Personal Care Stores (Philippines), Inc.
	Brownies Unlimited, Inc.
	Goldilocks Bakeshop, Inc.
	Sanford Marketing Corporation
	China Banking Corporation
	SM Prime Holdings Inc.
	Alfamart Trading Philippines, Inc.
	Homeworld Shopping Corporation
	Mini Depato Corp.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	ASP Airspeed Philipines, Inc.
	Airspeed International Corporation
	International Toyworld, Inc.
	Kultura Store, Inc.
	Waltermart Supermarket, Inc.
	Online Mall Incorporated
	Sports Central (Manila), Inc.

(Forward)

Relationship	Name
	Costa Del Hamilo Inc.
	Digital Advantage Corp.
	Fast Retailing Philippines, Inc.
	Mindpro Retail Inc.
	SM Mart, Inc.
	SM Development Corporation

[(1)] *On August 9, 2023, the BOD approved the cessation of business operations of SOI.*
[(2)] *Formerly WRR Trucking Corporation*

The following are the revenue and income (costs and expenses) included in the parent company statements of profit or loss with related parties:

		December 31	
	Nature	**2023**	2022
		(In Thousands)	
Stockholders of the Company	Outside services	**(₱50,900)**	(₱95,808)
	Computer charges	**(19,040)**	(22,581)
	Communication, light and water	**(2,885)**	(1,016)
Subsidiaries	Freight revenue	**1,017,451**	909,072
	Shared cost income	**492,974**	424,238
	Travel, rental, handling and other revenues	**181,797**	600,823
	Dividend income	–	105,000
	Outside services	**(80,845)**	(69,347)
	Transportation and delivery	**(108,576)**	(73,401)
	Arrastre and stevedoring	**(13,504)**	(11,195)
	Rent	**(6,531)**	(8,214)
	Sales related expenses	**(165)**	(2,267)
	Other expenses	**(1,690)**	(4,897)
Associate/Joint ventures	Freight expense	**(45,101)**	(57,407)
	Shared cost	**3,006**	4,183
	Freight revenue	**34**	3,839
	Dividend income	**162,581**	–
Other Affiliated Companies	Freight	**196,264**	163,413
	Other services	**111,390**	100,388
	Food and beverage	**(234,079)**	(150,798)
	Financing charges	**(274,750)**	(189,707)
	Rent	**(25,723)**	(16,761)
	Materials, parts and supplies	**(25,841)**	(16,747)
	Outside services	**(462)**	(363)
	Others, net	**(2,053)**	9,201
Key Management Personnel	Short-term employee benefits	**(28,012)**	(20,921)
	Long-term employee benefits	**(6,862)**	(10,761)

The parent company statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	December 31	
			2023	2022
			(In Thousands)	
Stockholders of the Company	Trade and other receivables	30 to 60 days; noninterest-bearing	**₱–**	₱3,300
Subsidiaries	Trade receivables	30 to 60 days; noninterest-bearing	**212,152**	314,313
	Nontrade receivables	On demand; noninterest-bearing	**3,167,637**	2,919,988
	Trade payables and other payables	30 to 60 days; noninterest-bearing	**(148,975)**	(98,582)
	Due to related parties	30 to 60 days; noninterest-bearing	**(316,686)**	(44,973)

(Forward)

	Financial Statement Account	Terms and Conditions	December 31 2023	2022
Associate	Trade receivables and other receivables	30 to 60 days; noninterest-bearing	**51,625**	69,205
	Trade payables and other payables	30 to 60 days; noninterest-bearing	**(3,660)**	(11,552)
Other Affiliated Companies	Short-term loan	See Note 14	**(530,000)**	(339,000)
	Long-term loan	See Note 16	**(3,876,645)**	(3,994,800)
	Cash in bank	On demand	**197,095**	582,244
	Trade receivables and other receivables	30 to 60 days; noninterest -bearing	**40,055**	71,879
	Trade payables and other payables	30 to 60 days; noninterest -bearing	**(86,174)**	(44,134)

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

Transactions with Shareholders, Subsidiaries, Associates and Other Related Parties under Common Control

- Transactions with other associates and related companies consist of shipping services, shared services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, repair services and rental.
- The Company's transactions with SCVASI and 2GO Express include shipping and forwarding services, commission and trucking services.
- SCVASI declared dividend income amounting ₱105.0 million in 2022.
- The Company provides shared services to 2GO Express, SCVASI and SOI at fees based on agreed rates.
- MCCP declared dividend income amounting to ₱162.6 million in 2023.

20. **Equity**

a. Share Capital

Details of share capital as at December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount *(In Thousands)*
Authorized common shares at ₱1.00 par value each	4,070,343,670	₱4,070,344
Authorized preferred shares at ₱1.00 par value each	4,564,330	₱4,564
Issued and outstanding common shares	2,462,146,316	₱2,462,146

Movements in issued and outstanding capital stock follow:

Date	Activity	Issue price	Number of shares Common shares
May 26, 1949	Issued capital stock as of incorporation date	₱1,000.00	1,002
December 10, 1971 to October 26, 1998	Increase in issued capital stock	1,000.00	1,496,597,636
December 6, 2002	Reclassification of common shares to preferred shares	1.00	40,000,000
February 10, 2003	Issuance of preferred shares before redemption	1.00	–
November 18, 2003	Redemption of preferred shares	6.67	–

(Forward)

Date	Activity	Issue price	Number of shares Common shares
September 6, 2004	Issuance of common shares by way of stock dividends	1.00	393,246,555
November 22, 2004	Redemption of preferred shares	6.67	–
December 31, 2004	Issuance of common shares prior to reorganization	1.00	(756)
October 24, 2005	Issuance of common shares through share swap transactions	1.76	414,121,123
August 22 to October 13, 2006	Conversion of redeemable preferred shares to common shares	3.20	140,687,340
December 6 -31, 2012	Redemption of redeemable preference share	6.00	–
January 1, 2019	Issuance of common shares	1.00	16,009,916
			2,500,662,816
December 31, 2001	Treasury shares*	1.50	(38,516,500)
			2,462,146,316

** The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.*

Issued and outstanding common shares are held by 5,118 and 5,109 equity holders as of December 31, 2023 and 2022, respectively.

On November 11, 2023, the BOD approved the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares into common shares and to increase par value of common shares from ₱1.00 to ₱1,000.00 per share. As of February 22, 2024, the amended Articles of Incorporation is yet to be approved by SEC.

b. Effective January 1, 2019, 2GO, as the surviving entity of the merger, issued a total of 2,176,151,907 shares with par value of One Peso (₱1.00) per share to the stockholders of Negros Navigation Co., Inc. ("NN"), former parent company and the absorbed company, in exchange for the net assets of NN. As a result, 2GO recognized the excess of the net assets of NN over the carrying value of additional shares issued by 2GO to NN stockholders as an additional paid-in capital amounting to ₱1.6 billion.

c. Retained earnings is restricted to the extent of the cost of the shares held in treasury, deferred income tax assets and unrealized foreign exchange gain recognized as of December 31, 2023 and 2022.

d. Other equity reserves pertain to the Company's excess investment cost over the net assets of acquired entities under common control during the time of the acquisition.

21. **Cost of Services**

This account consists of the following:

	Note	**2023**	2022
		(In Thousands)	
Fuel, oil and lubricants	*9, 19*	**₱2,726,424**	₱2,650,054
Outside services	*19*	**1,766,626**	1,545,263
Transportation and delivery	*19*	**895,667**	1,125,910
Depreciation and amortization	*11*	**822,486**	871,346
Repairs and maintenance		**490,819**	433,173
Personnel costs	*24, 25*	**328,623**	282,238
Food and beverage	*9*	**283,671**	161,894

(Forward)

	Note	2023	2022
Rent	*17*	**₱205,025**	₱153,389
Insurance		**203,442**	202,817
Arrastre and stevedoring	*19*	**154,632**	274,906
Materials and supplies used	*9*	**89,312**	56,710
Communication, light and water		**76,082**	47,623
Food and subsistence		**71,899**	57,203
Concession expense		**48,533**	36,465
Taxes and licenses		**44,378**	22,554
Others		**32,191**	95,584
		₱8,239,810	₱8,017,129

22. General and Administrative Expenses

This account consists of the following:

	Note	2023	2022
		(In Thousands)	
Personnel costs	*24, 25*	**₱452,312**	₱401,033
Depreciation and amortization	*11, 13*	**89,790**	73,669
Computer-related charges		**89,736**	77,688
Outside services	*19*	**60,757**	65,548
Advertising		**31,022**	19,483
Transportation and travel	*19*	**31,013**	23,388
Provision for litigation	*18*	**22,283**	–
Input VAT expense		**13,599**	9,293
Communication, light and water		**9,185**	23,085
Taxes and licenses		**7,764**	2,775
Provision for ECL	*8*	**5,981**	10,913
Rent	*17, 19*	**4,841**	2,342
Repairs and maintenance		**3,765**	13,337
Material and supplies used		**3,290**	3,607
Entertainment, amusement and recreation		**2,066**	4,553
Others	*8*	**21,401**	40,869
		₱848,805	₱771,583

Others consist of various expenses that are individually immaterial such as food and subsistence, and other corporate expenses.

23. Other Income (Charges)

Financing Charges

	Note	2023	2022
		(In Thousands)	
Interest expense on:			
Short-term notes payable	*14*	**₱40,322**	₱72,449
Long-term debt	*16*	**260,869**	232,130
Amortization of:			
Obligation under lease	*17*	**57,385**	44,154
Debt transaction costs	*16*	**7,345**	6,957
Other financing charges		**6,233**	13,085
		₱372,154	₱368,775

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of December 31, 2023 and 2022 amounted to ₱62.3 million and ₱53.5 million, respectively (see Note 15).

Others - net

	Note	**2023**	2022
		(In Thousands)	
Gain on disposal of property and equipment	*11*	**₱5,433**	₱6,694
Interest income	*7,19*	**148**	173
Foreign exchange losses		**(1,182)**	(1,123)
Others - net		**3,582**	3,231
		₱7,981	₱8,975

Others - net comprise of prompt payment discount and other items that are individually immaterial.

24. Personnel Costs

Details of personnel costs are as follows:

	Note	**2023**	2022
		(In Thousands)	
Salaries and wages		**₱603,398**	₱570,167
Retirement benefit costs	*25*	**53,026**	52,559
Other employee benefits		**124,511**	160,745
		₱780,935	₱783,471

Other employee benefits include medical allowances and hospitalization, Social Security System, PhilHealth, Pag-IBIG premiums, directors' fee and other items that are individually immaterial.

25. Retirement Benefits

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Company's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law.*

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Company expects to contribute ₱19.5 million to the retirement fund in 2024. The Company's transaction with the plan pertain to contribution and benefit payments.

The following tables summarize the components of retirement benefit cost included in the parent company statements of profit or loss are as follows:

	Years Ended December 31	
	2023	2022
	(In Thousands)	
Current service cost	**₱36,897**	₱39,676
Net interest cost	**16,129**	12,883
	₱53,026	₱52,559

The following tables summarize the fund status and amounts recognized in the parent company statements of financial position:

	December 31, 2023		
	Defined Benefit Obligations	**Fair Value of Plan Assets**	**Accrued Retirement Benefits**
		(In Thousands)	
January 1	**₱243,032**	**(₱21,678)**	**₱221,354**
Net retirement benefits cost in profit or loss:			
Current service cost	**36,897**	**–**	**36,897**
Net interest cost	**17,766**	**(1,637)**	**16,129**
	54,663	**(1,637)**	**53,026**
Benefits paid from plan assets	**(32,490)**	**32,490**	**–**
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	**36,376**	**–**	**36,376**
Experience adjustments	**2,661**	**–**	**2,661**
Return on plan assets	**–**	**2,351**	**2,351**
	39,037	**2,351**	**41,388**
Actual contributions	**–**	**(33,928)**	**(33,928)**
December 31	**₱304,242**	**(₱22,402)**	**₱281,840**

	December 31, 2022		
	Defined Benefit Obligations	Fair Value of Plan Assets	Accrued Retirement Benefits
		(In Thousands)	
January 1	₱264,103	(₱37,525)	₱226,578
Net retirement benefits cost in profit or loss:			
Current service cost	39,676	–	39,676
Net interest cost	14,546	(1,663)	12,883
	54,222	(1,663)	52,559
Benefits paid from plan assets	(46,410)	46,410	–
Remeasurement losses (gains) in other comprehensive income - actuarial changes arising from changes in:			
Financial assumptions	(20,436)	–	(20,436)
Experience adjustments	(8,447)	–	(8,447)
Return on plan assets	–	2,229	2,229
	(28,883)	2,229	(26,654)
Actual contributions	–	(31,129)	(31,129)
December 31	₱243,032	(₱21,678)	₱221,354

The plan assets available for benefits are as follows:

	December 31	
	2023	2022
	(In Thousands)	
Cash and cash equivalents	**₱20**	₱3
Investments in government and other debt securities	**523**	1,422
Investments in unit investment trust fund (UITF)	**21,855**	20,240
Others	**4**	13
Fair value of plan assets	**₱22,402**	₱21,678

The Company's plan assets do not have quoted market price in active market except for some debt instrument by the Company. The plan assets have diverse investments and do not have any concentration risk. The plan assets are handled by BDO Unibank, Inc.

As of December 31, 2023 and 2022, the Company has no transactions with its retirement funds such as loans, investments, gratuities, or surety. The fund also does not have investments in debt or equity securities of the companies in the Company.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. Management reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The cost of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The Company updates the actuarial valuation every year by hiring the services of a third-party qualified actuary. The latest actuarial valuation report was as of reporting date. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining DBO for the Company's plans as of January 1 are shown below.

	2023	2022
Discount rate	**7.31%**	5.13%
Future salary increase	**6.00%**	4.50%
Turnover rate	**7.50%**	7.50%

As of December 31, 2023, the discount rate, future salary increases rate and turnover rate used were 6.13%, 6.00%, and 7.50%, respectively.

The accrued retirement benefits is subject to several key assumptions. Shown below is the sensitivity analysis of the retirement obligation to reasonably possible changes on each significant assumption as of December 31, 2023 and 2022:

	Increase (Decrease)	Impact on Accrued Retirement Benefits 2023	2022
		(In Thousands)	
Discount rate	+1%	**(₱31,253)**	(₱24,196)
	-1%	**36,715**	28,265
Salary increase rate	+1%	**36,391**	28,353
	-1%	**(31,563)**	(24,688)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The average duration of the defined benefit obligation at the end of the reporting period is 11.2 years and 10.8 years as of December 31, 2023 and 2022, respectively.

Maturity analysis of the benefit payments:

	2023	2022
	(In Thousands)	
Less than 5 years	**₱70,499**	₱59,249
More than 5 year to 10 years	**209,166**	217,705
More than 10 years	**2,236,258**	2,105,264

26. Income Taxes

a. The components of provision (benefit from) for income tax are as follows:

	Years Ended December 31 **2023**	2022
	(In Thousands)	
Current - MCIT	**₱45,406**	₱16,687
Deferred	**4,180**	(9,133)
	₱49,586	₱7,554

b. The components of the Company's recognized net deferred income tax assets and liabilities are as follows:

	Years Ended December 31	
	2023	2022
	(In Thousands)	
Directly recognized in profit or loss		
Deferred income tax assets on:		
Accrued retirement benefits	**₱41,612**	₱36,838
Unamortized past service cost	**4,242**	5,418
Obligations under lease	**363,332**	180,682
	409,186	222,938
Deferred income tax liability on:		
Right-of-use assets	**(356,683)**	(170,793)
Unamortized debt arrangements fees and others	**(5,842)**	(1,304)
	46,661	50,841
Directly recognized in OCI		
Deferred income tax asset on remeasurement of accrued retirement benefit costs	**28,848**	18,501
	₱75,509	₱69,342

Deferred income tax assets on obligations under leases and deferred income tax liabilities on right-of-use assets pertain to lease arrangements that are treated as operating lease for tax purposes.

c. On September 30, 2020, the BIR issued Revenue Regulation (RR) No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Company's NOLCO and excess MCIT and RCIT which can be carried forward and claimed as tax credit against regular taxable income and regular income tax due, respectively are as follows:

NOLCO

					Balances as at December 31, 2023	
					(In Thousands)	
Year incurred	Available until	Amount	Applied	Expired	Amount	Tax
2021	2026	₱1,045,214	(₱609,642)	₱–	₱435,572	₱108,893
2020	2025	1,091,483	(1,091,483)	–	–	–
Total		₱2,136,697	(₱1,701,125)	₱–	₱435,572	₱108,893

Excess MCIT over RCIT

					Balances as at December 31, 2023
					(In Thousands)
Year incurred	Available until	Amount	Applied	Expired	Amount
2023	2026	₱45,406	₱–	₱–	₱45,406
2022	2025	16,687	–	–	16,687
2021	2024	804	–	–	804
2020	2023	11,065	–	(11,065)	–
Total		₱73,962	₱–	(₱11,065)	₱62,897

d. The following are the Company's NOLCO, excess MCIT and RCIT, and other deductible temporary differences for which no deferred tax assets have been recognized:

	Years Ended December 31	
	2023	2022
	(In Thousands)	
NOLCO	**₱435,572**	₱2,136,697
Excess MCIT over RCIT	**62,897**	28,555
Accruals and provisions	**829,737**	582,802
Allowance for ECL	**65,588**	58,624
Allowance for inventory obsolescence	**836**	836
Allowance for cargo losses and damages	**62,587**	57,876
Allowance for impairment of asset	**736**	–
Impairment of investment in subsidiary	**250**	250
Unrealized foreign exchange loss	**1,119**	479

e. Reconciliation between the income tax expense computed at statutory income tax rate of 25% to the provision for income tax as shown in profit or loss is as follows:

	Years Ended December 31	
	2023	2022
	(In Thousands)	
Tax effect of income at statutory rates	**₱353,101**	₱118,247
Income tax effects of:		
Application of NOLCO for which no deferred income tax assets were recognized	**(425,281)**	–
Deductible temporary difference for which no deferred income tax assets were recognized	**147,312**	(84,412)
Nondeductible expenses	**15,043**	6
Interest income already subjected to final tax	**(37)**	(24)
Dividend income	**(40,645)**	(26,250)
Others	**93**	(13)
Provision for income tax	**₱49,586**	₱7,554

27. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt and obligations under lease. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Company's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Company's exposure to credit, liquidity, foreign exchange, and interest rate risks on the manner in which it manages and measures the risks since prior years.

The Company uses derivative investments to manage exposures to fuel price risks arising from the Company's operations and its sources of financing. The details of the Company's derivative transactions, including the risk management objectives and the accounting results are discussed in this note.

Credit risk
To manage credit risk, the Company has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts. The Company has policies that limit the amount of credit exposure to any particular customer.

The Company's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. The Company has concentration of credit risk given that majority of the Company's cash and cash equivalents are deposited in the local affiliated bank. Management assessed and believes that the Company is not exposed to any significant risk since the local affiliated bank is a related party and is one of the country's reputable banks. The Company does not have any significant credit risk exposure to other single counterparties. As of December 31, 2023 and 2022, the Company did not hold collateral from any counterparty.

The credit quality per class of financial assets and contract assets that are current or neither past due nor impaired is as follows:

December 31, 2023

	High	**Medium**	**Total**
Financial Assets		*(In Thousands)*	
Cash in banks	**₱240,208**	**₱–**	**₱240,208**
Cash equivalents	**1,279**	**–**	**1,279**
Trade receivables	**–**	**658,546**	**658,546**
Nontrade receivables	**–**	**107,112**	**107,112**
Refundable deposits	**84,958**	**–**	**84,958**
Advances to officers and employees[1]	**4,502**	**–**	**4,502**
Contract assets	**–**	**189,982**	**189,982**
	₱330,947	**₱955,640**	**₱1,286,587**

[1]*Excluding advances amounting to ₱9.9 million subject to liquidation*

December 31, 2022

	High	Medium	Total
Financial Assets		*(In Thousands)*	
Cash in banks	₱208,337	₱–	₱208,337
Cash equivalents	279	–	279
Trade receivables	–	969,072	969,072
Nontrade receivables	–	405,241	405,241
Refundable deposits	28,234	–	28,234
Advances to officers and employees[1]	499	–	499
Contract assets	–	213,320	213,320
	₱237,349	₱1,587,633	₱1,824,982

[1]*Excluding advances amounting to ₱5.2 million subject to liquidation*

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. For new customers, the Company has no basis yet as far as payment habit is concerned.

The Company evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. The Company also evaluated its advances to officers and employees as high grade since these are collected through salary deductions. The credit risk for refundable deposits is considered negligible as the Company has ongoing lease agreements with counterparties with sound financial condition and sufficient liquidity.

The aging per class of financial assets and contract assets and the expected credit loss are as follows:

		Past Due					**Expected**	
December 31, 2023	**Current**	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**Over 120 Days**	**Credit Loss**	**Total**
				(In Thousands)				
Financial assets								
Cash in banks	**₱240,208**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱240,208**
Cash equivalents	**1,279**	–	–	–	–	–	–	**1,279**
Trade receivables	**658,546**	**161,813**	**37,815**	**11,870**	**1,230**	**93,867**	**(43,854)**	**921,287**
Nontrade receivables	**107,112**	**40,259**	**136,020**	**71,109**	**23,271**	**2,910,885**	**(21,734)**	**3,266,922**
Refundable deposits	**84,958**	–	–	–	–	–	–	**84,958**
Advances to officers and employees[1]	**4,502**	–	–	–	–	–	–	**4,502**
Contract assets	**189,982**	–	–	–	–	–	–	**189,982**
Total	**₱1,286,587**	**₱202,072**	**₱173,835**	**₱82,979**	**₱24,501**	**₱3,004,752**	**(₱65,588)**	**₱4,709,138**

[1]*Excluding advances amounting to ₱9.9 million subject to liquidation*

		Past Due					Expected	
December 31, 2022	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Credit Loss	Total
				(In Thousands)				
Financial assets								
Cash in banks	₱208,337	₱–	₱–	₱–	₱–	₱–	₱–	₱208,337
Cash equivalents	279	–	–	–	–	–	–	279
Trade receivables	969,072	283,393	52,256	23,934	16,007	67,531	(41,232)	1,370,961
Nontrade receivables	405,241	881	12,488	24,997	27,405	2,586,760	(15,821)	3,041,951
Refundable deposits	28,234	–	–	–	–	–	–	28,234
Advances to officers and employees[1]	499	–	–	–	–	–	–	499
Contract assets	213,320	–	–	–	–	–	(1,571)	211,749
Total	₱1,824,982	₱284,274	₱64,744	₱48,931	₱43,412	₱2,654,291	(₱58,624)	₱4,862,010

[1]*Excluding advances amounting to ₱5.2 million subject to liquidation*

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Company regularly evaluates its projected and actual cash flows generated from operations.

The Company's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Company.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

The following table summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual repayment obligations and the Company's cash to be generated from operations and the Company's financial assets:

	December 31, 2023			
	Less than 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	**₱2,777,418**	**₱–**	**₱–**	**₱2,777,418**
Short-term notes payable	**890,000**	**–**	**–**	**890,000**
Long-term debt[2]	**–**	**3,900,000**	**–**	**3,900,000**
Obligations under lease[3]	**297,268**	**1,263,936**	**162,048**	**1,723,252**
	₱3,964,686	**₱5,163,936**	**₱162,048**	**₱9,290,670**
Financial Assets				
Cash and cash equivalents	**₱274,780**	**₱–**	**₱–**	**₱274,780**
Trade and other receivables[4]	**4,291,597**	**–**	**–**	**4,291,597**
Refundable deposits	**26,818**	**58,140**	**–**	**84,958**
	₱4,593,195	**₱58,140**	**₱–**	**₱4,651,335**

	December 31, 2022			
	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
		(In Thousands)		
Financial Liabilities				
Trade and other payables[1]	₱2,528,488	₱–	₱–	₱2,528,488
Short-term notes payable	1,125,000	–	–	1,125,000
Long-term debt[2]	–	4,000,000	–	4,000,000
Obligations under lease[3]	120,755	543,008	218,175	881,938
	₱3,774,243	₱4,543,008	₱218,175	₱8,535,426
Financial Assets				
Cash and cash equivalents	₱223,862	₱–	₱–	₱223,862
Trade and other receivables[4]	4,614,935	–	–	4,614,935
Refundable deposits	16,901	11,332	–	28,233
	₱4,855,698	₱11,332	–	₱4,867,030

[1] *Excluding nonfinancial liabilities amounting to ₱483.4 million and ₱498.8 million as of December 31, 2023 and 2022, respectively.*
[2] *Gross of unamortized debt arrangement fees amounting to ₱23.4 million and ₱5.2 million as of December 31, 2023 and 2022, respectively.*
[3] *Gross of interest component amounting to ₱269.9 million and ₱159.2 million as of December 31, 2023 and 2022, respectively.*
[4] *Excluding nonfinancial assets amounting to ₱101.0 million and ₱16.67 million as of December 31,2023 and 2022, respectively, and current portion of receivable from a related party in 2023 and 2022.*

Trade and other payables and maturing other liabilities are expected to be settled using cash to be generated from operations, drawing from existing and new credit lines, and additional capital contribution of the shareholders.

The future interest repayment for the long-term debt is as follows:

	December 31	
	2023	2022
	(In Thousands)	
Less than 1 Year	**₱252,517**	₱20,723
1 to 5 years	**655,054**	51,940
Total	**₱907,571**	₱72,663

The undrawn loan commitments from credit facilities of the Company amounted to ₱2.6 billion and ₱1.1 billion as of December 31, 2023 and 2022, respectively.

Foreign exchange risk
Foreign currency risk arises when the Company enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments.

To mitigate the risk of incurring foreign exchange losses, the Company maintains cash in banks in foreign currency to match its financial liabilities.

The Company has no significant foreign currency-denominated financial assets and financial liabilities as of December 31, 2023 and 2022.

The Company has recognized foreign exchange loss amounting to ₱1.1 million and ₱0.5 million for the years ended December 31, 2023 and 2022, respectively.

There is no other impact on the Company's equity other than those already affecting profit or loss.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are subject to fixed interest rates ranging from 5.85% to 7.25% and 3.75% to 6.23% in 2023 and 2022, respectively.

The Company's ₱3.9 billion long-term debt under the BDO Term Loan Facility Agreements includes ₱2.6 billion long-term debt which bear floating interest rates and exposes the Company to cash flow interest rate risk.

The table below sets forth the estimated change in the Company's income before tax (through the impact on the floating interest rate borrowings) due to parallel changes in the interest rate curve in terms of the basis points (bp) as of December 31, 2023 and 2022, with all other variables held constant. There is no other impact on the Company's equity other than those already affecting the parent company statements of profit or loss.

	Decrease (increase) in loss before income tax	
	December 31	
	2023	2022
	(In Thousands)	
100 bp rise	**₱38,766**	₱39,948
100 bp fall	**(38,766)**	(39,948)
50 bp rise	**19,383**	19,974
50 bp fall	**(19,383)**	(19,974)

Capital Risk Management Objectives and Procedures
The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company's overall strategy in managing its capital remains unchanged since the prior year.

The Company considers its total equity as its capital. The Company monitors capital on the basis of the carrying amount of equity as presented on the parent company statement of financial position. The capital ratios are as follows:

	December 31	
	2023	2022
Assets financed by:		
Creditors	**73%**	80%
Stockholders	**27%**	20%

As of December 31, 2023 and 2022, the Company met its capital management objectives.

28. Fair Values of Financial Instruments and Nonfinancial Assets

Assets and liabilities for which fair value is measured or disclosed in the parent company 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; and,
Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
		(In Thousands)		
Financial Liabilities				
Long-term debts	**₱3,876,645**	**₱4,039,849**	₱3,994,800	₱3,936,702
Obligations under lease	**1,453,327**	**1,434,762**	722,731	1,598,416
	₱5,329,972	**₱5,474,611**	₱4,717,531	₱5,535,118

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and non-financial assets:

Cash and cash equivalents, trade and other receivables, trade and other payables, refundable deposits included under "Other current assets"
The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

Refundable deposits included under "Other noncurrent assets"
The carrying amount of this financial instrument is carried at present value due to the long-term nature of this account. The fair value of refundable deposits was computed by discounting the expected cash flows ranging from 6.28% to 6.31% as the EIR. The computed fair value approximates the carrying amount of this account.

Short-term notes payable
The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

Long-term debt
Discount rate of 7.8% and 6.9% was used in calculating the fair value of the long-term debt as of December 31, 2023 and 2022, respectively.

Obligations under lease
The fair values of obligations under finance lease are based on the discounted net present value of cash flows using the discount rate ranging from 7.1% to 7.8% and 6.3% to 8.5% as of December 31, 2023 and 2022, respectively.

29. Notes to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

		Cash Flows				
	January 1, 2023	**Availments**	**Payments**	**Net**	**Others**	**December 31, 2023**
			(In Thousands)			
Short-term notes payable	**₱1,125,000**	**₱990,000**	**(₱1,225,000)**	**(₱235,000)**	**₱–**	**₱890,000**
Current portion of obligations under lease	**79,841**	**–**	**(223,663)**	**(223,663)**	**357,695**	**213,873**
Current portion of long-term debt	**3,496,823**	**–**	**(100,000)**	**(100,000)**	**(3,063,125)**	**333,698**
Noncurrent portion of:						
Long-term debt	**497,977**	**–**	**–**	**–**	**3,044,970**	**3,542,947**
Obligations under lease	**642,890**	**–**	**–**	**–**	**596,564**	**1,239,454**
Total liabilities from financing activities	**₱5,842,531**	**₱990,000**	**(₱1,548,663)**	**(₱558,663)**	**₱936,104**	**₱6,219,972**

For the Year Ended December 31, 2022

		Cash Flows				
	January 1, 2022	Availments	Payments	Net	Others	December 31, 2022
			(In Thousands)			
Short-term notes payable	₱1,809,000	₱1,800,000	(₱2,484,000)	(₱684,000)	₱–	₱1,125,000
Current portion of obligations under lease	68,184	–	(114,374)	(114,374)	126,031	79,841
Current portion of long-term debt	–	–	–	–	3,496,823	3,496,823
Noncurrent portion of:						
Long-term debt	3,987,844	–	–	–	(3,489,867)	497,977
Obligations under lease	206,768	–	–	–	436,122	642,890
Total liabilities from financing activities	₱6,071,796	₱1,800,000	(₱2,598,374)	(₱798,374)	₱569,109	₱5,842,531

"Others" includes the effect of the following:

a. reclassification of non-current portion to current due to the passage of time;
b. amortization of debt transaction costs capitalized amounting to ₱7.3 million in 2023 and ₱7.0 million in 2022, respectively;

c. payment of debt transaction cost amounting to ₱25.5 million in 2023 (nil in 2022);
d. availment of obligation under lease amounting to ₱896.9 million and ₱562.0 million in 2023 and 2022 respectively and
e. amortization of obligation under lease amounting to ₱57.4 million in 2023 and ₱44.2 million in 2022.

30. Supplementary Information Required Under Revenue Regulation No. 15-2010

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the Bureau of Internal Revenue (BIR) to provide in the notes to the parent company financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the parent company financial statements which were prepared in accordance with PFRS.

The following are the tax information required for the taxable year ended December 31, 2023:

a. Value Added Tax (VAT)

	Amount
	(In Thousands)
1. Output VAT	₱1,333,390
Basis of Output VAT:	
Vatable sales	11,111,580
Exempt Sales	160,308
	₱11,271,888
2. Input VAT	
Beginning of the year	₱29,594
Current year's domestic purchases:	
Goods other than for resale or manufacture	401,822
Services lodged under other accounts	506,537
Importation of goods other than capital goods	40,669
Claims for tax credit/refund and other adjustments	(18,141)
Utilized for the year	(960,481)
Balance at the end of the year	₱–

The Company's sales are subject to VAT while its importation and purchases from other VAT-registered individuals or corporations are subject to input VAT. The vat rate is 12%.

Zero-rated sales of services consist of sales which were rendered to BOI and PEZA registered enterprises which were paid for in foreign currency and were accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas [Sections 108 (B)(2) and (3) of the NIRC, as amended].

Exempt sales consist of sales made for the transport of senior citizens on actual transportation fare for domestic sea transport [Section 10, Revenue Regulations No. 7-2010].

Sales of services subject to VAT are based on actual collections received since for VAT purposes, the VAT on the sale of services accrues upon actual or constructive receipt of the consideration, whether or not services has been rendered. Hence, amounts may not be the same as the amounts accrued in the parent company statements of profit or loss.

b. Withholding Taxes

	Amount
	(In Thousands)
Tax on compensation and benefits	₱95,144
Expanded withholding taxes	147,112
	₱242,256

c. Landed Costs

Details of the Company's importations are shown below:

	Amount
	(In Thousands)
Total landed cost of imports	₱1,514,126
Custom duties	25,275
	₱1,539,401

d. All Other Taxes (Local and National)

	Amount
	(In Thousands)
Other taxes paid during the year recognized under "Taxes and licenses" account under "Cost of Services", "General and Administrative Expenses" and "Others-net"	
License and permit fees	₱11,987
Real estate taxes	7,759
Documentary stamp tax	2,144
Others	30,252
	₱52,142

Information on the excise taxes are not applicable since there are no Company transactions in the current year that are subject to these taxes.

e. Tax Cases

As at December 31, 2023, the Company has no pending tax court cases.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
2GO Group, Inc.
8th Floor Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of 2GO Group, Inc. as at December 31, 2023 and 2022 and for the years then ended, and have issued our report thereon dated February 22, 2024. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the management of 2GO Group, Inc. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic parent company financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Albert R. Bon

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079911, January 5, 2024, Makati City

February 22, 2024

2GO GROUP, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands)

Unappropriated Retained earnings (deficit), beginning of reporting period				**(₱2,644,381)**
Add:	**Category A:**	**Items that are directly credited to Unappropriated Retained Earnings**		
		Reversal of Retained Earnings Appropriation/s	–	
		Effect of restatements or prior-year adjustments	–	
		Others (describe nature)	–	–
Less:	**Category B:**	**Items that are directly debited to Unappropriated Retained Earnings**		
		Dividend declaration during the reporting period	–	
		Retained Earnings appropriated during the reporting period	–	
		Effect of restatements or prior-year adjustments	–	
		Others - deferred tax assets beginning	222,938	
		Others - treasury shares	58,715	281,653
Unappropriated Retained Earnings, as adjusted				**(2,926,034)**
Add/Less: Net Income (Loss) for the current year				**1,362,817**
Less:	**Category C.1:**	**Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
		Equity in net income of associate/joint venture, net of dividends declared	–	
		Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Unrealized fair value gain of Investment Property	–	
		Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Add:	**Category C.2:**	**Unrealized income recognized in the profit or loss in prior reporting periods but realized in the curret reporting period (net of tax)**		
		Realized foreign exchange gain, except those attributable to cash and cash equivalends	–	
		Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Realized fair value gain of Investment Property	–	
		Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–

Add:	**Category C.3:**	**Unrealized income recognized in the profit or loss in prior periods but reversed in the curret reporting period (net of tax)**		
		Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalends	–	
		Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Reversal of previously recorded fair value gain of Investment Property	–	
		Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
		Sub-total		–
Adjusted Net Income (Loss)				**(1,563,217)**
Add:	**Category D:**	**Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
		Depreciation on revaluation increment (after tax)	–	
		Sub-total		–
Add/ (Less)	**Category E:**	**Adjustments related to relief granted by the SEC and BSP**		
		Amortization of the effect of reporting relief	–	
		Total amount of reporting relief granted during the year	–	
		Others (describe nature)	–	
		Sub-total		–
Add/ (Less)	**Category F:**	**Other items that should be excluded from the determination of the amount of available for dividends distribution**		
		Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
		Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(186,248)	
		Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service cencession asset and concession payable	–	
		Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
		Others (describe nature)	–	
		Sub-total		(186,248)
Total Retained Earnings, end of reporting period available for dividend				**(₱1,749,465)**

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY, METRO MANILA) S.S.

CERTIFICATION

I, **ELMER B. SERRANO,** of legal age, Filipino, and with office address at 1105, Tower 2 High Street South Corporate Plaza, 26th Street, Bonifacio Global City, Taguig City, Philippines after being duly sworn in accordance with law, hereby depose and state that:

1. I am the duly appointed Corporate Secretary of **2GO GROUP, INC.** (the **Corporation**), a corporation duly organized and existing under the laws of the Philippines, with SEC Registration No. 4409, and with offices at the 8th Floor, Tower 1, DoubleDragon Plaza, EDSA Extension cor. Macapagal Avenue, Pasay City.

2. That I have caused the preparation of this Information Statement (SEC 20-IS) on behalf of the Corporation;

3. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;

4. That the Corporation will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

5. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and

6. That the e-mail account designated by the Corporation pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Corporation in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this APR 1 7 2024 at Taguig City.

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 1 7 2024 at Taguig City, affiant exhibited to me his Tax Identification No. 153-406-995.

Doc. No. 272;
Page No. 56;
Book No. II;
Series of 2024.

JESSE JOHN M. HERMOSO
Appointment No. 132 (2023-2024)
Notary Public for Taguig City
Until December 31, 2024
Attorney's Roll No. 83148
1105 Tower 2 High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City
PTR Receipt No. A-6104223; 01-03-24; Taguig City
IBP Receipt No. 398768; 01-04-24; Pasig City
Admitted to the Bar on June 2022