C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4409

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
17-Q	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)
5,076	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	elmer.serrano@serranolawph.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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31,2023**

2. Commission identification number **4409** 3. BIR Tax Identification No. **000-313-401-000**

4. Exact name of issuer as specified in its charter **2GO Group, Inc.**

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. **8th Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City**
   Address of issuer's principal office Postal Code **1302**

8. **(02) 8528-7171**
   Issuer's telephone number, including area code

   N/A
9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**2,462,146,316 shares**
Total Liabilities as of 31 March 2023	**Php 13,414,463,000.00**

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

    Yes [**X**] No [ ]

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

    Philippine Stock Exchange – Common Stock

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

13. The following documents are incorporated in the report and referenced as follows:

(i) 2GO Group, Inc.'s Unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2023 and December 31, 2022 and for the Three Months Ended March 31, 2023 and 2022; and

(ii) Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached.

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

Please refer to attached.

PART II
OTHER INFORMATION

None.

2GO Group, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of March 31, 2023 and December 31, 2022
and For the Three Months Ended March 31, 2023 and 2022

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Thousands)

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**₱1,328,833**	₱724,527
Trade and other receivables	*8, 17, 20*	**3,097,018**	3,442,385
Inventories	*9*	**426,947**	512,773
Other current assets	*10*	**2,041,119**	1,944,556
Total Current Assets		**6,893,917**	6,624,241
Noncurrent Assets			
Property and equipment	*11, 17, 18*	**5,576,484**	5,648,558
Investments in associates and joint ventures	*12*	**336,765**	334,365
Goodwill	*13*	**686,896**	686,896
Deferred income tax assets	*27*	**107,638**	100,666
Other noncurrent assets	*14*	**997,457**	997,168
Total Noncurrent Assets		**7,705,240**	7,767,653
TOTAL ASSETS		**₱14,599,157**	₱14,391,894

LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	*15*	**₱2,156,000**	₱2,306,000
Trade and other payables	*16,19,20*	**5,261,044**	5,059,695
Obligations under lease - current portion	*11,18*	**369,076**	347,387
Long-term debt - current portion	*11,17*	**3,498,707**	3,496,823
Income tax payable		**134**	–
Total Current Liabilities		**11,284,961**	11,209,905
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	*17*	**498,164**	497,977
Obligations under lease	*11,18*	**1,268,244**	1,344,512
Accrued retirement benefits	*26*	**363,094**	344,900
Total Noncurrent Liabilities		**2,129,502**	2,187,389
Total Liabilities		**₱13,414,463**	₱13,397,294

(Forward)

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
Equity	*21*		
Share capital		**₱2,500,663**	₱2,500,663
Additional paid-in capital		**2,498,621**	2,498,621
Other equity reserve		**712,245**	712,245
Other comprehensive losses - net		**(60,381)**	(60,381)
Deficit		**(4,475,260)**	(4,662,088)
Treasury shares		**(58,715)**	(58,715)
Equity Attributable to Equity Holders of the Parent Company		**1,117,173**	930,345
Non-controlling Interests		**67,521**	64,255
Total Equity		**1,184,694**	994,600
TOTAL LIABILITIES AND EQUITY		**₱14,599,157**	₱14,391,894

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands, Except for Earnings Per Common Share)

		Three Months Ended March 31	
	Note	**2023**	2022
REVENUES FROM CONTRACTS WITH CUSTOMERS	*5,20*		
Shipping			
Freight		**₱1,533,523**	₱1,121,833
Travel		**483,293**	201,353
Nonshipping:			
Logistics and other services		**1,711,020**	1,660,062
Sale of goods		**1,428,903**	1,007,658
		5,156,739	3,990,906
COST OF SERVICES AND GOODS SOLD	*22*	**4,577,831**	3,655,755
GROSS PROFIT		**578,908**	335,151
GENERAL AND ADMINISTRATIVE EXPENSES	*23*	**261,512**	243,003
OPERATING INCOME		**317,396**	92,148
OTHER INCOME (CHARGES)			
Equity in net earningsof associates and joint ventures	*12*	**2,400**	1,203
Financing charges	*24*	**(125,179)**	(114,591)
Others – net	*24*	**5,930**	3,845
		(116,849)	(109,543)
INCOME (LOSS) BEFORE INCOME TAX		**200,547**	(17,395)
PROVISION FOR (BENEFITS FROM) INCOME TAX	*27*		
Current		**17,426**	19,350
Deferred		**(6,973)**	(2,241)
		10,453	17,109
NET INCOME (LOSS)		**₱190,094**	(₱34,504)
Net loss attributable to:			
Equity holders of the Parent Company		**₱186,828**	(₱34,900)
Non-controlling interests		**3,266**	396
		₱190,094	(₱34,504)
Basic/Diluted Income (Loss) Per Share	*28*	**₱0.0759**	(₱0.0142)

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousands)

		For the Three Months Ended March 31	
	Note	**2023**	2022
NET INCOME (LOSS)		**₱190,094**	(₱34,504)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement losses on net defined benefit liability	*26*	–	–
Income tax effect		–	–
		–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱190,094**	(₱34,504)
Attributable to:			
Equity holders of the Parent Company		**₱186,828**	(₱34,900)
Non-controlling interests		**3,266**	396
		₱190,094	(₱34,504)

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

	Attributable to Equity Holders of Parent Company											
				Other Comprehensive Income (Losses)								
	Share Capital (Note 21)	**Additional Paid-in Capital**	**Other Equity Reserve**	**Share in Cumulative Translation Adjustment of Associates**	**Remeasurement Losses on Accrued Retirement Benefits - Net of tax** (Note 26)	**Share in Remeasurement Gains (Losses) on Accrued Retirement Benefits of Associates and Joint Ventures** (Note 12)	**Subtotal**	**Deficit**	**Treasury Shares** (Note 21)	**Total**	**Non-controlling Interests**	**Total Equity**
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 period	–	–	–	–	–	–	–	**186,828**	–	**186,828**	**3,266**	**190,094**
Other comprehensive income for the period	–	–	–	–		–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–		–	–	**186,828**	–	**186,828**	**3,266**	**190,094**
BALANCES AT MARCH 31, 2023 (Unaudited)	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱5,294**	**(₱75,005)**	**₱9,330**	**(₱60,381)**	**(₱4,475,260)**	**(₱58,715)**	**₱1,117,173**	**₱67,521**	**₱1,184,694**
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 (loss) for the period	–	–	–	–	–	–	–	**(34,900)**	–	**(34,900)**	**396**	**(34,504)**
Other comprehensive income for the period	–	–	–	–		–	–	–	–	–	–	–
Total comprehensive income (loss) for the period	–	–	–	–		–	–	**(34,900)**	–	**(34,900)**	**396**	**(34,504)**
BALANCES AT MARCH 31, 2022 (Unaudited)	**₱2,500,663**	**₱2,498,621**	**₱712,245**	**₱5,294**	**(₱113,523)**	**₱4,135**	**(₱104,094)**	**(₱5,005,821)**	**(₱58,715)**	**₱542,899**	**₱61,551**	**₱604,450**

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

		Three Months Ended March 31	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (Loss) before tax		**₱200,547**	(₱17,395)
Adjustments for:			
Depreciation and amortization of property and equipment and software	*11, 14, 22,23*	**324,464**	335,441
Financing charges	*24*	**125,179**	114,591
Equity in net earnings of associates and joint ventures	*12*	**(2,400)**	(1,203)
Retirement benefit cost	*26*	**22,705**	18,698
Gain on disposal of property and equipment	*24*	**(1,470)**	(1,698)
Unrealized foreign exchange losses (gain)		**(308)**	1,738
Interest income	*24*	**(134)**	(100)
Operating income before working capital changes		**668,583**	450,072
Decrease (increase) in:			
Trade and other receivables		**345,367**	53,735
Inventories		**85,826**	(9,137)
Other current assets		**(59,602)**	34,302
Increase in trade and other payables		**188,486**	111,123
Cash generated from operations		**1,228,660**	640,095
Contribution for retirement fund and benefits paid from book reserve	*26*	**(4,511)**	(5,319)
Interest received		**134**	100
Income taxes paid, including creditable withholding taxes		**(54,253)**	(56,163)
Net cash flows provided by operating activities		**1,170,030**	578,713
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	*11*	**(174,027)**	(98,605)
Software		**(8,402)**	(1,769)
Proceeds from disposal of property and equipment:	*11*	**3,373**	1,698
Decrease (increase) in other noncurrent assets		**(334)**	6,324
Net cash flows used investing activities		**(179,390)**	(92,352)

(Forward)

	Note	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES	*32*		
Proceeds from availments of:			
Short-term notes payable	*15*	**₱-**	₱1,050,000
Payments of:			
Short-term notes payable	*15*	**(150,000)**	(1,152,000)
Obligations under finance lease	*18*	**(111,808)**	(98,346)
Interest and financing charges	*24*	**(124,834)**	(116,554)
Net cash flows used in financing activities		**(386,642)**	(316,900)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**308**	1,724
NET INCREASE IN CASH AND CASH EQUIVALENTS		**604,306**	171,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**724,527**	670,015
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**₱1,328,833**	₱841,200

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED 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 Unaudited Interim Condensed 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.

2GO is 35.22%-owned by KGLI-NM Holdings, Inc., 30.49% owned by SMIC, 22.36%-owned by CAMBV and 11.93% owned by public shareholders as of March 31, 2021.

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 2,409,564,081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting.

The accompanying unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023, with comparative figures for the three months ended March 31, 2022 and as at December 31, 2022, were approved and authorized for issue by the BOD on May 8, 2023.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for quoted financial asset investments and hedging instruments which are measured at fair value through other comprehensive income. The unaudited interim condensed 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.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are normally required in presenting the annual audited financial statements and as such should be read in conjunction with the Group's available audited annual consolidated financial statements as at and for the year ended December 31, 2022.

Statement of Compliance
The unaudited interim condensed consolidated financial statements of the Group are prepared in accordance with PAS 34, *Interim Financial Reporting*.

3. **Significant Accounting Policies**

Accounting policies have been applied consistently to all periods presented in the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements.

Effective beginning on or after January 1, 2023

- 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.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- 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. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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 the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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.

The Group will adopt the following new or revised standards, amendments to standards and interpretations on the respective effective dates, as applicable:

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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 significant accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are summarized below.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of 2GO and the subsidiaries listed below.

	Nature of Business	Percentage of Ownership	
		March 31, 2023	December 31, 2022
Special Container and Value Added Services, Inc. (SCVASI) [3]	Transportation/logistics	**100.0**	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	**100.0**	100.0
2GO Logistics, Inc. (2GO Logistics or DTN)	Transportation/logistics	**100.0**	100.0
Scanasia Overseas, Inc. (SOI)	Sales of goods	**100.0**	100.0
2GO Land Transport, Inc. [1]	Transportation	**100.0**	100.0
NN-ATS Logistics Management and Holdings Co., Inc. [2]	Holdings and logistics management	**100.0**	100.0
Astir Engineering Works, Inc. [2] [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] *Formerly WRR Trucking Corporation*
[2] *In September 2020, the BOD approved the merger of these companies*
[3] *On February 22, 2023, the BOD approved the merger of 2GO and SCVASI, with 2GO as the surviving entity, for operational efficiencies of the Group*
[4] *Ended commercial operations in 2018 or prior*
[5] *Wound down due to non-operation*

The unaudited interim condensed consolidated financial statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, liabilities and equities are eliminated in full on consolidation.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in compliance with PFRSs requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed consolidated financial statements:

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *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.

- *Determining the method to estimate variable consideration and assessing the constraint*
  The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will be subjected to constraint.

  Factors such as the following are considered:

  a. high susceptibility to factors outside the Group's influence;
  b. timing of the resolution of the uncertainty, and
  c. having a large number and broad range of possible outcomes.

  Some contracts with customers provide promotions, prompt payment discounts, rebates and incentives that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary. The Group determined that the expected value method is the appropriate method to use in estimating these variable considerations given the large number of contracts with customers that have similar characteristics and the range of possible outcomes.

  Some contracts provide customers with a right of return, particularly for damaged or expired goods, which is usually capped at a certain percentage of sales to the entitled customers. Under PFRS 15, rights of return give rise to variable consideration. Accordingly, under PFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group used the expected value method to estimate the goods that will not be returned based on the historical experience. For goods expected to be returned, the Group estimates a refund liability, net of the amounts that are reimbursable or chargeable to the original supplier or principal of the products. No right of return assets are recognized since the returns from customers pertain only to damaged or expired goods, which have nil recoverable value.

- *Determining whether the Group is acting as principal or an agent*
  The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:
  - whether the Group has primary responsibility for fulfilling the promise to providing the services;

- whether the Group has inventory risk; and
- whether the Group has discretion in establishing prices.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Determining the lease term of contracts with renewal and termination options - Group as lessee
The Group determines the lease term as the non-cancellable term of the lease. The Group also determines whether a particular contract contains an option to extend the lease or an option to terminate the lease.

Management determines that there are no enforceable options to extend or terminate the existing lease arrangements of the Group.

Evaluation of Events after the Reporting Period
Management exercises judgment in determining whether an event, favorable or unfavorable, occurring between the end of reporting period and the date when the unaudited interim condensed consolidated financial statements are authorized for issue, is an adjusting event or nonadjusting event.

Adjusting events provide evidence of conditions that existed at the end of the reporting period whereas nonadjusting events are events that are indicative of conditions that arose after the reporting period. Management evaluated that there are no significant adjusting or nonadjusting events after the reporting period.

<u>Estimates and Assumptions</u>
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:

Leases - Estimation of Incremental Borrowing Rate (IBR)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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.

Determination of NRV of Inventories
The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV. In estimating the allowance for inventory obsolescence, the Group also considers the physical condition of inventory stocks and expiration dates of inventories. Management estimates the provisioning rates to be applied to the age brackets of expiring inventories based on the Group's historical expiration experience. Refer to Note 9.

Estimation of probable losses on CWTs and Input VAT
The Group makes an estimate of the provision for probable losses on its CWTs and input VAT. Management's assessment is based on historical experience and other developments that indicate that the carrying value may no longer be recoverable. In 2021 and 2020, the Group assessed that the aggregate carrying values of CWTs, input VAT and deferred input VAT are fully recoverable. Refer to Notes 10 and 14.

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 and investments in associates and joint ventures

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 shall estimate the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its VIU. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the VIU, the Group is required to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

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 as follows:

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
		(In Thousands)	
Property and equipment	*11*	**₱5,576,484**	₱5,648,558
Investments in associates and joint ventures	*12*	**336,765**	334,365

As at March 31, 2023 and December 31, 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.

Management determined that no impairment loss has to be recognized on its investments in associates and joint ventures.

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 unaudited interim condensed 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, sale of goods, 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 unaudited interim condensed consolidated financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues.

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

	For the Three Months Ended March 31, 2023 (Unaudited)			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	**₱2,051,509**	**₱3,139,922**	**₱–**	**₱5,191,431**
Intersegment revenue	**331,910**	**123,016**	**(454,926)**	**–**
Revenues from contracts with customers	**₱2,383,419**	**₱3,262,938**	**(₱454,926)**	**₱5,191,431**
Income before income tax	**₱112,674**	**₱87,873**	**₱–**	**₱200,547**
Provision for income tax	**1,065**	**(11,518)**	**–**	**(10,453)**
Segment income	**₱113,739**	**₱76,355**	**₱–**	**₱190,094**
Segment assets	**₱11,490,409**	**₱6,689,580**	**(₱3,580,832)**	**₱14,599,157**
Segment liabilities	**₱8,932,340**	**₱7,998,676**	**(₱3,516,554)**	**₱13,414,462**
Other Information:				
Capital expenditures	**₱342,903**	**(₱154,168)**	**₱–**	**₱188,735**
Depreciation and amortization	**223,498**	**100,967**	**–**	**324,465**
Provision for ECL - net	**–**	**3,531**	**–**	**3,531**
Equity in net earnings of associates and joint ventures	**2,304**	**96**	**–**	**2,400**

	For the Three Months Ended March 31, 2022 (Unaudited)			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customers	₱1,323,186	₱2,667,720	₱–	₱3,990,906
Intersegment revenue	327,252	98,448	(425,700)	-
Revenues from contracts with customers	₱1,650,438	₱2,766,168	(₱425,700)	₱3,990,906
Income (loss) before income tax	(₱49,704)	₱32,400	(₱91)	(₱17,395)
Provision for income tax	(1,048)	(16,061)	-	(17,109)
Segment income (loss)	(₱50,752)	₱16,339	(₱91)	(₱34,504)
Segment assets	₱10,892,570	₱6,722,599	(₱3,578,923)	₱14,036,246
Segment liabilities	₱9,034,591	₱7,917,050	(₱3,519,845)	₱13,431,796
Other Information:				
Capital expenditures	₱215,085	₱21,986	₱–	₱237,071
Depreciation and amortization	244,497	90,944	–	335,441
Provision for ECL - net	–	3,207	–	3,207
Equity in net earnings of associates and joint ventures	990	213	–	1,203

7. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	(In Thousands)	
Cash on hand and in banks	**₱1,044,171**	₱712,888
Cash equivalents	**284,662**	11,639
	₱1,328,833	₱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 ₱0.01 million and ₱0.07 million for the three months ended March 31, 2023 and 2022, respectively (see Note 24).

8. **Trade and OtherReceivables**

This account consists of:

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
		(In Thousands)	
Trade		**₱2,803,125**	₱2,954,257
Contract assets	*20*	**454,724**	653,245
Nontrade		**338,601**	328,954
Advances to officers and employees		**23,385**	24,177
		3,619,835	3,960,633
Less allowance for ECL		**(522,817)**	(518,248)
		₱3,097,018	₱3,442,385

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

b. Contract assets include unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers.

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 includes the ₱10.0 million 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 March 31, 2023 and December 31, 2022:

		March 31, 2023 (Unaudited)		
	Note	**Trade and Contract Assets**	**Nontrade**	**Total**
		(In Thousands)		
Beginning		**₱483,458**	**₱34,790**	**₱518,248**
Provision	*23*	**3,531**	**−**	**3,531**
Write-off		**(1,565)**	**−**	**(1,565)**
Reversal/Other adjustments		**2,603**	**−**	**2,603**
Ending		**₱488,027**	**₱34,790**	**₱522,817**

		December 31, 2022 (Audited)		
	Note	Trade and Contract Assets	Nontrade	Total
		(In Thousands)		
Beginning		₱480,602	₱29,617	₱510,219
Provision	*23*	23,058	8,685	31,743
Write-off/other adjustments		(20,202)	(3,512)	(23,714)
Ending		₱483,458	₱34,790	₱518,248

9. Inventories

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	(In Thousands)	
At lower of cost and net realizable value:		
Trading goods	**₱286,990**	₱377,355
Materials, parts and supplies	**22,887**	19,020
At cost:		
Fuel, oil and lubricants	**117,070**	116,398
	₱426,947	₱512,773

The cost of trading goods carried at net realizable value amounted to ₱293.1 million and ₱382.2 million as of March 31, 2023 and December 31, 2022 while the cost of materials, parts and supplies carried at net realizable value amounted to ₱25.3 million and ₱21.4 million, respectively. The allowance for inventory obsolescence amounted to ₱8.5 million and ₱7.3 million as at March 31, 2023 and December 31, 2022, respectively.

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

	Note	Three Months Ended March 31 **2023**	 2022
		(In Thousands)	
Cost of goods sold		**₱1,258,193**	₱920,382
Cost of services		**732,241**	585,040
General and administrative expense		**1,136**	610
		₱1,991,570	₱1,506,032

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	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
		(In Thousands)	
CWTs		**₱1,498,865**	₱1,461,904
Deferred Input VAT		**121,490**	117,060
Input VAT		**29,489**	91,492
Advances to suppliers and contractors		**29,961**	43,437
Prepaid expenses and others		**261,533**	132,007
Refundable deposits - current portion	*14*	**101,330**	100,205
		2,042,668	1,946,105
Less: allowance for impairment losses		**(1,549)**	(1,549)
		₱2,041,119	₱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

March 31, 2023 (Unaudited)

	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	**₱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	**169,338**	**-**	**1,586**	**8,799**	**743**	**-**	**-**	**-**	**8,330**	**-**	**57,229**	**246,025**
Retirements	**-**	**(18,599)**	**(16,576)**	**(4,082)**	**-**	**-**	**(13,438)**	**-**	**-**	**-**	**-**	**(52,695)**
March 31, 2022	**9,859,232**	**1,606,435**	**1,007,813**	**500,885**	**495,390**	**365,743**	**416,290**	**2,393**	**735,893**	**4,473**	**2,568,643**	**17,563,190**
Accumulated Depreciation and Amortization												
January 1, 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**
Depreciation and amortization	**164,686**	**12,318**	**14,598**	**6,101**	**606**	**1,585**	**2,513**	**-**	**12,331**	**-**	**101,396**	**316,134**
Retirements	**1,692**	**(18,598)**	**(16,692)**	**(4,079)**	**-**	**207**	**(13,379)**	**119**	**-**	**-**	**-**	**(50,730)**
March 31, 2022	**7,027,076**	**1,403,612**	**723,333**	**418,157**	**158,186**	**302,894**	**397,844**	**1,834**	**555,027**	**-**	**998,743**	**11,986,706**
Net carrying amounts	**₱2,832,156**	**₱202,823**	**₱284,480**	**₱82,728**	**₱337,204**	**₱62,849**	**₱18,446**	**₱559**	**₱180,866**	**₱4,473**	**₱1,569,900**	**₱5,576,484**

December 31, 2022 (Audited)

	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	(1,287,520)	(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 transportation equipment and office and operational spaces as of March 31, 2023 and December 31, 2022 include units acquired under lease arrangements (see Note 18).

Noncash additions include costs of leased assets for the three months ended March 31, 2023 and 2022 amounting to ₱57.2 million and ₱1,080.8 million, respectively. The related depreciation of the leased assets for the three months ended March 31, 2023 and 2022 amounting to ₱101.4 million and | ₱95.6 million, respectively, 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.

March 31, 2023 (Unaudited)

	Container yard	Office	Warehouse	Equipment	Total
		(In Thousands)			
Cost					
January 1, 2022	**₱562,987**	**₱352,745**	**₱1,253,978**	**₱341,704**	**₱2,511,414**
Additions	–	–	**57,229**	–	**57,229**
Reclassifications	**2,251**	–	**(2,251)**	–	–
March 31, 2022	**565,238**	**352,745**	**1,308,956**	**341,704**	**2,568,643**
Accumulated depreciation					
January 1, 2022	**56,969**	**139,420**	**542,577**	**158,381**	**897,347**
Depreciation	**12,772**	**10,970**	**69,040**	**8,614**	**101,396**
March 31, 2022	**69,741**	**150,390**	**611,617**	**166,995**	**998,743**
Net Carrying Amount	**₱495,497**	**₱202,355**	**₱697,339**	**₱174,709**	**₱1,569,900**

December 31, 2022 (Audited)

	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

Unpaid acquisition costs of property and equipment amounted to ₱213.1 million and ₱198.4 million as of March 31, 2023 and December 31, 2022, respectively.

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 lightweight and the market price of scrap metals and history of vessel disposal.

Capitalization of Drydocking Costs

Vessels in operations also include capitalized drydocking costs incurred amounting to ₱117.8 million and ₱214.4 million for the three months ended March 31, 2023 and 2022, respectively. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Sale and Disposal of Property and Equipment
The Group disposed certain property and equipment for consideration of ₱3.4 million and ₱1.7 million for the three months ended March 31, 2023 and 2023, respectively.

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

		Three Months Ended March 31	
	Note	**2023**	2022
		(In Thousands)	
Cost of services and goods sold	*22*	**₱304,456**	₱314,909
General and administrative expense	*23*	**11,678**	11,200
		₱316,134	₱326,109

Property and Equipment Held as Collateral
Containers and other equipment held as collateral for finance leases as at March 31, 2023 and December 31, 2022 amounted to ₱2,297.0 million and ₱2,316.2 million, respectively (see Note 18). One of the vessels in operations of the Group, with a carrying value of ₱727.1 million and ₱702.1 million as at March 31, 2023 and December 31, 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:

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022, (Audited)
		(In Thousands)	
Acquisition - cost:			
Balances at beginning of year*		**₱29,634**	₱79,634
Disposal		–	(50,000)
Balances at end of year		**29,634**	29,634
Accumulated equity in net earnings:			
Balances at beginning of year		**295,401**	201,749
Disposal of equity in net loss		–	35,086
Equity in net earnings during the year		**2,400**	58,566
Balances at end of year		**297,801**	295,401
Share in remeasurement gain on retirement benefits of associates and joint ventures:			
Balances at beginning of year		**9,330**	4,135
Share in remeasurement gain during the year		–	5,195
Balances at end of year		**9,330**	9,330
		₱336,765	₱334,365

In August 2022, the Group sold 100% of its shares in Mober for ₱50.0 million, which is payable on installment basis. The downpayment of ₱10.0 million was paid in August 2022. The outstanding balance of ₱10.0 million is payable in August 2023; and ₱30.0 million plus 8% interest per annum is payable in August 2024, and are presented as part of "Trade and other receivables" and "Other noncurrent assets" in the consolidated statements of financial position, respectively.

13. **Goodwill**

Impairment Testing of Goodwill
Goodwill is the result of a business combination in 2010 amounted to ₱848.5 million, and which has been attributed to each of 2GO's CGUs. 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 a five-year period. As of March 31, 2023 and December 31, 2022, the carrying value of the goodwill amounted to ₱686.9 million, net of impairment recognized in prior years for certain CGUs.

The Group reviews goodwill for impairment annually at December 31 or when indicators of impairment arise. The group determined there was no goodwill impairment at March 31, 2023 and December 31, 2022.

14. **Other Noncurrent Assets**

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	(In Thousands)	
CWTs - net of current portion	**₱748,764**	₱748,764
Software	**118,687**	118,617
Refundable deposits - net of current portion	**76,342**	76,123
Deferred input VAT on capital expenditures	**32,306**	32,306
Others	**30,000**	30,000
	1,006,099	1,005,810
Allowance for impairment	**(8,642)**	(8,642)
	₱997,457	₱997,168

a. The movements in software are as follows:

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
		(In Thousands)	
Cost			
Balances at beginning of year		**₱364,757**	₱348,549
Additions		**8,402**	38,170
Disposals/Retirement		**(116)**	(21,962)
Balances at end of year		**373,043**	364,757
Accumulated Amortization			
Balances at beginning of year		**246,140**	211,374
Amortization	*23*	**8,331**	34,766
Disposals/Retirement	*23*	**(115)**	–
Balances at end of year		**254,356**	246,140
Carrying Amount		**₱118,687**	₱118,617

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

2022, allowance for impairment amounting to ₱8.6 million 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.

d. 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 6.40% to 7.50% in first quarter 2023 and from 3.40% to 4.75% in first quarter 2022. Total interest expense incurred by the Group for the short-term notes payable amounted to ₱35.5 million and 31.7 million for the three months ended March 31, 2023 and 2022, respectively (see Note 24).

16. Trade and Other Payables

	Note	**March 31, 2022 (Unaudited)**	December 31, 2022 (Audited)
			(In Thousands)
Trade		**₱592,553**	₱1,245,489
Accruals:			
Expenses		**2,921,326**	2,206,608
Salaries and wages		**142,743**	120,855
Interest		**53,625**	55,350
Capital expenditure		**213,139**	198,432
Others		**-**	142,327
Nontrade		**911,723**	842,036
Government payables		**170,225**	78,286
Contract liabilities		**70,968**	35,827
Other payables	*19*	**184,742**	134,485
		₱5,261,044	₱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 customers' 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 as at March 31, 2023 due to decrease in service completion of freight cash transactions within the quarter.

e. Other payables include provision for contingencies amounting to ₱41.7 million as at March 31, 2023 and December 31, 20227 (see Note 19).

17. **Long-term Debt**

Long-term debt consists of:

	Note	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*20*	**₱4,000,000**	₱4,000,000
Unamortized debt arrangement fees		**(3,129)**	(5,200)
		3,996,871	3,994,800
Current portion		**3,498,707**	3,496,823
Noncurrent portion		**₱498,164**	₱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 balooon payment of 50% on maturity, and is subject to a floating interest rate.

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. The facility was fully drawn in April 2021.

The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 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 ₱727.1 million and ₱702.1 million as of March 31, 2023 and December 31, 2022, respectively.

In accordance with the term loan facility agreements, 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. On April 11 and 14, 2023, in accordance with the new term loan facility agreement, 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 ranges from 4.9% to 7.0% with a floor 7.0% for the new term loan facility. 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.

Borrowing Costs and Debt Transaction Costs
Interests from long-term borrowings of the Group recognized as expense totaled ₱57.2 million and ₱232.1 million for the three months ended March 31, 2023 and 2022, respectively (see Note 24).

The Group paid ₱3.8 millio ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱2.1 million and ₱1.8 million for the three months ended March 31, 2023 and 2022, respectively (see Note 24).

Compliance with debt covenants
At December 31, 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, 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:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Future Minimum Lease Payments	**Present Value of Minimum Lease payments**	Future Minimum Lease Payments	Present Value of Minimum Lease payments
Less than one year	**₱450,279**	**₱369,076**	₱438,703	₱347,387
Between one and five years	**1,247,136**	**1,086,733**	1,297,383	1,139,609
Between six and ten years	**191,825**	**181,511**	218,175	204,903
	1,889,240	**1,637,320**	1,954,261	1,691,899
Interest component	**251,920**	**–**	262,362	–
Present value	**₱1,637,320**	**₱1,637,320**	₱1,691,899	₱1,691,899

The interest expense recognized related to these leases amounted to ₱25.9 million and ₱16.8 million for the three months ended March 31, 2023 and 2022, respectively, under "Financing charges" account in the unaudited interim condensed consolidated statements of profit or loss (see Note 24).

Set out below are the amounts recognized in the unaudited interim condensed consolidated statement of profit or loss for the three months ended March 31, 2023 and 2022 in relation to the obligation under lease and the related right-of-use assets.

	Three Months Ended March 31	
	2023	2022
	(In Thousands)	
Depreciation expense of right-of-use assets	**₱101,396**	₱95,639
Interest expense on obligation under lease	**25,894**	16,769
Rent expense - short-term leases	**120,552**	96,101
Rent expense - low value assets	**1,547**	1,233
	₱249,389	₱209,742

The rollforward analysis of obligation under lease for the three months ended March 31, 2023 is disclosed in Note 31.

Lease-related expenses are presented under "Cost of Services and Goods Sold", "General and Administrative Expenses" and "Financing Charges" as follows:

	Three Months Ended March 31	
	2023	2022
	(In Thousands)	
Cost of services and goods sold	**₱212,832**	₱183,742
General and administrative expenses	**10,663**	9,231
Financing charges	**25,894**	16,769
	₱249,389	₱209,742

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 unaudited interim condensed 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 amounted to ₱41.7 million as at March 31, 2023 and December 31, 2022 (see Note 16).

The Group's provision for probable losses arising from these legal cases as at March 31, 2023 and December 31, 2022 amounted to ₱41.7 million, and are presented as part of "Other payables" under "Trade and other payables" in the interim unaudited condensed consolidated statements of financial position (see Note 16). No provision for probable losses was recognized in the interim unaudited consolidated statements of profit or loss for the three months ended March 31, 2023 and 2022 (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)
	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)

(Forward)

Relationship	Name
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies	SM Mart, Inc.
	Supervalue, Inc.
	Super Shopping Market, Inc.
	Goldilocks Bakeshop, Inc.
	Sanford Marketing Corporation
	China Banking Corporation
	SM Development Corporation
	SM Prime Holdings Inc.
	Alfamart Trading Philippines, Inc.
	Costa Del Hamilo Inc.
	Digital Advantage Corp.
	Fast Retailing Philippines, Inc.
	Homeworld Shopping Corporation
	Mindpro Retail Inc.
	Mini Depato Corp.
	Online Mall Incorporated
	Sports Central (Manila), Inc.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	Waltermart Supermarket, Inc.
	International Toyworld, Inc.

(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.

The following are the revenue and income (costs and expenses) included in the the unaudited interim condensed consolidated statements of profit or loss with related parties:

		Three Months Ended March 31	
	Nature	**2023**	2022
		(In Thousands)	
Stockholders of the Company	Outside services	**(₱11,448)**	(₱21,772)
	Computer charges	**(6,598)**	(8,666)
Associates and joint venture	Freight expense	**(7,064)**	(9,112)
	Freight revenue	**286**	350
	Shared cost	**2,089**	1,076
	Other overhead expense	**(190)**	(48)
Other Affiliated Companies	Freight revenue	**41,588**	44,323
	Outside services	**(39,954)**	(21,467)
	Sale of goods	**46,405**	25,659
	Food and beverage	**(45,737)**	(23,057)
	Interest	**(79,358)**	(69,619)
	Communication, light and water	**(150)**	(50)
	Others - net	**(11,867)**	(437)
Key Management Personnel	Short-term employee benefits	**(14,685)**	(12,963)

The unaudited interim condensed consolidated statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
			(In Thousands)	
Stockholders of the Parent Company	Trade payable	30 to 60 days; noninterest-bearing	**(₱8,218)**	(₱33,121)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(6,090)**	(19,139)
Associates and joint venture	Trade receivables	30 to 60 days; noninterest-bearing	**136**	–
	Nontrade receivables	On demand; noninterest-bearing	**75,060**	69,205
	Trade payables	30 to 60 days; noninterest-bearing	**(3,775)**	(1,100)
	Accrued expenses	30 to 60 days; noninterest-bearing	**(1,366)**	(10,443)
	Due to related parties	30 to 60 days; noninterest-bearing	**(9)**	(9)
Other Affiliated Companies	Short-term loan	See Note 15	**(1,341,000)**	(339,000)
	Long-term debt	See Note 18	**(3,996,871)**	(3,994,800)
	Cash in bank	On demand	**319,311**	172,230
	Nontrade receivables	30 to 60 days; noninterest-bearing	**84,706**	71,879
	Accrued expenses	30 to 60 days; noninterest-bearing	**(43,142)**	(77,287)
	Trade payables	30 to 60 days; noninterest-bearing	**(27,935)**	(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, 2GO Logistics, and SOI at fees based on agreed rates.
- 2GO Land provides trucking services to 2GO Express and SOI.
- In 2022, the Group sold its share in Mober.

Intercompany Balances Eliminated during Consolidation

The following are the intercompany balances among related parties which are eliminated in the unaudited interim condensed consolidated financial statements:

Amounts owed to:	Amounts owed by:	Terms and Conditions	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
			(In Thousands)	
2GO	SCVASI/EXP/2GOLI/SOI/HLP/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**₱2,606,975**	₱3,248,201
EXP	2GO/SCVASI/2GOLI/SOI/ 2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	**869,442**	451,398
SOI	2GO/SCVASI/EXP/2GOLI	30 to 60 days; noninterest-bearing	**69,725**	75,596
2GOLI	2GO/SCVASI/EXP/SOI/2GO LAND	30 to 60 days; noninterest-bearing	**56,059**	(290,987)
SCVASI	2GO	30 to 60 days; noninterest-bearing	**45,625**	37,272
NLMHCI	2GO/EXP/NHTC	30 to 60 days; noninterest-bearing	**45,325**	45,325
USDI	2GO	30 to 60 days; noninterest-bearing	**23,664**	16,076
2GO Land	EXP/2GOLI	30 to 60 days; noninterest-bearing	**41,086**	64,717
AEWI	2GO	30 to 60 days; noninterest-bearing	**7,622**	7,622
NHTC	2GO	30 to 60 days; noninterest-bearing	**5,614**	5,614

21. **Equity**

a. Share Capital

Details of share capital as at March 31, 2023 and December 31, 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 as at March 31, 2023 and December 31, 2022	2,462,146,316	₱2,462,146

Movements in issued and outstanding capital stocks follow:

Date	**Activity**	**Issue price**	**Number of shares Common shares**
May 26, 1949	Issued capital stocks 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	–
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 5,102 and 5,109 equity holders as of March 31, 2023 and December 31, 2022, respectively.

b. Retained earnings include undistributed earnings amounting to ₱1,069.5 million and ₱1,003.8 million as of March 31, 2023 and December 31, 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 March 31, 2023 and December 31, 2022.

c. Other equity reserves pertain to the Group's excess investment cost over the net assets of acquired entities under common control at the date of acquisition.

22. Cost of Services and Goods Sold

This account consists of the following:

		Three Months Ended March 31	
	Note	**2023**	2022
		(In Thousands)	
Cost of Services			
Transportation and delivery		**₱936,702**	₱509,833
Fuel, oil and lubricants	*20*	**632,671**	538,271
Outside services		**643,378**	723,307
Depreciation and amortization	*11, 14*	**304,456**	314,909
Personnel costs	*25, 26*	**221,269**	200,352
Repairs and maintenance		**140,892**	73,156
Rent	*29*	**119,770**	96,496
Arrastre and stevedoring		**73,778**	67,798
Food and beverage	*20*	**62,594**	22,974
Insurance		**59,941**	59,733
Material and supplies used		**36,976**	23,795
Communication, light and water		**35,646**	25,726
Taxes and licenses		**31,513**	20,399
Food and subsistence		**17,942**	12,125
(Forward)			
Concession expenses		**₱11,768**	₱17,728
Others		**25,034**	28,771
		3,354,330	2,735,373
Cost of Goods Sold		**1,258,193**	920,382
		₱4,612,523	₱3,655,755

23. General and Administrative Expenses

This account consists of the following:

		Three Months Ended March 31	
	Note	**2023**	2022
		(In Thousands)	
Personnel costs	*25, 26*	**₱126,224**	₱115,461
Outside services		**23,188**	45,678
Computer charges		**20,940**	18,839
Depreciation and amortization	*11, 14*	**20,009**	20,532
Transportation and travel		**12,786**	11,511
Advertising and promotion		**10,474**	2,818
Communication, light and water		**6,816**	5,680
Provision for ECL	*8*	**3,531**	3,207
Repairs and maintenance		**2,536**	3,217
Rent	*29*	**2,329**	838
Office supplies		**1,136**	610
Entertainment, amusement and recreation		**657**	315
Taxes and licenses		**322**	1,379
Insurance		**217**	74
Others		**30,347**	12,844
		₱261,512	₱243,003

Others consist of various expenses that are individually immaterial such as input vat expense and other corporate expenses.

24. Other Income (Charges)

Financing Charges

		Three Months Ended March 31	
		2023	2022
		(In Thousands)	
Interest expense on:			
Long-term debt	*17*	**₱57,238**	₱57,238
Short-term notes payable	*15*	**35,537**	31,675
Amortization of:			
Obligations under lease	*18*	**25,894**	16,769
Debt transaction costs	*17*	**2,070**	1,837
Other financing charges		**4,440**	7,072
		₱125,179	₱114,591

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of March 31, 2023 and December 31, 2022 amounted to ₱53.6 million and ₱55.3 million, respectively (see Note 16).

Others - net

	Note	Three Months Ended March 31	
		2023	2022
		(In Thousands)	
Interest income	*7*	**₱134**	₱100
Gain on disposal of property and equipment	*12*	**1,470**	1,698
Foreign exchange gain (losses)		**204**	(1,752)
Others - net		**4,122**	3,799
		₱5,930	₱3,845

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	Three Months Ended March 31	
		2023	2022
		(In Thousands)	
Salaries and wages		**₱289,580**	₱265,322
Retirement benefit cost	*26*	**22,705**	18,698
Other employee benefits		**35,208**	31,793
		₱347,493	₱315,813

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 ₱31.1 million to the retirement fund in 2023. The Group's transaction with the plan pertain to contribution and benefit payments.

Total retirement benefit cost included in the interim unaudited condensed consolidated statements of profit or loss amounted to ₱22.7 million and ₱18.7 million for the three months ended March 31, 2023 and 2022, respectively.

The following tables summarize the funded status and amounts recognized in the unaudited interim condensed consolidated statements of financial position:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	(In Thousands)	
Defined benefit obligation	**₱489,033**	₱466,329
Fair value of plan assets	**(125,939)**	(121,429)
	₱363,094	₱344,900

27. **Income Taxes**

a. The components of provision for income tax are as follows:

	Three Months Ended March 31	
	2023	2022
	(In Thousands)	
Current:		
RCIT	**₱10,372**	₱15,160
MCIT	**7,054**	-
	17,426	15,160
Deferred	**(6,973)**	(2,241)
	₱10,453	₱17,109

The components of the Group's recognized net deferred tax assets and liabilities are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	(In Thousands)	
Directly recognized in profit or loss		
Deferred income tax assets on:		
Accrued retirement benefits	**₱53,902**	₱50,780
Unamortized past service cost	**10,417**	10,971
Obligations under lease, net of right-of-use assets	**377,755**	391,939
Accruals and others	**8,218**	8,128
	450,292	461,818

(forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deferred income tax liabilities on:		
Right-of-use assets	**(363,201)**	(379,462)
Unamortized debt arrangement fees and other taxable temporary differences	**(1,827)**	(2,235)
	85,264	80,121
Directly recognized in OCI		
Deferred income tax asset on remeasurement of retirement costs	**22,374**	20,545
	₱107,638	₱100,666

28. Earnings (Loss) Per Share (EPS)

Basic and diluted earnings per share were computed as follows:

	Three Months Ended March 31	
	2023	2022
	(In Thousands)	
Net income (loss) for the year attributable to equity holders of the Parent Company	**₱186,828**	(₱34,900)
Weighted average number of common shares outstanding for the year	**2,462,146,316**	2,462,146,316
Income (Loss) per common share	**₱0.0759**	(₱0.0142)

There are no potentially dilutive common shares as at March 31, 2023 and 2022.

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 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.

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 derivatives transaction, including the risk management objectives and the accounting results, are discussed in this note.

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.

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 does not have any significant credit risk exposure to any single counterparty. 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. As of March 31, 2023 and December 31, 2022, the Group did not hold collateral from any counterparty.

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. Low quality receivables are accounts that are deemed uncollectible and provided for with a provision. 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 aging per class of financial assets, contract assets and expected credit loss as of March 31, 2023 and December 31, 2022 are as follows:

		Past Due						
March 31, 2023 (Unaudited)	**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	**₱987,164**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱987,164**
Cash equivalents	**284,663**	**–**	**–**	**–**	**–**	**–**	**–**	**284,663**
Trade receivables	**1,506,188**	**634,893**	**263,734**	**31,023**	**164,918**	**205,013**	**(488,027)**	**2,317,742**
Nontrade receivables[1]	**131,859**	**4,929**	**4,346**	**5,504**	**40,534**	**63,343**	**(34,790)**	**215,725**
Advances to officers[2] and employees[1]	**2,989**	**–**	**–**	**–**	**–**	**–**	**–**	**2,989**
Refundable deposits	**177,670**	**–**	**–**	**–**	**–**	**–**	**–**	**177,670**
Contract assets	**454,724**	**–**	**–**	**–**	**–**	**–**	**–**	**454,724**
Total	**₱3,545,257**	**₱639,822**	**₱268,080**	**₱36,527**	**₱205,452**	**₱268,356**	**(₱522,817)**	**₱4,440,677**

[(1)]Excluding nonfinancial asset amounting to ₱88.1 million; including long-term receivable amounting to ₱30.0 million.
[(2)]Excluding advances amounting to ₱20.4 million subject to liquidation.

		Past Due						
December 31, 2022 (Audited)	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.

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.

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 4.9% to 7.5% and from 3.50% to 6.23% for the three months ended March 31, 2023 and 2022, respectively.

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 unaudited interim condensed consolidated statement of financial position. The capital ratios are as follows:

	March 31, 2021 (Unaudited)	December 31, 2022 (Audited)
Assets financed by:		
Creditors	92%	93%
Stockholders	8%	7%

As of March 31, 2023 and December 31,2022, the Group met its capital management objectives.

30. Fair Values of Financial Instruments and Nonfinancial Assets

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.

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Liabilities				
Long-term debts	**₱3,996,871**	**₱3,952,363**	₱3,994,800	₱3,936,702
Obligations under lease	**1,637,320**	**1,544,927**	1,691,899	1,598,416
	₱5,634,191	**₱5,497,290**	₱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 6.3 and 6.9% was used in calculating the fair value of the long-term debt as of March 31, 2023 and December 31, 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 6.5% to 8.5% and 6.3% to 8.5% as of March 31, 2023 and December 31, 2022, respectively.

Derivative assets
The fair value of derivatives is determined by the use of either present value methods or standard option valuation models. The valuation inputs on these derivatives are based on assumptions developed from observable information, including, but not limited to, the forward curve derived from published or future prices adjusted for factors such as seasonality considerations and the volatilities that take into account the impact of spot process and the long-term price outlook of the underlying commodity and currency.

31. **Notes to Unaudited Interim Condensed Consolidated Statements of Cash Flows**

Changes in liabilities arising from financing activities are as follows:

For the three months ended March 31, 2023:

	January 1, 2023	Cash Flows				March 31, 2023
		Availments	Payments	Net	Others	
Short-term notes payable	**₱2,306,000**	**₱–**	**(₱150,000)**	**(₱150,000)**	**₱–**	**₱2,156,000**
Current portion of long-term debt	**3,496,823**	**–**	**–**	**–**	**1,884**	**3,498,707**
Current portion of obligations under lease	**347,387**	**–**	**(111,808)**	**(111,808)**	**133,497**	**369,076**
Noncurrent portion of long-term debt	**497,977**	**–**	**–**	**–**	**186**	**498,163**
Noncurrent portion of obligations under lease	**1,344,512**	**57,229**	**–**	**57,229**	**(133,497)**	**1,268,244**
Total liabilities from financing activities	**₱7,992,699**	**₱57,229**	**(₱261,808)**	**(₱204,579)**	**₱2,070**	**₱7,790,190**

For the three months ended March 31, 2022:

	January 1, 2022	Cash Flows				March 31, 2022
		Availments	Payments	Net	Others	
Short-term notes payable	₱3,106,000	₱1,050,000	(₱1,152,000)	(₱102,000)	₱–	₱3,004,000
Current portion of obligations under lease	141,557	–	(98,346)	(98,346)	273,092	316,303
Noncurrent portion of long-term debt	3,987,844	–	–	–	1,837	3,989,681
Noncurrent portion of obligations under lease	498,008	1,080,799	–	1,080,799	(272,907)	1,305,900
Total liabilities from financing activities	₱7,733,409	₱2,130,799	(₱1,250,346)	₱880,453	₱2,022	₱8,615,884

"Others" includes the effect of reclassification of non-current portion to current due to the passage of time and amortization of debt transaction costs capitalized.

32. **Events Connected to the COVID 19 Pandemic**

Management continues to monitor, evaluate and respond to any continuing impacts of the COVID-19 situation in future reporting periods. 2GO has an established Business Continuity Implementation Plan to manage the risk of any potential disruption in operations that may eventually affect sales and place pressure on the deployment of certain assets.

2GO GROUP, INC.
8/F Tower 1 Double Dragon Plaza, Edsa Ext.
cor. Macapagal Ave., Pasay City
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of March 31, 2023

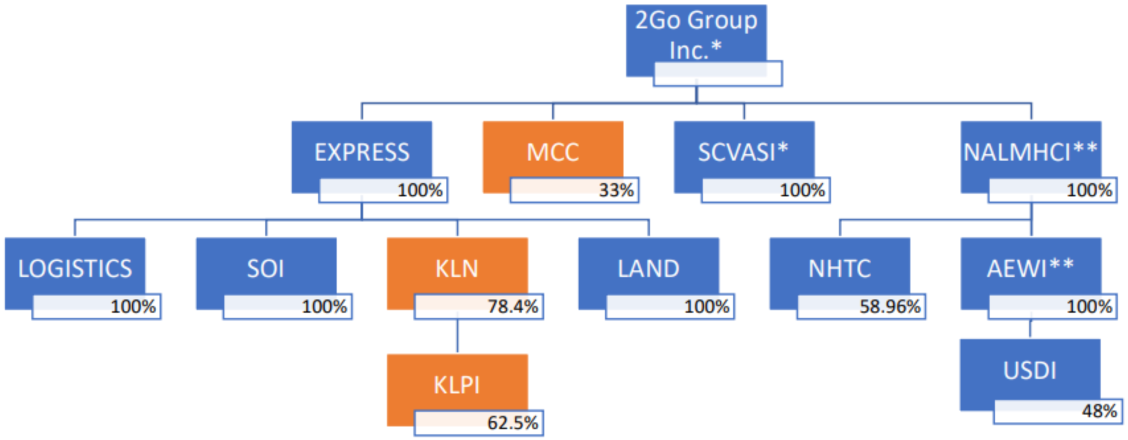
Unappropriated Deficit, beginning		**(₱2,926,034)**
Less: Deferred income tax assets, beginning		**70,137**
Treasury shares		**58,715**
Unappropriated Deficit, *as adjusted to available for dividend distribution,* beginning		**(3,054,886)**
Add: Net loss actually earned/realized during the period		
Net income during the period closed to Deficit	173,740	
Less: Non-actual/ unrealized income, net of tax:		
Movement in deferred income tax assets	5,357	
Sub-total	168,383	
Add: Non-actual losses, net of tax:		
Adjustment due to deviation from PFRS/ GAAP – loss	–	
Net income actually earned during the period	168,383	**168,383**
Add (Less):		
Dividend declarations during the period	–	
Distributions paid	–	
Appropriations of retained earnings during the year	–	
Reversal of appropriations	–	
Treasury shares	–	
	–	–
TOTAL DEFICIT, END AVAILABLE FOR DIVIDEND		**(2,886,503)**

2GO GROUP, INC. AND SUBSIDIARIES
8/F Tower 1 Double Dragon Plaza, Edsa Ext.
cor. Macapagal Ave., Pasay City
KEY PERFORMANCE INDICATORS
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Thousands)

	March 31, 2023	December 31, 2022
Total Liabilities	**₱13,414,462**	₱13,397,294
Total Stockholders' Equity	**1,184,695**	994,600
Debt-to-Equity	**11.32**	13.47
Total Current Assets	**₱6,893,917**	₱6,624,241
Total Current Liabilities	**11,284,960**	11,209,905
Current Ratio	**0.61**	0.59
Total Quick Assets	**₱4,425,851**	₱4,166,912
Total Current Liabilities	**11,284,960**	11,209,905
Quick Ratio	**0.39**	0.37
Net Income (Loss) After Tax	**₱190,094**	₱311,933
Depreciation & Amortization	**307,803**	1,361,737
Net Income before Dep'n & Amortization	**497,2897**	1,673,670
Short Term & Long-Term Notes	**6,286,794**	6,360,357
Solvency Ratio	**0.08**	0.26
Total Liabilities	**₱13,414,462**	₱13,397,294
Total Assets	**14,599,157**	14,391,894
Debt-to-Asset Ratio	**0.92**	0.93
Total Assets	**₱14,599,157**	₱14,391,894
Total Stockholders' Equity	**1,184,695**	994,600
Equity-to-Asset Ratio	**0.08**	0.07
Net Income (Loss)	**₱190,094**	₱311,933
Average Total Assets	**14,495,526**	13,655,308
Return on Assets	**0.01**	0.02
Net Income (Loss)	**₱190,094**	₱311,933
Average Total Stockholders' Equity	**1,089,648**	816,777
Return on Equity	**0.17**	0.38

	March 31, 2023	December 31, 2022
Sales	**₱5,156,739**	₱19,268,221
Cost of Services and Goods Sold	**4,577,831**	17,495,885
Gross Profit	**578,908**	1,772,336
Gross Profit Margin	**0.11**	0.09
Net Income (Loss)	**₱190,094**	₱311,933
Sales	**5,156,739**	19,268,221
Net Profit (Loss) Margin	**0.04**	0.02
Price Per Share	**₱14.34**	₱6.50
Earnings (Loss) per Common Share	**0.08**	0.13
Price per Earnings (Loss) Ratio	**₱188.98**	₱51.82
EBIT	**₱325,592**	₱858,441
Interest Expense	**125,179**	489,808
Interest Coverage Ratio	**2.60**	1.75

Corporate Structure
As of March 31, 2023



Legend:

EXPRESS	*2GO Express, Inc.*	LAND	*2Go Land Transport (formerly WRR Trucking Corporation)*	AEWI	*Astir Engineering Works, Inc.*
LOGISTICS	*2GO Logistics, Inc.*	MCC	*MCCP Transport Philippines, Inc.*	USDI	*United South Dockhandlers, Inc.*
SOI	Scanasia Overseas, Inc.	SCVASI	*Special Container and Value Added Services, Inc.*		
KLN	*KLN Logistics Holdings Philippines, Inc.*	NALMHCI	*NN-ATS Logistics Management & Holding Co., Inc.*		
KLPI	*Kerry Logistics Philippines, Inc.*	NHTC	*North Harbor Tugs Corporation*		

Subsidiary
Joint Venture and Associate

2GO GROUP, INC. AND SUBSIDIARIES
8/F Tower 1 Double Dragon Plaza, Edsa Ext.
cor. Macapagal Ave., Pasay City
Schedule of Financial Soundness
As of March 31, 2023
(Amounts in Thousands)

Ratio	Formula		March 31, 2023	December 31, 2022
Current ratio	Total Current Assets Divided by Total Current Liabilities		**0.61**	0.59
	Total Current Assets	6,893,917		
	Divided by: Total Current Liabilities	11,284,960		
	Current Ratio	0.61		
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		**0.39**	0.37
	Total Current Assets	6,893,917		
	Less: Inventories	(426,947)		
	Other current assets	(2,041,119)		
	Quick assets	4,425,851		
	Divided by: Total Current Liabilities	11,284,961		
	Acid test ratio	0.39		
Solvency ratio	Net income (loss) before Depreciation & Amortization (Net income from operations plus depreciation and amortization) divided by Interest Bearing Debt		**0.08**	0.26
	Net income (loss) from operations	190,094		
	Add: Depreciation & Amortization	307,803		
	Net income (loss) before depreciation & Amortization	497,897		
	Short Term Notes 2,156,000			
	Long Term Notes 3,996,871			
	Obligations under finance lease 130,216			
	Divided by: Interest Bearing Debt	6,823,087		
	Solvency Ratio	0.08		

Ratio	Formula		March 31, 2023	December 31, 2022
Debt-to-equity ratio	Total Liabilities divided by Total Stockholders' Equity		**11.32**	13.47
	Total Liabilities	13,414,463		
	Divided by: Total Stockholders' Equity	1,184,694		
	Debt-to-equity ratio	11.32		
Asset-to-equity ratio	Total Assets divided by Total Stockholders' Equity		**12.32**	14.47
	Total Assets	14,599,157		
	Divided by: Total Stockholders' Equity	1,184,694		
	Asset-to-equity ratio	12.32		
Interest rate coverage ratio	Earnings (Loss) from before interest & tax divided by interest expense		**2.60**	**1.76**
	Earnings (Loss) from operations before interest and income tax	200,547		
	Divided by: Interest expense	125,179		
	Interest rate coverage ratio	2.60		
Return on equity	Net income (loss) from operations divided by Average Total Stockholders' Equity		**0.17**	0.38
	Net income (loss) from operations	190,094		
	Divided by: Average Total Stockholders' Equity	1,089,648		
	Return on equity ratio	0.17		
Return on assets	Net income (loss) from operations divided by Average Total Assets		**0.01**	0.02
	Net income (loss) from operations	190,094		
	Divided by: Average Total Assets	14,495,526		
	Return on assets	0.01		
Net profit margin	Net income (loss) from operations divided by Total Revenue		**0.04**	**0.02**
	Net income (loss) from operations	190,094		
	Divided by: Total Revenue	5,156,739		
	Net profit margin	0.04		

2GO Group, Inc. and Subsidiaries
Management's Discussion and Analysis

Results of Operations for the Three Months Ended March 31, 2023 and 2022

Amounts in millions		Mar 31, 2023		Mar 31, 2022	% Change
Revenue	₱	**5,157**	₱	**3,991**	**29%**
Costs of Services and Goods Sold		4,578		3,656	(25%)
Gross Profit		**579**		**335**	**73%**
General and Administrative Expenses		262		243	(8%)
Operating Income		**317**		**92**	**244%**
Other Charges		117		110	(7%)
Provision for Income Tax		10		17	39%
Net Income (Loss)	₱	**190**	₱	**(35)**	**651%**
Add back:					
Financing Charges (Interest)		125		115	(9%)
Provision for Income Tax		10		17	39%
Depreciation and Amortization		324		335	3%
EBITDA	₱	**650**	₱	**433**	**50%**

2GO Group, Inc. and subsidiaries ("2GO" or the "Group") delivered Net Income of P190M during the first quarter of 2023, which represents a 651% or P225M improvement year-over-year (YoY) from the Net Loss of P35M incurred during the first quarter of 2022. 2Go's turnaround continues as it focuses on profitable services and customers, driving efficiencies in operations and stringent cost controls.

Total revenue increased 29% to ₱5.2B from ₱4.0B YoY. Shipping revenue, which is comprised of sea freight and passenger travel, increased 52% YoY due to a 37% or ₱412M increase in sea freight revenue and a 140% or ₱282M increase in passenger travel revenue. Logistics and other services revenue increased 3% or ₱51M driven by continued growth in cold chain reefers, ecommerce fulfillment and courier services. Distribution revenue also improved 42% or ₱421M due to increasing demand from consumers. Shipping accounted for 39% and Non-shipping accounted for 61% of total revenue during Q1 2023, compared to 33% and 67% respectively during Q1 2022.

Cost of services and goods sold increased 25% YoY due to higher volumes across the business and higher fuel prices. General and administrative expenses increased 8% YoY from additional headcount to support the business and IT investments to help drive scale and efficiencies.

Other charges were primarily comprised of ₱125M financing charges, which were offset by income from associates and joint ventures as well as other income such as disposals of property and equipment, foreign exchange gains and bad order recovery income. Other charges increased 7% YoY to ₱117M from higher interest rates.

EBITDA improved 50% or ₱218M to ₱650M at 12.6% margin in Q1 2023 compared to ₱433M and 10.8% margin in Q1 2022.

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

Amounts in millions	As of Mar 31, 2023		As of Dec 31, 2022		% Change
Current Assets	₱	6,894	₱	6,624	4%
Noncurrent Assets		7,705		7,768	(1%)
Total Assets	**₱**	**14,599**	**₱**	**14,392**	**1%**
Current Liabilities	₱	11,285	₱	11,210	1%
Noncurrent Liabilities		2,130		2,187	(3%)
Total Liabilities	**₱**	**13,414**	**₱**	**13,397**	**0%**
Total Equity		1,185		995	19%
Total Liabilities and Equity	**₱**	**14,599**	**₱**	**14,392**	**1%**

Total Assets increased 1% from ₱14.4B to ₱14.6B, while Total Liabilities is flat at ₱13.4B.

Assets
Current Assets increased 4% from ₱6.6B to ₱6.9B. Cash and Cash Equivalents increased 83% from ₱725M to ₱1.3B due to improved collections. Accordingly, Trade and Other Receivables, net of Allowance for Doubtful Accounts, decreased 10% from ₱3.4B to ₱3.1B.

Noncurrent Assets decreased 1% from ₱7.77B to ₱7.70B from PPE decrease due to depreciation, net of additions.

Liabilities
Current Liabilities increased 1% from ₱11.2B to ₱11.3B. Short-term Notes Payable decreased 7% from ₱2.3B to ₱ 2.2B from debt repayments.

Noncurrent Liabilities decreased 3% from ₱2.2B to ₱2.1B mainly from decrease in lease obligations due to rental payments.

Equity
Total Equity increased 19% from ₱995M to ₱1.2B due to the Net Income earned in Q1 2023.

Key Performance Indicators

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

		Mar 31, 2023		Mar 31, 2022
Revenue Growth		29.2%		(0.1%)
Net Income Margin		3.7%		(0.9%)
EBITDA (in Millions of Pesos)	₱	650	₱	433
EBITDA Margin		12.6%		10.8%
		As of Mar 31, 2023		As of Dec 31, 2022
Current Ratio		0.6		0.6
Bank Debt to Total Equity Ratio		5.2		6.3
Total Liabilities (less effect of PFRS 16) to Total Equity		10.1		11.8
Total Liabilities to Total Equity		11.3		13.5

Net Income Margin improved to 3.7% in Q1 2023 vs. -0.9% in Q1 2022. EBITDA improved 50% or ₱218M to ₱ 650M at 12.6% margin in Q1 2023 compared to ₱433M and 10.8% in Q1 2022. The improvements in Q1 2023 are noted above.

Current Ratio is 0.6 as of March 31, 2023 and December 31, 2022. Bank Debt to Total Equity decreased to 5.2 as of March 31, 2023 from 6.3 as of December 31, 2022, while Total Liabilities to Total Equity decreased to 11.3 from 13.5. Excluding the effect of the adoption of PFRS 16, Total Liabilities to Total Equity improved to 10.1 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

Refer to 2GO's Group, Inc. and Subsidiaries unaudited interim consolidated financial statements as of and for the three months ended March 31, 2023 for details and disclosures.

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. Management is confident that 2GO will further its growth and become an even stronger 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	MAY 8, 2023

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