

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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S	U	B	S	I	D	I	A	R	I	E	S																		

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

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Form Type

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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

N	/	A	
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## 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)
5,111	4 <sup>th</sup> 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@serranolawlawph.com	(02) 8651-7408	N/A

## CONTACT PERSON'S ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City
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**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, 2022**
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. **8<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City**  
Address of principal office Postal Code **1302**
8. **(02) 8528-7171**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common stock</b>	<b>2,462,146,316 shares</b>
<b>Total Liabilities as of 31 March 2021</b>	<b>Php 13,431,796,000.00</b>

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 ☒ No ☐

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

Yes ☒ 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, 2022 and December 31, 2021 and For the Three Months Ended March 31, 2022 and 2021; 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 the attached.

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

Please refer to the attached.

#### **PART II OTHER INFORMATION**

None.

## 2GO Group, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements  
As of December 31, 2021 and March 31, 2022  
and For the Three Months Ended March 31, 2022 and 2021

**2GO GROUP, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022 AND DECEMBER 31, 2021**

(Amounts in Thousands)

	<i>Note</i>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	<b>₱841,200</b>	₱670,015
Trade and other receivables	8, 17, 20	<b>2,827,897</b>	2,880,910
Inventories	9	<b>541,600</b>	532,463
Other current assets	10	<b>2,523,666</b>	2,514,767
<b>Total Current Assets</b>		<b>6,734,363</b>	6,598,155
<b>Noncurrent Assets</b>			
Property and equipment	11, 17, 18	<b>5,968,183</b>	4,976,422
Investments in associates and joint ventures	12	<b>286,721</b>	285,518
Goodwill	13	<b>686,896</b>	686,896
Deferred income tax assets	27	<b>97,670</b>	95,430
Other noncurrent assets	14	<b>262,413</b>	276,300
<b>Total Noncurrent Assets</b>		<b>7,301,883</b>	6,320,566
<b>TOTAL ASSETS</b>		<b>₱14,036,246</b>	₱12,918,721
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Short-term notes payable	15	<b>₱3,004,000</b>	₱3,106,000
Trade and other payables	16, 19, 20	<b>4,419,772</b>	4,169,985
Income tax payable		<b>9,894</b>	3,506
Current portion of obligations under lease	11, 18	<b>316,303</b>	141,557
<b>Total Current Liabilities</b>		<b>7,749,969</b>	7,421,048
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Long-term debt	17	<b>3,989,681</b>	3,987,844
Obligations under lease	11, 18	<b>1,305,900</b>	498,008
Accrued retirement benefits	26	<b>386,246</b>	372,867
<b>Total Noncurrent Liabilities</b>		<b>5,681,827</b>	4,858,719
<b>Total Liabilities</b>		<b>₱13,431,796</b>	₱12,279,767

(Forward)

	<i>Note</i>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>Equity</b>	<i>21</i>		
Share capital		<b>₱2,500,663</b>	₱2,500,663
Additional paid-in capital		<b>2,498,621</b>	2,498,621
Other equity reserve		<b>712,245</b>	712,245
Other comprehensive losses - net		<b>(104,094)</b>	(104,094)
Deficit		<b>(5,005,821)</b>	(4,970,921)
Treasury shares		<b>(58,715)</b>	(58,715)
<b>Equity Attributable to Equity Holders of the Parent Company</b>		<b>542,899</b>	577,799
<b>Non-controlling Interests</b>		<b>61,551</b>	61,155
<b>Total Equity</b>		<b>604,450</b>	638,954
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱14,036,246</b>	₱12,918,721

*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, 2022 AND 2021**

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

		<b>Three Months Ended March 31</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>REVENUES FROM CONTRACTS WITH CUSTOMERS</b>	<i>5,20</i>		
Shipping			
Freight		<b>₱1,121,833</b>	₱734,110
Travel		<b>201,353</b>	128,043
Nonshipping:			
Logistics and other services		<b>1,660,062</b>	1,450,108
Sale of goods		<b>1,007,658</b>	1,682,787
		<b>3,990,906</b>	3,995,048
<b>COST OF SERVICES AND GOODS SOLD</b>	<i>22</i>	<b>3,655,755</b>	3,999,935
<b>GROSS PROFIT (LOSS)</b>		<b>335,151</b>	(4,887)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<i>23</i>	<b>243,003</b>	225,780
<b>OPERATING INCOME (LOSS)</b>		<b>92,148</b>	(230,667)
<b>OTHER INCOME (CHARGES)</b>			
Equity in net earnings of associates and joint ventures	<i>12</i>	<b>1,203</b>	14,374
Financing charges	<i>24</i>	<b>(114,591)</b>	(94,861)
Others – net	<i>24</i>	<b>3,845</b>	14,848
		<b>(109,543)</b>	(65,639)
<b>LOSS BEFORE INCOME TAX</b>		<b>(17,395)</b>	(296,306)
<b>PROVISION FOR (BENEFITS FROM) INCOME TAX</b>	<i>27</i>		
Current		<b>19,350</b>	4,890
Deferred		<b>(2,241)</b>	(9,398)
		<b>17,109</b>	(4,508)
<b>NET LOSS</b>		<b>(₱34,504)</b>	(₱291,798)
<b>Net loss attributable to:</b>			
Equity holders of the Parent Company		<b>(₱34,900)</b>	(₱291,120)
Non-controlling interests		<b>396</b>	(678)
		<b>(₱34,504)</b>	(₱291,798)
<b>Basic/Diluted Loss Per Share</b>	<i>28</i>	<b>(₱0.0142)</b>	(₱0.1182)

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, 2022 AND 2021**  
(Amounts in Thousands)

		<b>For the Three Months Ended March 31</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>NET LOSS</b>		<b>(P34,504)</b>	<b>(P291,798)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement losses on net defined benefit liability	26	–	(22,970)
Income tax effect		–	6,891
		–	(16,079)
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(P34,504)</b>	<b>(P307,877)</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>(P34,900)</b>	<b>(P307,199)</b>
Non-controlling interests		<b>396</b>	<b>(678)</b>
		<b>(P34,504)</b>	<b>(P307,877)</b>

*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, 2022 AND 2021

(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)	Cash Flow Hedge Reserve	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
<b>BALANCES AT DECEMBER 31, 2021</b>	<b>₱2,500,663</b>	<b>₱2,498,621</b>	<b>₱712,245</b>	<b>₱5,294</b>	<b>(₱113,523)</b>	<b>₱–</b>	<b>₱4,135</b>	<b>(₱104,094)</b>	<b>(4,970,921)</b>	<b>(₱58,715)</b>	<b>₱577,799</b>	<b>₱61,155</b>	<b>₱638,954</b>
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)
<b>BALANCES AT MARCH 31, 2022(Unaudited)</b>	<b>₱2,500,663</b>	<b>₱2,498,621</b>	<b>₱712,245</b>	<b>₱5,294</b>	<b>(₱113,523)</b>	<b>₱–</b>	<b>₱4,135</b>	<b>(₱104,094)</b>	<b>(₱5,005,821)</b>	<b>(₱58,715)</b>	<b>₱542,899</b>	<b>₱61,551</b>	<b>₱604,450</b>
<b>BALANCES AT DECEMBER 31, 2020</b>	<b>₱2,500,663</b>	<b>₱2,498,621</b>	<b>₱712,245</b>	<b>₱5,294</b>	<b>(₱229,732)</b>	<b>₱–</b>	<b>₱5,448</b>	<b>(₱218,990)</b>	<b>(₱3,826,761)</b>	<b>(₱58,715)</b>	<b>₱1,607,063</b>	<b>₱59,941</b>	<b>₱1,667,004</b>
Other comprehensive income closed to retained earnings	–	–	–	–	–	₱–	–	–	(291,120)	–	(291,120)	(678)	(291,798)
Net loss for the period	–	–	–	–	(16,079)	–	–	(16,079)	–	–	–	–	(16,079)
Other comprehensive income for the period	–	–	–	–	(16,079)	–	–	(16,079)	(291,120)	–	(291,120)	(678)	(307,877)
Total comprehensive income (loss) for the period	–	–	–	–	(16,079)	–	–	(16,079)	(291,120)	–	(291,120)	(678)	(307,877)
<b>BALANCES AT MARCH 31, 2021 (Unaudited)</b>	<b>₱2,500,663</b>	<b>₱2,498,621</b>	<b>₱712,245</b>	<b>₱5,294</b>	<b>(₱245,811)</b>	<b>₱–</b>	<b>₱5,448</b>	<b>(₱235,069)</b>	<b>(4,117,881)</b>	<b>(₱58,715)</b>	<b>₱1,299,864</b>	<b>₱59,263</b>	<b>₱1,359,127</b>

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, 2021 AND 2020**

(Amounts in Thousands)

		<b>Three Months Ended March 31</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(P17,395)</b>	(P296,306)
Adjustments for:			
Depreciation and amortization of property and equipment and software	<i>11, 14, 22,23</i>	<b>335,441</b>	389,990
Financing charges	<i>24</i>	<b>114,591</b>	94,861
Equity in net earnings of associates and joint ventures	<i>12</i>	<b>(1,203)</b>	(14,374)
Retirement benefit cost	<i>26</i>	<b>18,698</b>	16,608
Gain on disposal of property and equipment	<i>24</i>	<b>(1,698)</b>	(6,462)
Unrealized foreign exchange losses		<b>1,738</b>	1,961
Interest income	<i>24</i>	<b>(100)</b>	(2,269)
Operating income before working capital changes		<b>450,072</b>	184,009
Decrease (increase) in:			
Trade and other receivables		<b>53,735</b>	56,005
Inventories		<b>(9,137)</b>	40,698
Other current assets		<b>34,302</b>	(16,683)
Increase in trade and other payables		<b>12,518</b>	341,106
Cash generated from operations		<b>541,490</b>	605,13
Contribution for retirement fund and benefits paid from book reserve	<i>26</i>	<b>(5,319)</b>	(1,911)
Interest received		<b>100</b>	2,269
Income taxes paid, including creditable withholding taxes		<b>(56,163)</b>	(53,897)
Net cash flows provided by operating activities		<b>480,108</b>	551,596
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property and equipment	<i>11</i>	<b>–</b>	(709,664)
Software		<b>(1,769)</b>	(8,430)
Proceeds from disposal of property and equipment:	<i>11</i>	<b>1,698</b>	6,462
Decrease in other noncurrent assets		<b>6,324</b>	8,233
Net cash flows generated from (used in) investing activities		<b>6,253</b>	(703,399)

(Forward)

	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<i>32</i>		
Proceeds from availments of:			
Short-term notes payable	<i>15</i>	<b>₱1,050,000</b>	₱678,000
Payments of:			
Short-term notes payable	<i>15</i>	<b>(1,152,000)</b>	—
Obligations under finance lease	<i>18</i>	<b>(98,346)</b>	(95,490)
Interest and financing charges	<i>24</i>	<b>(116,554)</b>	(78,115)
Net cash flows generated from (used in) financing activities		<b>(316,900)</b>	504,395
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>1,724</b>	—
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>171,185</b>	352,592
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<i>7</i>	<b>670,015</b>	890,127
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<i>7</i>	<b>₱841,200</b>	₱1,242,719

*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)

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#### **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%.

The accompanying unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2022, with comparative figures for the three months ended March 31, 2022 and as at December 31, 2021, were approved and authorized for issue by the BOD on May 11, 2022.

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## 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, 2021.

### Statement of Compliance

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

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## 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, 2022. 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, 2022*

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Philippine Accounting Standards (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

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

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

- Amendments to Philippine Accounting Standards (PAS) 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *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.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- 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.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

#### 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, 2023*

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

#### *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, 2022	December 31, 2021
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	100.0	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	100.0	100.0
2GO Logistics, Inc. (2GO Logistics or DTN)	Transportation/logistics	100.0	100.0
Scanasia Overseas, Inc. (SOI)	Sales of goods	100.0	100.0
2GO Land Transport, Inc. <sup>(1)</sup>	Transportation	100.0	100.0
	Holdings and logistics		
NN-ATS Logistics Management and Holdings Co., Inc. <sup>(2)</sup>	management	100.0	100.0
Astir Engineering Works, Inc. <sup>(2)(3)</sup>	Engineering services	100.0	100.0
WG&A Supercommerce, Incorporated <sup>(3)</sup>	Vessels' hotel management	100.0	100.0
North Harbor Tugs Corporation	Tugboat assistance	58.9	58.9
2GO Rush Delivery, Inc. (RUSH) <sup>(4)</sup>	Transportation/logistics	100.0	100.0
Brisk Nautilus Dock Integrated Services, Inc. (BNDISI) <sup>(5)</sup>	Freight and related services	–	100.0

<sup>1</sup> Formerly WRR Trucking Corporation

<sup>2</sup> In September 2020, the BOD approved the merger of these companies

<sup>3</sup> Ended commercial operations in 2018 or prior

<sup>4</sup> Wound down due to non-operation

<sup>5</sup> Corporate life ended May 2021

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 providing the services;
- whether the Group has inventory risk;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

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.

Estimates and Assumptions

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

*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 receivables 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:

	<i>Note</i>	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 (Audited)
		<i>(In Thousands)</i>	
Property and equipment	11	<b>5,968,183</b>	₱4,976,422
Investments in associates and joint ventures	12	<b>318,611</b>	285,518

As at March 31, 2022 and December 31, 2021, 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.

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## **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, 2022 (Unaudited)			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
	<i>(In Thousands)</i>			
External customers	₱1,323,186	₱2,667,720	₱-	₱3,990,906
Intersegment revenue	327,252	98,448	(425,700)	-
<b>Revenues from contracts with customers</b>	<b>₱1,650,438</b>	<b>₱2,766,168</b>	<b>(₱425,700)</b>	<b>₱3,990,906</b>
Income (loss) before income tax	(₱49,704)	₱32,400	(₱91)	(₱17,395)
Provision for income tax	(1,048)	(16,061)	-	(17,109)
<b>Segment income (loss)</b>	<b>(₱50,752)</b>	<b>₱16,339</b>	<b>(₱91)</b>	<b>(₱34,504)</b>
<b>Segment assets</b>	<b>₱10,892,570</b>	<b>₱6,722,599</b>	<b>(₱3,578,923)</b>	<b>₱14,036,246</b>
<b>Segment liabilities</b>	<b>₱9,034,591</b>	<b>₱7,917,050</b>	<b>(₱3,519,845)</b>	<b>₱13,431,796</b>
<b>Other Information:</b>				
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

For the Three Months Ended March 31, 2021 (Unaudited)				
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
	<i>(In Thousands)</i>			
External customers	₱862,153	₱3,124,679	₱–	₱3,986,832
Intersegment revenue	271,737	139,846	(411,583)	—
Revenues from contracts with customers	₱1,133,890	₱3,264,525	(411,583)	₱3,986,832
Income (loss) before income tax	(₱333,583)	₱37,277	₱–	(₱296,306)
Benefits from (Provision for) income tax	(9,521)	14,029	–	4,508
Segment income (loss)	(₱343,104)	₱51,306	₱–	(₱291,798)
Segment assets	₱11,526,288	₱7,644,209	(3,705,661)	₱15,464,836
Segment liabilities	₱9,287,753	₱8,427,978	(3,610,022)	₱14,105,709
Other Information:				
Capital expenditures	₱751,262	₱16,602	₱–	₱767,864
Depreciation and amortization	300,901	89,089	–	389,990
Provision for ECL – net	–	3,514	–	3,514
Equity in net earnings of associates and joint ventures	6,259	8,115	–	14,374

## 7. Cash and Cash Equivalents

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks	<b>₱824,719</b>	₱653,552
Cash equivalents	<b>16,481</b>	16,463
	<b>₱841,200</b>	₱670,015

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 ₱0.07 million and ₱0.1 million for the three months ended March 31, 2022 and 2021, respectively (see Note 24).

## 8. Trade and Other Receivables

This account consists of:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
		<i>(In Thousands)</i>	
Trade		<b>₱2,006,859</b>	₱2,053,353
Contract assets	20	<b>864,775</b>	822,822
Nontrade		<b>440,802</b>	488,036
Advances to officers and employees		<b>28,906</b>	26,918
		<b>3,341,342</b>	3,391,129
Less allowance for ECL		<b>(513,445)</b>	(510,219)
		<b>₱2,827,897</b>	₱2,880,910

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

March 31, 2022 (Unaudited)				
	Note	Trade and Contract Assets	Nontrade	Total
		<i>(In Thousands)</i>		
Beginning		₱480,602	₱29,617	₱510,219
Provision	23	2,613	594	3,207
Write-off/other adjustments		19	—	19
Ending		₱483,234	₱30,211	₱513,445

December 31, 2021 (Audited)				
	Note	Trade and Contract Assets	Nontrade	Total
		<i>(In Thousands)</i>		
Beginning		₱582,732	₱155,945	₱738,677
Provision	23	318,338	63,776	382,114
Write-off/other adjustments		(345,721)	(262,586)	(608,307)
Deconsolidation of subsidiaries		(74,747)	72,482	(2,265)
Ending		₱480,602	₱29,617	₱510,219

## 9. Inventories

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
At lower of cost and net realizable value:		
Trading goods	₱412,857	₱419,370
Materials, parts and supplies	15,666	13,822
At cost:		
Fuel, oil and lubricants	113,077	99,271
	₱541,600	₱532,463

The cost of trading goods carried at net realizable value amounted to ₱426.5 million and ₱430.6 million as of March 31, 2022 and December 31, 2021 while the cost of materials, parts and supplies carried at net realizable value amounted to ₱18.1 million and ₱16.2 million, respectively. The allowance for inventory obsolescence amounted to ₱16.0 million and ₱13.6 million as at March 31, 2022 and December 31, 2021, 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):

<i>Note</i>	Three Months Ended March 31	
	2022	2021
	<i>(In Thousands)</i>	
Cost of goods sold	<b>₱920,382</b>	₱1,487,838
Cost of services	<b>585,040</b>	376,616
General and administrative expense	<b>610</b>	2,691
	<b>₱1,506,032</b>	₱1,867,145

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:

	<i>Note</i>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
		<i>(In Thousands)</i>	
CWTs		<b>₱2,088,461</b>	₱2,045,260
Deferred Input VAT on purchase of services		<b>96,590</b>	99,610
Input VAT		<b>94,459</b>	126,384
Advances to suppliers and contractors		<b>84,289</b>	61,034
Prepaid expenses and others		<b>83,920</b>	121,280
Refundable deposits - current portion	14	<b>77,496</b>	62,748
		<b>2,525,215</b>	2,516,316
Less: allowance for impairment losses		<b>(1,549)</b>	(1,549)
		<b>₱2,523,666</b>	₱2,514,767

- 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.
- Prepaid expenses and others include prepaid rent, insurance and taxes.
- Deferred input VAT on purchase of services pertains to the VAT-related to unpaid purchases during the year. This will be claimed as input VAT upon payment of service purchases.

## 11. Property and Equipment

March 31, 2022 (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
<i>(In Thousands)</i>												
<b>Cost</b>												
January 1, 2022	P10,682,484	P1,626,370	P905,230	P503,316	P471,545	P361,560	P429,227	P7,978	P683,035	P53	P1,841,155	P17,511,953
Additions	214,420	—	2,391	7,761	1,000	168	5,604	—	5,727	—	1,080,799	1,317,870
Retirements	—	—	—	—	—	—	—	—	—	—	(536,157)	(536,157)
March 31, 2022	10,896,904	1,626,370	907,621	511,077	472,545	361,728	434,831	7,978	688,762	53	2,385,797	18,293,666
<b>Accumulated Depreciation and Amortization</b>												
January 1, 2022	P7,595,656	P1,353,297	P609,469	P432,845	P155,178	P293,631	P389,744	P6,917	P463,507	P—	P1,235,287	P12,535,531
Depreciation and amortization	165,176	18,981	12,497	6,796	597	1,817	8,237	119	16,250	—	95,639	326,109
Retirements	—	—	—	—	—	—	—	—	—	—	(536,157)	(536,157)
March 31, 2022	7,760,832	1,372,278	621,966	439,641	155,775	295,448	397,981	7,036	479,757	—	794,769	12,325,483
<b>Net carrying amounts</b>	<b>P3,136,072</b>	<b>P254,092</b>	<b>P285,655</b>	<b>P71,436</b>	<b>P316,770</b>	<b>P66,280</b>	<b>P36,850</b>	<b>P942</b>	<b>P209,005</b>	<b>P53</b>	<b>P1,591,028</b>	<b>P5,968,183</b>

December 31, 2021 (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
<i>(In Thousands)</i>												
<b>Cost</b>												
January 1, 2021	P11,604,086	P1,829,918	P860,144	P490,325	P493,288	P362,794	P427,002	P17,400	P776,407	P53	P1,819,330	P18,680,747
Additions	1,740,418	51,597	115,978	21,608	—	2,908	2,316	5	29,250	—	49,844	2,013,924
Disposals/retirements	(2,661,692)	(238,449)	(68,836)	(7,320)	—	—	—	(9,386)	(122,622)	—	(28,019)	(3,136,324)
Reclassification/adjustment	(328)	(16,696)	(2,056)	(1,297)	(21,743)	(4,142)	(91)	(41)	—	—	—	(46,394)
December 31, 2021	10,682,484	1,626,370	905,230	503,316	471,545	361,560	429,227	7,978	683,035	53	1,841,155	17,511,953
<b>Accumulated Depreciation and Amortization</b>												
January 1, 2021	9,207,375	1,479,454	586,321	404,437	152,274	286,081	343,042	10,276	529,516	—	875,078	13,873,854
Depreciation and amortization	758,647	74,569	47,566	30,283	2,904	7,550	46,702	1,416	56,613	—	388,228	1,414,478
Disposals/retirements	(2,370,366)	(200,726)	(24,418)	(1,875)	—	—	—	(4,775)	(122,622)	—	(28,019)	(2,752,801)
December 31, 2021	7,595,656	1,353,297	609,469	432,845	155,178	293,631	389,744	6,917	463,507	—	1,235,287	12,535,531
<b>Net carrying amounts</b>	<b>P3,086,828</b>	<b>P273,073</b>	<b>P295,761</b>	<b>P70,471</b>	<b>P316,367</b>	<b>P67,929</b>	<b>P39,483</b>	<b>P1,061</b>	<b>P219,528</b>	<b>P53</b>	<b>P605,868</b>	<b>P4,976,422</b>

*Property and Equipment under Lease*

Containers, reefer vans, isotanks, cargo handling equipment and transportation equipment and office and operational spaces as of March 31, 2022 and December 31, 2021 include units acquired under lease arrangements (see Note 18).

Noncash additions include costs of leased assets for the three months ended March 31, 2022 and 2021 amounting to ₱1,080.8 million and ₱2.5 million, respectively. The related depreciation of the leased assets for the three months ended March 31, 2022 and 2021 amounting to ₱95.6 million and ₱105.0 million, respectively, were computed on the basis of the Group's depreciation policy for property and equipment. Set out below are the carrying amount of right-of-use assets.

<b>March 31, 2022 (Unaudited)</b>						
	Container yard	Office	Warehouse	Outlet	Equipment	Total
	<i>(In Thousands)</i>					
<b>Cost</b>						
January 1, 2022	₱277,991	₱323,423	₱975,913	₱–	₱263,828	₱1,841,155
Additions	561,968	–	518,831	–	–	1,080,799
Retirements	(180,695)	–	(355,462)	–	–	(536,157)
March 31, 2022	659,264	323,423	1,139,282	–	263,828	2,385,797
<b>Accumulated depreciation</b>						
January 1, 2022	₱263,543	₱120,178	₱639,009	₱–	₱212,557	₱1,235,287
Depreciation	19,692	10,046	61,314	–	4,587	95,639
Retirements	(180,695)	–	(355,462)	–	–	(536,157)
March 31, 2022	102,540	130,224	344,861	–	217,144	794,769
<b>Net Carrying Amount</b>	<b>₱556,724</b>	<b>₱193,199</b>	<b>₱794,421</b>	<b>₱–</b>	<b>₱46,684</b>	<b>₱1,591,028</b>

<b>December 31, 2021 (Audited)</b>						
	Container yard	Office	Warehouse	Outlet	Equipment	Total
	<i>(In Thousands)</i>					
<b>Cost</b>						
January 1, 2021	₱277,991	₱323,423	₱955,235	₱3,016	₱259,665	₱1,819,330
Additions	–	–	45,681	–	4,163	49,844
Disposal	–	–	(25,003)	(3,016)	–	(28,019)
December 31, 2021	277,991	323,423	975,913	–	263,828	1,841,155
<b>Accumulated depreciation</b>						
January 1, 2021	175,826	80,370	435,790	2,784	180,308	875,078
Depreciation	87,717	39,808	228,222	232	32,249	388,228
Disposal	–	–	(25,003)	(3,016)	–	(28,019)
December 31, 2021	263,543	120,178	639,009	–	212,557	1,235,287
<b>Net Carrying Amount</b>	<b>₱14,448</b>	<b>₱203,245</b>	<b>₱336,904</b>	<b>₱–</b>	<b>₱51,271</b>	<b>₱605,868</b>

Unpaid acquisition costs of property and equipment amounted to ₱79.0 million and ₱96.0 million as of March 31, 2022 and December 31, 2021, 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 ₱214.4 million and ₱125.9 million for the three months ended March 31, 2022 and 2021, 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 ₱1.7 million and ₱6.5 million for the three months ended March 31, 2022 and 2021, 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:

	Note	Three Months Ended March 31	
		2022	2021
		<i>(In Thousands)</i>	
Cost of services and goods sold	22	₱314,909	₱356,869
General and administrative expense	23	11,200	22,723
		<b>₱326,109</b>	<b>₱379,592</b>

*Property and Equipment Held as Collateral*

Containers and other equipment held as collateral for finance leases as at March 31, 2022 and December 31, 2021 amounted to ₱2,355.2 million and ₱1,364.6 million, respectively (see Note 18).

## 12. Investments in Associates and Joint Ventures

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

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
		<i>(In Thousands)</i>	
Acquisition cost		₱74,340	₱74,340
Accumulated equity in net earnings:			
Balances at beginning of year		201,749	146,342
Equity in net earnings during the year		1,203	55,407
Balances at end of year		202,952	201,749
Share in remeasurement gain on retirement benefits of associates and joint ventures		4,135	4,135
Share in cumulative translation adjustment of associates		5,294	5,294
		<b>₱286,721</b>	<b>₱285,518</b>

## 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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.

#### 14. Other Noncurrent Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Software	₱129,612	₱137,175
Refundable deposits - net of current portion	77,068	77,021
Deferred input VAT on capital expenditures	55,697	62,084
Others	36	20
	<b>₱262,413</b>	<b>₱276,300</b>

a. The movements in software are as follows:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
		<i>(In Thousands)</i>	
<b>Cost</b>			
Balances at beginning of year		₱348,549	₱345,448
Additions		1,769	15,311
Reclassification/adjustment		—	(12,210)
Balances at end of year		<b>350,318</b>	<b>348,549</b>
<b>Accumulated Amortization</b>			
Balances at beginning of year		211,374	172,699
Amortization	23	9,332	38,675
Balances at end of year		<b>220,706</b>	<b>211,374</b>
<b>Carrying Amount</b>		<b>₱129,612</b>	<b>₱137,175</b>

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.
- c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels.

#### 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 3.40% to 4.75% in first quarter 2022 and from 3.75% to 4.75% in first quarter 2021. Total interest expense incurred by the Group for the short-term notes payable amounted to ₱31.7 million and ₱27.4 million for the three months ended March 31, 2022 and 2021, respectively (see Note 24).

## 16. Trade and Other Payables

	<i>Note</i>	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 <b>(Audited)</b>
			<i>(In Thousands)</i>
Trade payables		<b>₱859,319</b>	₱769,969
Accrued expenses:			
Expenses		<b>2,172,614</b>	2,308,594
Capital expenditure		<b>234,474</b>	96,008
Salaries and wages		<b>157,033</b>	106,714
Withholding and other taxes		<b>60,673</b>	51,776
Interest		<b>53,659</b>	54,748
Nontrade - Third parties		<b>744,806</b>	654,124
Contract liabilities		<b>68,239</b>	59,458
Other payables	<i>19</i>	<b>68,955</b>	68,594
		<b>₱4,419,772</b>	<b>₱4,169,985</b>

- 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.
- e. Other payables include provision for contingencies amounting to ₱39.9 million as at March 31, 2022 and December 31, 2021, respectively (see Note 19).

## 17. Long-term Debt

Long-term debt consists of:

	<i>Note</i>	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 <b>(Audited)</b>
			<i>(In Thousands)</i>
Banco de Oro Unibank, Inc. (BDO)	<i>20</i>	<b>₱4,000,000</b>	₱4,000,000
Unamortized debt arrangement fees		<b>(10,319)</b>	(12,156)
		<b>3,989,681</b>	3,987,844
Current portion		—	—
Noncurrent portion		<b>₱3,989,681</b>	<b>₱3,987,844</b>

### *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.
- 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 Maligaya with a carrying value of ₱764.2 million and ₱775.2 million as of March 31, 2022 and December 31, 2021, 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.

Interest rate is at ranging from 4.00% to 6.23%. 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 ₱51.7 million for the three months ended March 31, 2022 and 2021, respectively (see Note 24).

The Group paid ₱3.8 million ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2021, 2020 and 2018, respectively. Amortization of debt transaction costs included under financing charges amounted to ₱1.8 million and ₱1.6 million for the three months ended March 31, 2022 and 2021, respectively (see Note 24).

### *Compliance with debt covenants*

At December 31, 2021, 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, 2021.

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## **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:

	<b>March 31, 2022 (Unaudited)</b>		<b>December 31, 2021 (Audited)</b>	
	<b>Future Minimum Lease Payments</b>	<b>Present Value of Minimum Lease payments</b>	<b>Future Minimum Lease Payments</b>	<b>Present Value of Minimum Lease payments</b>
Less than one year	<b>₱373,199</b>	<b>₱316,303</b>	₱162,453	₱141,557
Between one and five years	<b>1,235,064</b>	<b>1,011,815</b>	497,831	389,090
Between six and ten years	<b>318,492</b>	<b>294,085</b>	79,257	108,918
	<b>1,926,755</b>	<b>1,622,203</b>	739,541	639,565
Interest component	<b>304,552</b>	—	99,976	—
Present value	<b>₱1,622,203</b>	<b>₱1,622,203</b>	<b>₱639,565</b>	<b>₱639,565</b>

The interest expense recognized related to these leases amounted to ₱16.8 million and ₱13.7 million for the three months ended March 31, 2022 and 2021, 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, 2022 and 2021 in relation to the obligation under lease and the related right-of-use assets.

	<b>Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
Depreciation expense of right-of-use assets	<b>₱95,639</b>	₱95,669
Interest expense on obligation under lease	<b>16,769</b>	13,719
Rent expense - short-term leases	<b>96,101</b>	83,813
Rent expense - low value assets	<b>1,233</b>	1,075
	<b>₱209,742</b>	<b>₱194,276</b>

The rollforward analysis of obligation under lease for the three months ended March 31, 2022 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:

	<b>Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
Cost of services and goods sold	<b>₱183,742</b>	₱157,135
General and administrative expenses	<b>9,231</b>	23,422
Financing charges	<b>16,769</b>	13,719
	<b>₱209,742</b>	<b>₱194,276</b>

## 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 ₱39.9 million as at March 31, 2022 and December 31, 2021 (see Note 16).

The Group's provision for probable losses arising from these legal cases as at March 31, 2022 and December 31, 2021 amounted to ₱39.9 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).

## 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) <sup>(1)</sup> 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) <sup>(2)</sup> 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) Brisk Nautilus Dock Integrated Services, Inc. (BNDISI) <sup>(6)</sup> WG & A Supercommerce, Inc. (WSI) <sup>(7)</sup> 2GO Rush, Inc. (Rush) <sup>(7)</sup>
Associates	MCC Transport Philippines, Inc. (MCCP) Mober Technology PTE Inc.
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN) Kerry Logistics (Phils.), Inc. (KLPI)
Other Affiliated Companies	Chelsea Logistics and Infrastructure Holdings Corporation (Chelsea Logistics) <sup>(8)</sup> Phoenix Petroleum Philippines, Inc. <sup>(8)</sup> PNX - Chelsea Shipping Corp. <sup>(8)</sup> Chelsea Marine Power Resources, Inc. <sup>(8)</sup> 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

(Forward)

Relationship	Name
	Sports Central (Manila), Inc.
	Star Appliance Center, Inc.
	Warehouse Development Company, Inc.
	Waltermart Supermarket, Inc.
	International Toyworld, Inc.

<sup>(1)</sup> SMIC became the Group's Parent Company as of June 3, 2021 (see Note 1). Transactions disclosed are for period starting Parent Company obtained control over the Group, except for the entities with \*.

<sup>(2)</sup> Formerly WRR Trucking Corporation

<sup>(3)</sup> Corporate life ended in 2020.

<sup>(6)</sup> Corporate life ended in 2021.

<sup>(7)</sup> Dormant companies.

<sup>(8)</sup> Affiliates of KGLI-NM which divested its ownership in 2Go at June 3, 2021 (see Note 1). Transactions disclosed are for the period up to the divestment.

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	
		2022	2021
Nature		(In Thousands)	
Stockholders of the Company	Outside services	(P21,772)	P5,239
	Computer charges	8,666	—
Associates and joint venture	Freight expense	(9,112)	(14,497)
	Freight revenue	350	137
	Shared cost	1,076	1,078
	Other overhead expense	(48)	(99)
Other Affiliated Companies	Freight revenue	44,323	1,875
	Outside services	(21,467)	(19,388)
	Sale of goods	25,659	43,005
	Food and beverage	(23,057)	(23,429)
	Interest	(69,619)	(7,036)
	Communication, light and water	(50)	(1,341)
	Others - net	(437)	—
Key Management Personnel	Short-term employee benefits	(12,963)	(14,836)

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

Financial Statement			March 31, 2022	December 31, 2021
Account			(Unaudited)	(Audited)
Terms and Conditions			(In Thousands)	
Stockholders of the Parent Company	Trade receivables	30 to 60 days; noninterest-bearing	P333	P53,999
	Accrued expenses	30 to 60 days; noninterest-bearing	(28,308)	(25,072)
Associates and joint venture	Trade receivables	30 to 60 days; noninterest-bearing	136	4,936
	Nontrade receivables	On demand; noninterest-bearing	66,500	100,692
	Trade payables	30 to 60 days; noninterest-bearing	(23)	(2,577)
	Accrued expenses	30 to 60 days; noninterest-bearing	(7,483)	(4,500)
	Due to related parties	30 to 60 days; noninterest-bearing	—	(9)
Other Affiliated Companies	Short-term loan	See Note 15	(1,347,000)	(1,297,000)
	Long-term debt	See Note 18	(3,989,681)	(3,987,844)
	Cash in bank	On demand	667,988	480,244
	Trade receivables	30 to 60 days; noninterest-bearing	66,095	98,493
	Trade payables	30 to 60 days; noninterest-bearing	(131,571)	(66,242)
	Accrued expenses	30 to 60 days; noninterest-bearing	(164)	(1,311)

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 and management services to 2GO Express.
- In 2021, certain subsidiaries of the Group were deconsolidated as their corporate life ended during the year.

*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, 2022 (Unaudited)	December 31, 2021 (Audited)
<i>(In Thousands)</i>				
<b>2GO</b>	SCVASI/EXP/2GOLI/SOI/2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	<b>₱2,606,975</b>	₱3,035,029
<b>EXP</b>	2GO/SCVASI/2GOLI/SOI/2GO LAND/NLMHCI	30 to 60 days; noninterest-bearing	<b>869,442</b>	371,674
<b>SOI</b>	2GO/SCVASI/EXP/2GOLI	30 to 60 days; noninterest-bearing	<b>69,725</b>	67,794
<b>SCVASI</b>	2GO	30 to 60 days; noninterest-bearing	<b>56,059</b>	53,601
<b>2GO Land</b>	EXP/2GOLI	30 to 60 days; noninterest-bearing	<b>45,625</b>	37,406
<b>NLMHCI</b>	2GO/EXP/NHTC	30 to 60 days; noninterest-bearing	<b>45,325</b>	47,823
<b>2GOLI</b>	2GO/SCVASI/EXP/SOI/2GO LAND	30 to 60 days; noninterest-bearing	<b>23,664</b>	55,334
<b>USDI</b>	2GO	30 to 60 days; noninterest-bearing	<b>41,086</b>	41,199
<b>AEWI</b>	2GO	30 to 60 days; noninterest-bearing	<b>7,622</b>	7,622
<b>NHTC</b>	2GO	30 to 60 days; noninterest-bearing	<b>5,614</b>	5,614

## 21. Equity

### a. Share Capital

Details of share capital as at March 31, 2022 and December 31, 2021 are as follows:

	Number of Shares	Amount
<i>(In Thousands)</i>		
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, 2022 and December 31, 2021	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
	Issuance of preferred shares		
February 10, 2003	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 5,111 equity holders as of March 31, 2022 and December 31, 2021, respectively.

- b. Retained earnings include undistributed earnings amounting to ₱1,007.1 million and ₱949.7 million as of March 31, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.
- 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:

	Note	Three Months Ended March 31	
		2022	2021
		(In Thousands)	
<b>Cost of Services</b>			
Transportation and delivery		<b>₱509,833</b>	₱491,019
Fuel, oil and lubricants	20	<b>538,271</b>	336,028
Outside services		<b>534,664</b>	516,766
Depreciation and amortization	11, 14	<b>314,909</b>	368,071
Personnel costs	25, 26	<b>200,352</b>	226,704
Rent	29	<b>96,496</b>	83,296
Repairs and maintenance		<b>73,156</b>	56,281
Arrastre and stevedoring		<b>67,798</b>	54,648
Insurance		<b>59,733</b>	55,142
Communication, light and water		<b>25,726</b>	19,520
Material and supplies used		<b>23,795</b>	29,794
Food and beverage	20	<b>22,974</b>	12,009
Taxes and licenses		<b>20,399</b>	27,619
Concession expenses		<b>17,728</b>	12,257
(Forward)			

	<i>Note</i>	Three Months Ended March 31	
		2022	2021
		<i>(In Thousands)</i>	
Food and subsistence		<b>₱12,125</b>	12,765
Others		<b>28,771</b>	29,694
		<b>2,735,373</b>	2,512,097
<b>Cost of Goods Sold</b>		<b>920,382</b>	1,487,838
		<b>₱3,655,755</b>	₱3,999,935

Fuel, oil and lubricants include the effect of cash flow hedge income amounting to nil and ₱7.6 million for the three months ended March 31, 2022 and 2021, respectively.

## 23. General and Administrative Expenses

This account consists of the following:

	<i>Note</i>	Three Months Ended March 31	
		2022	2021
		<i>(In Thousands)</i>	
Personnel costs	25, 26	<b>₱115,461</b>	₱95,615
Outside services		<b>45,678</b>	42,890
Depreciation and amortization	11, 14	<b>20,532</b>	21,920
Computer charges		<b>18,839</b>	17,642
Transportation and travel		<b>11,511</b>	11,170
Communication, light and water		<b>5,680</b>	8,521
Repairs and maintenance		<b>3,217</b>	6,411
Provision for ECL	8	<b>3,207</b>	3,491
Advertising and promotion		<b>2,818</b>	7,500
Taxes and licenses		<b>1,379</b>	1,347
Rent	29	<b>838</b>	1,592
Office supplies		<b>610</b>	2,048
Entertainment, amusement and recreation		<b>315</b>	204
Insurance		<b>74</b>	715
Others		<b>10,583</b>	4,714
		<b>₱243,003</b>	₱225,780

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	
		2022	2021
		<i>(In Thousands)</i>	
Interest expense on:			
Long-term debt	17	<b>₱57,238</b>	₱51,729
Short-term notes payable	15	<b>31,675</b>	27,426
Amortization of:			
Obligations under lease	18	<b>16,769</b>	13,719
Debt transaction costs	17	<b>1,837</b>	1,600
Other financing charges		<b>7,072</b>	387
		<b>₱114,591</b>	₱94,861

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of March 31, 2022 and December 31, 2021 amounted to ₱53.7 million and ₱54.7 million, respectively (see Note 16).

Others - net

		Three Months Ended March 31	
	Note	2022	2021
		(In Thousands)	
Interest income	7	₱100	₱2,269
Gain on disposal of property and equipment	12	1,698	6,462
Foreign exchange losses		(1,752)	(2,146)
Others - net		3,799	8,263
		₱3,845	₱14,848

Others - net comprise of prompt payment discount and other items that are individually immaterial.

## 25. Personnel Costs

Details of personnel costs are as follows:

		Three Months Ended March 31	
	<i>Note</i>	2022	2021
		<i>(In Thousands)</i>	
Salaries and wages		₱265,322	₱271,890
Retirement benefit cost	26	18,698	16,608
Other employee benefits		31,793	33,821
		₱315,813	₱322,319

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 ₱66.8 million to the retirement fund in 2022. 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 ₱18.7 million and ₱16.6 million for the three months ended March 31, 2022 and 2021, respectively.

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

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 <b>(Audited)</b>
	<i>(In Thousands)</i>	
Defined benefit obligation	<b>₱547,280</b>	₱519,631
Fair value of plan assets	<b>(161,034)</b>	(146,764)
	<b>₱386,246</b>	₱372,867

## 27. Income Taxes

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

	<b>Three Months Ended March 31</b>	
	<b>2022</b>	2021
	<i>(In Thousands)</i>	
Current:		
RCIT	<b>₱15,160</b>	₱13,279
MCIT	<b>4,190</b>	2,538
Impact of CREATE in 2020	—	(10,927)
	<b>19,350</b>	4,890
Deferred	<b>(2,241)</b>	(9,398)
	<b>₱17,109</b>	(₱4,508)

### Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

On March 26, 2021, the President of the Philippines signed the Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises Act (the Law). The Law took effect on April 11, 2021. The Law reformed corporate income taxes and incentives in the country by implementing the changes to the current tax regulations. Effective July 1, 2020, some of these changes are as follows:

- Reduction in the RCIT from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the particular business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;
- Reduction in the MCIT from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and
- Imposition of 10% improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred income taxes as of and for the year ended December 31, 2020 is computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT or 2% MCIT) for financial reporting purposes.

Applying the Law, the Group are subjected to lower RCIT rate of 20% or 25%, or MCIT rate of 1%, whichever is applicable, effective July 1, 2020. The reduced amounts are reflected in the

Parent Company and subsidiaries' 2020 income tax return. However, for the financial reporting, the changes are recognized in 2021 as shown in the table above. The impact of the Law for the remeasurement of deferred income tax assets directly recognized to OCI amounted to ₱28.4 million.

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	<i>(In Thousands)</i>	
Directly recognized in profit or loss		
Deferred income tax assets on:		
Accrued retirement benefits	₱47,775	₱44,541
Unamortized past service cost	9,226	9,712
Obligations under lease, net of right-of-use assets	2,220	6,805
Accruals and others	5,819	4,030
	65,040	65,088
Deferred income tax liabilities on other taxable temporary differences	(2,583)	(3,042)
	62,457	62,046
Directly recognized in OCI		
Deferred income tax asset on remeasurement of retirement costs	35,213	33,384
	₱97,670	₱95,430

## 28. Earnings (Loss) Per Share (EPS)

Basic and diluted earnings per share were computed as follows:

	Three Months Ended March 31	
	2022	2021
	<i>(In Thousands)</i>	
Net loss for the year attributable to equity holders of the Parent Company	(₱34,900)	(₱291,120)
Weighted average number of common shares outstanding for the year	2,462,146,316	2,462,146,316
Loss per common share	(₱0.01)	(₱0.12)

There are no potentially dilutive common shares as at March 31, 2022 and 2021.

## 29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt 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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021 are as follows:

March 31, 2022 (Unaudited)	Current	Past Due					Expected Credit Loss	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
		(In Thousands)						
Financial assets:								
Cash in banks	₱762,071	₱–	₱–	₱–	₱–	₱–	₱–	₱762,071
Cash equivalents	16,481	–	–	–	–	–	–	16,481
Trade receivables	886,046	431,775	182,437	85,680	180,641	240,280	(435,387)	1,571,472
Nontrade receivables <sup>/</sup>	102,785	13,922	1,190	432	2,146	240,604	(30,211)	330,868
Advances to officers <sup>2</sup> and employees <sup>1</sup>	11,106	–	–	–	–	–	–	11,106
Refundable deposits	154,564	–	–	–	–	–	–	154,564
Contract assets	864,775	–	–	–	–	–	(47,847)	816,928
Total	₱2,797,828	₱445,697	₱183,627	₱86,112	₱182,787	₱480,884	(₱513,445)	₱3,663,490

<sup>(1)</sup> Excluding nonfinancial asset amounting to ₱79.7 million.

<sup>(2)</sup> Excluding advances amounting to ₱17.8 million subject to liquidation.

December 31, 2021 (Audited)	Current	Past Due					Expected Credit Loss	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
<i>(In Thousands)</i>								
Financial assets:								
Cash in banks	₱607,232	₱—	₱—	₱—	₱—	₱—	₱—	₱607,232
Cash equivalents	16,463	—	—	—	—	—	—	16,463
Trade receivables	1,054,782	492,396	151,868	81,487	110,191	162,629	(432,755)	1,620,598
Nontrade receivables <sup>1</sup>	87,838	16,430	4,636	4,205	2,838	267,617	(29,617)	353,947
Advances to officers and employees <sup>2</sup>	8,001	—	—	—	—	—	—	8,001
Refundable deposits	139,769	—	—	—	—	—	—	139,769
Contract assets	822,822	—	—	—	—	—	(47,847)	774,975
Total	₱2,736,907	₱508,826	₱156,504	₱85,692	₱113,029	₱430,246	(₱510,219)	₱3,520,985

<sup>(1)</sup>Excluding nonfinancial asset amounting to P104.5 million.

<sup>(2)</sup>Excluding advances amounting to P18.9 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 3.50% to 6.23% and 3.75% to 4.75% for the three months ended March 31, 2022 and 2021, 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, 2021 (Audited)
Assets financed by:		
Creditors	96%	95%
Stockholders	4%	5%

As of March 31, 2022 and December 31, 2021, 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, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
<b>Financial Liabilities</b>				
Long-term debts	₱3,989,681	₱4,116,126	₱3,987,844	₱4,155,983
Obligations under lease	1,622,203	1,627,203	639,565	658,436
	<b>₱5,611,884</b>	<b>₱5,743,329</b>	<b>₱4,627,409</b>	<b>₱4,814,419</b>

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 5.1% and 4.6% was used in calculating the fair value of the long-term debt as of March 31, 2022 and December 31, 2021, 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 1.9% to 5.3% and 4.6% to 7.0% as of March 31, 2022 and December 31, 2021, 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, 2022:

	January 1, 2022	Cash Flows		Net	Others	March 31, 2022
		Availments	Payments			
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
<b>Total liabilities from financing activities</b>	<b>₱7,733,409</b>	<b>₱2,130,799</b>	<b>(₱1,250,346)</b>	<b>₱880,453</b>	<b>₱2,022</b>	<b>₱8,615,884</b>

For the three months ended March 31, 2021:

	January 1, 2021	Cash Flows		Net	Others	March 31, 2021
		Availments	Payments			
Short-term notes payable	₱2,163,500	₱678,000	₱—	₱678,000	₱—	₱2,841,500
Current portion of obligations under lease	372,669	—	(95,490)	(95,490)	43,010	320,189
Noncurrent portion of long-term debt	3,485,080	—	—	—	1,600	3,486,680
Noncurrent portion of obligations under lease	612,394	109	—	109	(43,010)	569,493
<b>Total liabilities from financing activities</b>	<b>₱6,633,643</b>	<b>₱678,109</b>	<b>(₱95,490)</b>	<b>₱582,619</b>	<b>₱1,600</b>	<b>₱7,217,862</b>

“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

On March 8, 2020, the Office of the President, under Proclamation 922, declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, placed the entire Philippines under a state of calamity due to the spread of the Novel Corona Virus Disease (COVID-19 pandemic). As part of these declarations and to manage the spread of the disease, certain areas in the Philippines were placed under various categories of community quarantine since March 17, 2020 and such community quarantines are still in effect at the date of filing of 2GO’s audited financial statements as of and for the year ended December 31, 2021 with the SEC.

The Government-mandated quarantine measures continue to evolve and involve various attendant measures including, but not limited to, travel restrictions, home quarantine and temporary suspension or regulation of business operations thereby limiting commercial and similar activities related to the provision of essential goods and services.

2GO across its various business units, has been significantly affected by the aforesaid quarantine measures. This resulted in limited business operations in Luzon and in many other parts of the country for most of 2020. Given the restricted mobility in and out of the country and the curtailed economic activities affecting demand not only in the Philippines but in other countries, 2GO experienced a decline and gradual recovery in sales/revenue volumes as aforementioned quarantine measures were slowly relaxed.

Management continues to evaluate and respond to other potential adverse impacts of the COVID-19 outbreak in future reporting periods. 2GO has activated its Business Continuity Implementation Plan and has taken steps to manage the risk of disruption in operations. 2GO likewise continuously monitors developments in the domestic and international markets for any further slowdown in economic activities and the drastic shift in customer or market preferences that may eventually depress sales, place pressure on the deployment of certain assets, and impair the realizability of trade receivables and other similar working capital items.

As part of the 2GO's commitment to customer and employee health and safety and its regulatory compliance, 2GO has likewise implemented stringent safety and precautionary measures, including disinfecting and sanitizing facilities, implementation of work-from-home schemes for its employees, and imposing social-distancing in the work places, in order to mitigate the risk and ensure continuity of business operations during this time of pandemic.

The foregoing events are reflected in the financial position and performance of 2GO for the three months ended March 31, 2022. Considering the evolving nature of the pandemic, 2GO cannot reasonably estimate at this time the length and severity of the pandemic, or the extent to which the disruption may materially impact 2GO's consolidated financial position, consolidated results of operations and consolidated cash flows in future reporting periods.

**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, 2022**

Unappropriated Deficit, beginning		<b>(₱3,109,814)</b>
Less: Deferred income tax assets, beginning		<b>66,872</b>
Treasury shares		<b>58,715</b>
Unappropriated Deficit, <i>as adjusted to available for dividend distribution</i> , beginning		<b>(3,235,401)</b>
<b>Add: Net loss actually earned/realized during the period</b>		
Net loss during the period closed to Deficit	(51,743)	
Less: Non-actual/ unrealized income, net of tax:		
Movement in deferred income tax assets	1,006	
Adjustment due to deviation from PFRS/ GAAP – gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total	(52,749)	
Add: Non-actual losses, net of tax:		
Adjustment due to deviation from PFRS/ GAAP – loss	–	
<b>Net income actually earned during the period</b>	<b>(52,749)</b>	<b>(52,749)</b>
Add (Less):		
Dividend declarations during the period	–	
Distributions paid	–	
Appropriations of retained earnings during the year	–	
Reversal of appropriations	–	
Treasury shares	–	
	–	–
<b>TOTAL DEFICIT, END AVAILABLE FOR DIVIDEND</b>		<b>(₱3,288,150)</b>

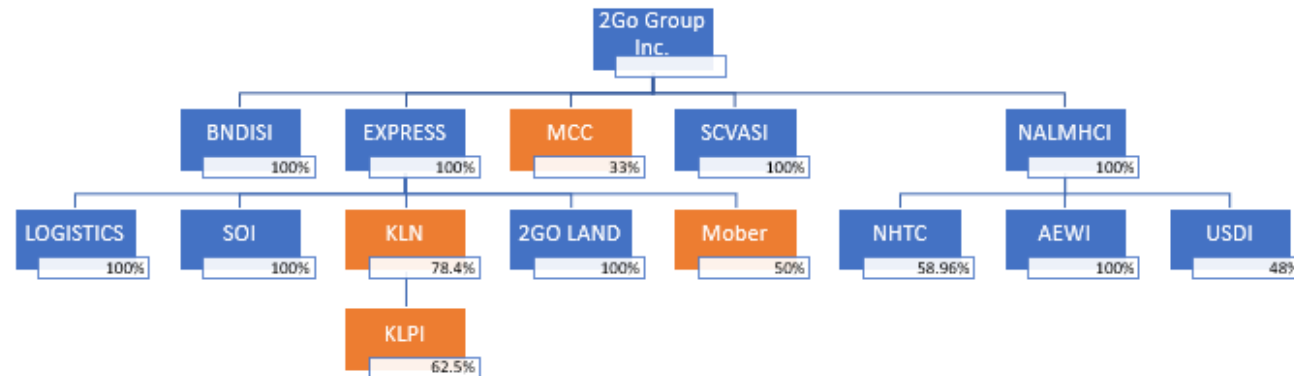
**2GO GROUP, INC. AND SUBSIDIARIES**  
**8/F Tower 1 Double Dragon Plaza, Edsa Ext.**  
**cor. Macapagal Ave., Pasay City**  
**KEY PERFORMANCE INDICATORS**  
**AS OF MARCH 31, 2022 AND DECEMBER 31, 2021**  
(Amounts in Thousands)

	March 31, 2022	December 31, 2021
Total Liabilities	₱13,431,796	₱12,279,767
Total Stockholders' Equity	604,450	638,954
<b>Debt-to-Equity</b>	<b>22.22</b>	<b>19.22</b>
Total Current Assets	₱6,734,363	₱6,598,155
Total Current Liabilities	7,749,969	7,421,048
<b>Current Ratio</b>	<b>0.87</b>	<b>0.89</b>
Total Quick Assets	₱3,669,097	₱3,550,925
Total Current Liabilities	7,749,969	7,421,048
<b>Quick Ratio</b>	<b>0.47</b>	<b>0.48</b>
Net Loss After Tax	(₱34,504)	(₱1,142,946)
Depreciation & Amortization	316,777	1,375,803
Net Income before Dep'n & Amortization	282,273	232,857
Short Term & Long-Term Notes	6,996,543	7,099,925
<b>Solvency Ratio</b>	<b>0.04</b>	<b>0.03</b>
Total Liabilities	₱13,431,796	₱12,279,767
Total Assets	14,036,246	12,918,721
<b>Debt-to-Asset Ratio</b>	<b>0.96</b>	<b>0.95</b>
Total Assets	₱14,036,246	₱12,918,721
Total Stockholders' Equity	604,450	638,954
<b>Equity-to-Asset Ratio</b>	<b>0.04</b>	<b>0.05</b>
Net Loss	(₱34,504)	(₱1,142,946)
Average Total Assets	13,477,484	13,839,089
<b>Return on Assets</b>	<b>(0.003)</b>	<b>(0.08)</b>
Net Loss	(₱34,504)	(₱1,142,946)
Average Total Stockholders' Equity	621,702	1,152,979
<b>Return on Equity</b>	<b>(0.06)</b>	<b>(0.99)</b>

	March 31, 2022	December 31, 2021
Sales	<b>₱3,990,906</b>	₱15,408,096
Cost of Services and Goods Sold	<b>3,655,755</b>	14,814,091
Gross Profit	<b>335,151</b>	594,005
<b>Gross Profit Margin</b>	<b>0.08</b>	0.04
Net Loss	<b>(₱34,504)</b>	(₱1,142,946)
Sales	<b>3,990,906</b>	15,408,096
<b>Net Loss Margin</b>	<b>(0.01)</b>	(0.07)
Price Per Share	<b>₱7.48</b>	₱8.14
Loss per Common Share	<b>(0.01)</b>	(0.46)
<b>Price per Loss Ratio</b>	<b>(₱527.70)</b>	(₱17.52)
EBIT	<b>₱97,096</b>	(₱684,814)
Interest Expense	<b>114,591</b>	416,928
<b>Interest Coverage Ratio</b>	<b>0.85</b>	(1.64)



## Corporate Structure



### Legend:

EXPRESS	2GO Express, Inc.	MCC	MCCP Transport Philippines, Inc.	AEWI	Astir Enginee Astir Engineering Works, Inc.
2GO LAND*	2GO Land Transport, Inc.	BNDISI**	Erisk Nautilus Dock Integrated Services, Inc.	NALMHCI	NAV-ATS Logistics Management & Holding Co., Inc.
LOGISTICS	2GO Logistics, Inc.	KLN	KLN Logistics Holdings Philippines, Inc.	USDI	United South Dockhandlers, Inc.
SOI	Scanasia Overseas, Inc.	KLPI	Kerry Logistics Philippines, Inc.	NHTC	North Harbor Tugs Corporation
SCVASI	Special Container and Value Added Services, Inc.	MOBER	Mober Technology PTE Inc.		

**\*Formerly WRR Trucking Corporation**

**\*\*Ended corporate life in May 2021**

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, 2022**  
(Amounts in Thousands)

<b>Ratio</b>	<b>Formula</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current ratio</b>	Total Current Assets Divided by Total Current Liabilities  <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>6,734,363</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divided by: Total Current Liabilities</div> <div>7,749,969</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div><b>Current Ratio</b></div> <div>0.87</div> </div>	<b>0.87</b>	0.89
<b>Acid test ratio</b>	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities  <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>6,734,363</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>(541,600)</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other current assets</div> <div>(2,523,666)</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick assets</div> <div>3,669,097</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divided by: Total Current Liabilities</div> <div>7,749,969</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div><b>Acid test ratio</b></div> <div>0.47</div> </div>	<b>0.47</b>	0.48
<b>Solvency ratio</b>	Net loss before Depreciation & Amortization (Net loss plus depreciation and amortization) divided by Interest Bearing Debt  <div style="display: flex; justify-content: space-between;"> <div>Net loss</div> <div>(34,504)</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Add: Depreciation &amp; Amortization</div> <div>316,777</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net income before depreciation &amp; Amortization</div> <div>282,273</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Short Term Notes</div> <div>3,004,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Long Term Notes</div> <div>3,989,681</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Obligations under finance lease</div> <div>4,799</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Divided by: Interest Bearing Debt</div> <div>6,998,480</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div><b>Solvency Ratio</b></div> <div>0.04</div> </div>	<b>0.04</b>	0.03

Ratio	Formula	March 31, 2022	December 31, 2021
<b>Debt-to-equity ratio</b>	Total Liabilities divided by Total Stockholders' Equity  Total Liabilities 13,431,796 Divided by: Total Stockholders' Equity 604,450 <hr/> <b>Debt-to-equity ratio</b> 22.22	<b>22.22</b>	19.22
<b>Asset-to-equity ratio</b>	Total Assets divided by Total Stockholders' Equity  Total Assets 14,036,246 Divided by: Total Stockholders' Equity 604,450 <hr/> <b>Asset-to-equity ratio</b> 23.22	<b>23.22</b>	20.22
<b>Interest rate coverage ratio</b>	Earnings before interest & tax divided by interest expense  Earnings (17,395) Add: Financing charges 114,591 Less: Interest income 100 <hr/> Earnings before interest and taxes 97,096 Divided by: Interest expense 114,591 <hr/> <b>Interest rate coverage ratio</b> (0.15)	<b>(0.15)</b>	(2.64)
<b>Return on equity</b>	Net loss divided by Average Total Stockholders' Equity  Net loss from operations (34,504) Divided by: Average Total Stockholders' Equity 621,702 <hr/> <b>Return on equity ratio</b> (0.06)	<b>(0.06)</b>	(0.99)
<b>Return on assets</b>	Net loss divided by Average Total Assets  Net loss from operations (34,504) Divided by: Average Total Assets 13,477,484 <hr/> <b>Return on assets</b> (0.003)	<b>(0.003)</b>	(0.08)
<b>Net profit margin</b>	Net Loss divided by Total Revenue  Net loss from operations (34,504) Divided by: Total Revenue 3,990,906 <hr/> <b>Net profit margin</b> (0.01)	<b>(0.01)</b>	(0.07)

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

**Results of Operations for the Three Months Ended March 31, 2022 and 2021**

Amounts in millions	Mar 31, 2022	Mar 31, 2021	% Change
Revenue	P 3,991	P 3,995	(0%)
Costs of Services and Goods Sold	3,656	4,000	9%
Gross Profit	335	(5)	(6,958%)
General and Administrative Expenses	243	226	(8%)
Operating Income	92	(231)	140%
Other Charges	110	66	(67%)
Provision for Income Tax	17	(5)	480%
Net Income (Loss)	P (35)	P (292)	88%
Add back:			
Financing Charges (Interest)	115	95	(21%)
Provision for Income Tax	17	(5)	480%
Depreciation and Amortization	335	390	14%
EBITDA	P 433	P 189	129%

2GO Group, Inc. and subsidiaries ("2GO" or the "Group") significantly improved and reduced its quarterly Net Loss to P35M in Q1 2022 from P292 in Q1 2021. This represents an 88% or P257M improvement year-over-year ("YoY"). 2GO trimmed its loss by focusing on profitable services and customers, driving efficiencies in operations including efficiencies from its investment in two large ROPAX vessels during 2021, and through stringent cost controls.

Total revenue was flat YoY, however revenue between shipping and logistics and other services varied. Shipping revenue, which is comprised of sea freight and passenger travel, increased 53% YoY due to a 53% or P388M increase in sea freight revenue and a 57% or P73M increase in passenger travel revenue. Logistics and other services revenue increased 14% or P210M driven by continued growth in cold chain reefers, ecommerce fulfillment, and international courier services. Distribution revenue declined 40% or P675M due to slowing in home consumer demand. Shipping accounted for 33% and Non-shipping accounted for 67% of total revenue during Q1 2022, compared to 22% and 78% respectively during Q1 2021.

Cost of services and goods sold decreased 9% YoY due to lower volumes from the distribution business and 2GO's efforts to improve efficiencies and control costs, mainly transport and delivery expenses. However, fuel prices increased 36% YoY in Q1 2022 leading to a negative price variance of P144M for the shipping business. General and administrative expenses increased 8% YoY due to increased support personnel and IT-related expenses as 2GO focuses on technology to further drive efficiencies. Other components of G&A expenses were flat or lower YoY.

Other charges were primarily comprised of P115M financing charges which are offset by income from associates and joint ventures as well as disposals of property and equipment. Other charges increased 67% YoY to of P110M as a result of lower income from associates and joint ventures and lower income from disposals of property and equipment during Q1 2022. Finance charges increased 21% YoY as a result of higher bank loans in Q1 2022 vs. 2021.

EBITDA improved 129% or P244M to P433M at 10.8% margin in Q1 2021 compared to P439M and 4.7% in Q1 2021.

## Financial Position as of March 31, 2022 and December 31, 2021

Amounts in millions	As of		% Change
	Mar 31, 2022	Dec 31, 2021	
Current Assets	₱ 6,734	₱ 6,598	2%
Noncurrent Assets	7,302	6,321	16%
<b>Total Assets</b>	<b>₱ 14,036</b>	<b>₱ 12,919</b>	<b>9%</b>
Current Liabilities	₱ 7,750	₱ 7,421	4%
Noncurrent Liabilities	5,682	4,859	17%
<b>Total Liabilities</b>	<b>₱ 13,432</b>	<b>₱ 12,280</b>	<b>9%</b>
Total Equity	604	639	(5%)
<b>Total Liabilities and Equity</b>	<b>₱ 14,036</b>	<b>₱ 12,919</b>	<b>9%</b>

Total Assets increased 9% from ₱12.9B to ₱14.0B, while Total Liabilities increased 9% from ₱12.3B to ₱13.4B.

### Assets

Current Assets increased 2% from ₱6.6B to ₱6.7B. Cash and Cash Equivalents increased 26% from ₱670M to ₱841M. Trade and Other Receivables, net of Allowance for Doubtful Accounts, decreased 2% from ₱2.9B to ₱2.8B.

Noncurrent Assets increased 16% from ₱6.3B to ₱7.3B as 2GO capitalized two facility lease renewals in accordance with PFRS 16 on Leases.

### Liabilities

Current Liabilities increased 4% ₱7.4B to ₱7.8B. Short-term Notes Payable decreased 3% from ₱3.1B to ₱3.0B. Trade and Other Payables increased 6% from ₱4.2B to ₱4.4B.

Noncurrent Liabilities increased 17% from ₱4.9B to ₱5.7B as 2GO capitalized two facility lease renewals in accordance with PFRS 16 on Leases.

### Equity

Total Equity decreased 5% from ₱639M to ₱604M due to the Net Loss incurred in Q1 2022.

## Key Performance Indicators

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

	Mar 31, 2022	Mar 31, 2021
Revenue Growth	(0.1%)	(22.8%)
Net Income Margin	(0.9%)	(7.3%)
EBITDA (in Millions of Pesos)	₱ 433	₱ 189
EBITDA Margin	10.8%	4.7%
	As of	
	Mar 31, 2022	Dec 31, 2021
Current Ratio	0.9	0.9
Interest Bearing Debt to Total Equity	14.3	12.1
Total Liabilities (less effect of PFRS 16) to Total Equity	19.5	18.2
Total Liabilities to Total Equity	22.2	19.2

Net Income Margin improved to -0.9% in Q1 2022 vs. -7.3% in Q1 2021. EBITDA improved 129% or ₱244M to ₱433M at 10.8% margin in Q1 2021 compared to ₱439M and 4.7% in Q1 2021. The improvements in Q1 2022 are noted above.

Current Ratio is 0.9 as of March 31, 2022 and December 31, 2021. Interest Bearing Debt to Total Equity increased to 14.3 as of March 31, 2022 from 12.1 as of December 31, 2021, while Total Liabilities to Total Equity increased to 22.2 from 19.2.

The Group calculates the key financial ratios as follows:

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

Refer to 2GO's Group, Inc. and Subsidiaries unaudited interim consolidated financial statements as of and for the three months ended March 31, 2022 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 2022, 2GO continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. 2GO plans to achieve this through more streamlined operations and collaboration within its business units, investment in warehousing and logistics information technology solutions for customers, and synergies and best practices from its new shareholders. Management is confident that 2GO will further its growth and become an even stronger logistics solutions provider going forward.

## Effect of COVID-19

On March 8, 2020, the Office of the President, under Proclamation 922, declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, placed the entire Philippines under a state of calamity due to the spread of the Novel Corona Virus Disease (COVID-19 pandemic). As part of these declarations and to manage the spread of the disease, certain areas in the Philippines were placed under various categories of community quarantine since March 17, 2020 and such community quarantines are still in effect at the date of filing of 2GO's audited financial statements as of and for the year ended December 31, 2021 with the SEC.

The Government-mandated quarantine measures continue to evolve and involve various attendant measures including, but not limited to, travel restrictions, home quarantine and temporary suspension or regulation of business operations thereby limiting commercial and similar activities related to the provision of essential goods and services.

2GO across its various business units, has been significantly affected by the aforesaid quarantine measures. This resulted in limited business operations in Luzon and in many other parts of the country for most of 2020. Given the restricted mobility in and out of the country and the curtailed economic activities affecting demand not only in the Philippines but in other countries, 2GO experienced a decline and gradual recovery in sales/revenue volumes as aforementioned quarantine measures were slowly relaxed.

Management continues to evaluate and respond to other potential adverse impacts of the COVID-19 outbreak in future reporting periods. 2GO has activated its Business Continuity Implementation Plan and has taken steps to manage the risk of disruption in operations. 2GO likewise continuously monitors developments in the domestic and international markets for any further slowdown in economic activities and the drastic shift in customer or market preferences that may eventually depress sales, place pressure on the deployment of certain assets, and impair the realizability of trade receivables and other similar working capital items.

As part of the 2GO's commitment to customer and employee health and safety and its regulatory compliance, 2GO has likewise implemented stringent safety and precautionary measures, including disinfecting and sanitizing facilities, implementation of work-from-home schemes for its employees; and imposing social-distancing in the work places, in order to mitigate the risk and ensure continuity of business operations during this time of pandemic.

The foregoing events are reflected in the financial position and performance of 2GO for the three months ended March 31, 2022. Considering the evolving nature of the pandemic, 2GO cannot reasonably estimate at this time the length and severity of the pandemic, or the extent to which the disruption may materially impact 2GO's unaudited interim condensed consolidated financial position, unaudited interim consolidated results of operations and unaudited interim condensed consolidated cash flows in future reporting periods.

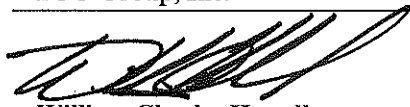
#### SIGNATURE

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 13, 2022

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