

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

RAMON G. JIMENEZ
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Contact Person

(02) 633 - 6205
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Company Telephone Number

1	2		
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Month Day

2022
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calendar year

SEC FORM 17Q (3rd Quarter of 2022)

FORM TYPE

0	9
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Month

3	0
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Day

Registered/Listed

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/ Section

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2022
2. Commission identification number 9142 3. BIR Tax Identification No 000-194-408-000
4. Exact name of issuer as specified in its charter **METRO GLOBAL HOLDINGS CORPORATION**  
Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
- Mezzanine Floor Renaissance Tower,  
Meralco Avenue, Pasig City 1604
7. Address of registrant's principal office 1604 Postal Code
8. (02)633-6248  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 n 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock - P 1 par value</u>	<u>2,000,000,000 shares</u>

11. Are any or all of the securities listed on the Philippine Stock Exchange?  
Yes ☒ No ☐  
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine and Makati Stock Exchange

Common shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and SRA Rule 11(1a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 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 90 days.

Yes ☒ No ☐

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2022**  
**(With Comparative Figures as of Calendar Year Ended December 31, 2021)**

	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current Asset</b>		
Cash	₱ 1,016,975	₱ 1,944,204
Receivables	13,518,993	7,494,090
Other current assets	807,537	489,752
<b>Total current assets</b>	<b>15,343,505</b>	<b>9,928,046</b>
<b>Non-current Assets</b>		
Due from related parties	892,803,245	892,803,244
Financial assets at fair value through OCI	3,062,886,869	3,062,291,051
Intangible asset, net	689,764	710,252
Investment in Associates	13,667,401	13,667,401
Investment in Subsidiary	0	
Deferred Tax Asset	1,411,672	1,411,672
<b>Total non-current assets</b>	<b>3,971,458,951</b>	<b>3,970,883,620</b>
<b>TOTAL ASSETS</b>	<b>₱ 3,986,802,456</b>	<b>₱ 3,980,811,666</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expense and other current liabilities	₱ 402,445,353	₱ 390,861,037
<b>Total current liabilities</b>	<b>402,445,353</b>	<b>390,861,037</b>
<b>Noncurrent Liabilities</b>		
Due to a stockholder	696,447,627	707,010,807
Due to other related parties	262,242,537	249,610,537
<b>Total non-current liabilities</b>	<b>958,690,164</b>	<b>956,621,344</b>
<b>Total Liabilities</b>	<b>1,361,135,516</b>	<b>1,347,482,381</b>
<b>Stockholder's Equity</b>		
Share Capital	1,998,553,181	1,998,553,181
Additional paid-in capital	589,120,803	589,120,804
Fair value reserve	2,082,372	1,486,553
Retained Earnings	35,910,581	44,168,747
<b>Total stockholders equity</b>	<b>2,625,666,937</b>	<b>2,633,329,285</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>₱ 3,986,802,456</b>	<b>₱ 3,980,811,666</b>

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021**

		For the nine months ended September 30	
		2022	2021
<b>REVENUES</b>			
Depot Royalty Income	₱	13,518,993	₱ 0
Interest Income		539	3,313
Realized Forex Gain/Loss		24,218	14,726
<b>EXPENSES</b>			
Provision for Income Tax Expense		0	139,942
General & Administrative Expenses		(21,801,917)	(21,702,856)
<b>Net Income/( Loss) for the year</b>	₱	(8,258,166)	₱ (21,544,874)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Fair value gain (loss) on financial assets at fair value through OCI		595,818	288,539
<b>TOTAL COMPREHENSIVE INCOME /(LOSS)</b>	₱	(7,662,348)	₱ (21,256,335)
<b>INCOME/(LOSS) PER SHARE</b>		(0.0041)	(0.0108)

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME & DEFICIT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(With Comparative Figures for the Nine Months Ended September 30 and July to September 2022 & 2021)

	January to September		July to September	
	2022	2021	2022	2021
Depot Royalty Income	13,518,993	0	5,621,552	0
Interest Income	539	3,313	79	1,388
Realized Forex Gain/Loss	24,218	14,726	10,711	
<b>EXPENSES</b>				
Provision for Income Tax Expense	0	139,942	0	0
General & Administrative expenses	(21,801,917)	(21,702,856)	(5,594,037)	(6,938,486)
<b>NET LOSS</b>	(8,258,166)	(21,544,874)	38,307	(6,937,098)
DEFICIT AT BEGINNING OF THE QUARTER	44,168,747	(2,571,012,814)	35,872,275	(2,585,620,590)
<b>INCOME (DEFICIT) AT END OF THE MONTH</b>	<u>35,910,581</u>	<u>(2,592,557,688)</u>	<u>35,910,581</u>	<u>(2,592,557,688)</u>

**\*\*Note: LOSS PER SHARE**

The computation of loss per share is as follows:

	January to September		July to September	
	2022	2021	2022	2021
(a) Net Income/loss	(8,258,166)	(21,544,874)	38,307	(6,937,098)
(b) Weighted average number of shares outstanding	1,998,553,181	1,998,553,181	1,998,553,181	1,998,553,181
	(0.0041)	(0.0108)	0.0000	(0.0035)

**METRO GLOBAL HOLDINGS CORPORATION**  
**AGING OF RECEIVABLES**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

<b><u>RECEIVABLES FROM</u></b>	<b>Less than 1 Year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years</b>	<b>Total</b>
NTDCC	13,518,993				<b>13,518,993</b>
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<b>TOTAL</b>	<b>13,518,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,518,993</b>
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**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED TRAILING 12MONTHS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

Year to Date September 2022 Net Loss	P	(8,258,166)
Year to Date December 2021 Net Income		2,614,593,873
Year to Date September 2021 Net Loss		<u>(21,544,874)</u>
Trailing 12 mos Net Income	P	2,627,880,581
Weighted Average Number of Shares Outstanding		1,998,553,181
Trailing 12mos Earnings/(Loss) per Share (Basic)		1.3149

**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**(With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021)**

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CAPITAL STOCK P 1 par value</b>	1,998,553,181	1,998,553,181
<b>ADDITIONAL PAID IN CAPITAL</b>	589,120,804	589,120,804
<b>CUMULATIVE CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
Balance at beginning of the year	1,486,553	1,131,344
Other Comprehensive Income	595,819	288,539
Balance at end of the year	2,082,372	1,419,883
<b>DEFICIT</b>		
Balance beginning of the Year	44,168,747	(2,571,012,814)
Net Loss	(8,258,166)	(21,544,874)
<b>Balance at end of year</b>	<b>35,910,581</b>	<b>(2,592,557,688)</b>
	2,625,666,937	(3,463,820)



**METRO GLOBAL HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**(With Comparative Figures for the Nine Months Ended September 30, 2022 & 2021)**

	Nine Months Ended September 30	
	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before income tax	₱ (8,258,166)	₱ (21,544,874)
Adjustment for:		
Increase (Decrease) in		
Receivables	(6,024,903)	8,863,009
Intangible assets, net	20,488	20,488
Other current assets	(317,785)	(24,986)
Accrued expenses and other current liabilities	11,584,316	3,441,593
Income Tax Payable	0	(1,212,833)
<b>Net cash used for operating activities</b>	<b>(2,996,050)</b>	<b>(10,457,603)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in Due to related parties	12,632,000	51,136,631
Increase(Decrease) in Due to stockholder	(10,563,180)	(36,131,914)
<b>Net cash used in financing activities</b>	<b>2,068,821</b>	<b>15,004,717</b>
<b>Net Increase/Decrease in Cash</b>	<b>(927,229)</b>	<b>4,547,114</b>
CASH BEGINNING OF THE YEAR	1,944,204	1,983,966
<b>End of Period</b>	<b>₱ 1,016,975</b>	<b>₱ 6,531,080</b>

**Metro Global Holdings Corporation and Subsidiaries**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Basis of Preparation**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention except for financial assets at FVOCI.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

**Changes in Accounting Policies and Disclosures**

There are no new standards, amendments and interpretations which are effective for the financial year beginning January 1, 2021 that are relevant to and have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing the consolidated financial statements. None of these standards are expected to be relevant on the consolidated financial statements of the Group, except for the following:

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- o right-of-use assets and lease liabilities, and
- o decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. Changes in accounting policy and disclosures

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's consolidated financial statements.

## **Financial assets**

### Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group holds financial assets at fair value through OCI.

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Group's financial assets at amortized cost category includes cash, trade and other receivables, and due from related parties.

The Group classifies the following investments as financial assets at FVTPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at fair value through OCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investments in debt instruments designated as financial assets at FVTPL at initial recognition.

The Group's does not hold financial assets at FVTPL.

### Recognition and subsequent measurement

The Group recognizes a financial asset in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVOCI are recognized in other comprehensive income.

The Group assesses whether the cost is the best estimate of fair value of financial assets at FVOCI.

In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the financial assets, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

### Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the consolidated statement of total comprehensive income.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

### *Simplified approach*

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the customers to settle the receivables.

### *General approach*

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the

Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECL*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of total comprehensive income and presented in other gains/(losses).

### **Financial liabilities**

#### Classification

The Group classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost. Financial liabilities under category (i) comprise of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities under category (i) during and at the end of each reporting period.

Other financial liabilities at amortized cost are contractual obligations which are either those to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Group's other financial liabilities at amortized cost consist of accrued expenses and other current liabilities (excluding payable to government agencies), due to a stockholder, and due to other related parties.

#### Recognition and measurement

The Group recognizes a financial liability in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provision of the instrument.

Other financial liabilities at amortized cost are initially measured at fair value plus transaction costs.

Subsequently, these are measured at amortized cost using the effective interest rate method.

#### Derecognition

Other financial liabilities at amortized cost are derecognized when the obligation is paid, settled, discharged, cancelled or has expired.

#### Transfer, assumption, or assignment of liabilities

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

#### **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The Group's quoted financial assets at FVOCI are under this category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial instruments presented as part of current assets and current liabilities as at December 31, 2021 and 2020 approximate their fair values due to their short-term maturities.

The fair values of due to a stockholder and due to other related parties as of December 31, 2021 amounted to P626,594,392 (December 31, 2020 - P665,576,140) and P221,219,479 (December 31, 2020 - P322,982,783), determined using discounted cash flow approach by applying current market interest rates of 3.51% (December 31, 2020 - 2.49%) (Level 2),



based on the expected settlement of the amounts by the end of the BLT Agreement in July 2025.

The Group has no other financial assets and liabilities measured at fair value during and at the end of each reporting date.

#### *Non-financial assets*

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The carrying value of the Group's non-financial assets, substantially property and equipment, approximate its fair value in the light of the assets' current use is presumed to be its highest and best use.

#### **19.1 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. The Group does not have financial assets and liabilities that are covered by enforceable master netting arrangements and other similar agreements.

#### **Consolidation**

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, MGHC Royal Holdings Corporation (MGHC Royal) and Metro Renewable Transport Solutions, Inc. (Metro Renewable). The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The Group's subsidiaries as at December 31 are set out below. Unless otherwise stated, these have share capital consisting solely of ordinary shares that are held directly or indirectly by the Parent Company, and the proportion of ownership interests held equals the voting rights held by the Group.

	Ownership interest/ participating share held			Country of incorporati on	Main activity
	2021	2020	2019		
MGHC Royal	99%	99%	99%	Philippines	MGHC Royal was organized and established on May 19, 2017 to engage in the business to invest or purchase, otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.
Metro Renewable (Incorporated in 2020)	100%	100%	-	Philippines	Metro Renewable was organized and established on October 23, 2020 to engage in infrastructure development or providing services in relation with and in connection thereto, including but not limited to the construction of whatever kind and nature and for whatever purpose, buildings, roads, bridges, railways, ports, highways and other passages and facilities for transportation and communication.

### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

### *Non-controlling interests*

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Group. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the equity attributable to the Parent Company.

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

The amount of non-controlling interests from the Group's investment in MGHC Royal Holdings Corporation (MGHC Royal) is immaterial as at December 31, 2021 and 2020 considering that MGHC Royal is a dormant entity.

#### *Disposal of subsidiary*

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

#### **Cash**

Cash includes cash on hand and deposits held at call with banks. These are carried in the statement of financial position at nominal amount which approximates fair value. Cash in banks earn interest at the prevailing bank deposit rates.

#### **Trade and other receivables, net**

Trade receivables arising from depot royalties with an average credit term of 60 days are recognized at transaction price and subsequently measured at amortized cost using effective interest method less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

Trade receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers) and are approved by the BOD.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

#### **Other current assets**

Other current assets consist of input value-added tax (VAT) and creditable withholding taxes. These are stated at face value less provision for

impairment, if any. Provision for unrecoverable input VAT and creditable withholding taxes, if any, is maintained by the Group at a level considered adequate to provide for potentially unutilizable or uncollectible portion of the claim. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Input VAT and creditable withholding taxes are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Amounts are included in current assets, except when the related assets are expected to be realized more than twelve (12) months after the reporting period which are classified in non-current assets.

### **Investment in associate**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. It is also decreased by dividends received from the investee. The Group's investment in associates includes goodwill identified on acquisition. Any excess of the Group's share of the net fair value of the associates' identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate, equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **Intangible assets**

Intangible assets acquired separately are carried at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the remaining useful economic life at the date of acquisition or business combination. These are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at the end of each reporting date.

The Group's intangible asset, pertaining to depot royalty rights, was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of the development rights.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

#### **Impairment of non-financial assets**

Non-financial assets that have definite useful lives are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses in the consolidated statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

#### **Accrued expense and other current liabilities**

Accrued expense and other current liabilities are obligations to pay for related money received, goods or services that have been acquired in the ordinary course of business from purchase of goods or service.

Accrued expense and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The transfer, assumption, or assignment of financial liabilities to or from other parties for no consideration requires recognition of gains or losses, charged to other income or expense in the statement of total comprehensive income.

### **Provisions and contingencies**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

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

### **Revenue Recognition**

Revenue is measured based on the transaction price specified in a contract with the customer. The Group recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

### *Depot royalty income*

The amount of royalty income is recognized over time as NTDCC earns rental income from the TriNoma commercial center. The use of a time-based approach (output method) best provides a faithful depiction of the transfer of services to the customer given the nature of the royalty arrangement.

### *Dividend income*

Dividend income is recognized at the point in time when investees have declared dividends.

### *Other income*

Other income is recognized when earned.

### *Interest*

Revenue is recognized on a time-proportion basis using the effective interest method.

## **Cost and expense recognition**

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the statement of total comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent
- that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method.

## **19.2 Employee benefits**

### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

## *(ii) Retirement benefits*

The Group has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under RA No. 7641, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary plus one twelfth of the 13th month pay and cash equivalent of not more than 5 days of service incentive leaves for every year of service (or 100% of monthly salary), a fraction of at least 6 months being considered as one whole year.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

## *(iii) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

## **Foreign currency transactions and translations**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Philippine pesos, which is the Group’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign



exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

### **Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **Current and deferred income tax**

Income tax expense recognized in profit or loss during the period comprises of current and deferred income tax (DIT), except to the extent that it relates to items recognized in other comprehensive income.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related DIT asset is realized or the deferred income tax liability is settled.

DIT assets are the amounts of income taxes recoverable in future periods in respect of all deductible temporary differences. DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

### **Earnings per share**

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, if any.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares has anti-dilutive effect, basic and diluted EPS are stated at the same amount.

### **Equity**

Capital stock is determined using the par value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

### **Subsequent events**

Subsequent events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to financial statements when material.

## **2. Significant Accounting Judgment and Estimate**

The Company's financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgment and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **Judgments**

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

**Determination of Functional Currency.** Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The functional currency is the currency of the primary economic environment in which the Company operates.

**Determination of Fair Value of Financial Assets and Financial Liabilities.** Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

The fair value of financial assets amounted to ₱3.07 billion as at September 30, 2022 and December 31, 2021. The fair value of financial liabilities amounted ₱52.4 million as at September 30, 2022 and ₱40.9 million as at December 31, 2021.

**Determination of Fair Value of Financial Assets not Quoted in an Active Market.** The Company determines whether a reliable measure of fair value is available for equity investments not quoted in an active market. If a reliable measure is not available or ceases to be available, the unquoted equity investments are measured at cost.

The fair values of the Company's investments in MRTHI and MRTH II cannot be reasonably determined as the shares are unquoted nor are there any expected future cash flows in view of the sale of future distributions and that the investments, pursuant to the "Letter of Agreement", will be used to settle the Company's liability to FEMI.

**Determination of Impairment of AFS Financial Assets.** The Company treats quoted AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant decline" when the difference between its cost and fair value is 20.0% or more and "prolonged decline" when the fair value of quoted equity securities is lower than its cost for more than twelve months. In making this judgment, the Company evaluates, among other factors, the normal volatility in share price for quoted equities.

There was no impairment for quoted equity securities as of September 30, 2022 and December 31, 2021. The carrying value of quoted equity securities amounted to ₱4.6 million and ₱4.0 million as at September 30, 2022, and December 31, 2020.

In the case of unquoted shares, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. The Company's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Unquoted equity securities as at December 31, 2021 consist of investments in MRTHI and MRTHII. The Group's ownership interests in MRTHI and MRTHII as at December 31 are as follows:

Investee	Direct interest	Indirect interest	Effective interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI owns 84.9% interest in MRTH II while MRTHII wholly owns Metro Rail Transit Corporation (MRTC), which was awarded by the Philippine Government, acting through the Department of Transportation and Communication (DOTC), the Build, Lease and Transfer (BLT) Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I. The earnings of MRTC are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

*Critical accounting estimate and judgment - Measurement of unquoted equity instruments - cost as an estimate of fair value*

As required by PFRS 9, all equity investments in scope of PFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognized either in profit or loss or other comprehensive income. PFRS 9 further provides that cost might be used as a measure of fair value where cost represents the best estimate of fair value. Upon the adoption of PFRS 9, the Group has assessed that the cost of investments in MRTHI and MRTHII amounting to P3,058,238,915 as at December 31, 2021 (2020 - P1,490,792,040) represents the best estimate of fair value of those investments.

The Group assesses whether the cost is the best estimate of fair value of investments in MRTHI and MRTHII. In making the assessment, the Group checks whether there are events or circumstances that might indicate that cost might not be representative of fair value of the investees, including significant change in the investees' performance and operations, as well significant change in the economic environment in which the investees operate. The Group also considers costs as the best measure of fair value where more recent available information is insufficient to determine fair value; or where there is a wide range of possible fair value measurements, and cost represents the best estimate of fair value within that range.

Any change in the Group's assessment of the best estimate of fair value of investments in MRTHI and MRTHII could impact the recorded carrying amount of financial assets at fair value through OCI and related fair value gains or losses recognized in other comprehensive income.

As at December 31, 2021 and 2020, the Group has assessed that the cost of investments in MRTHI and MRTHII represents the best estimate of fair value of those investments. In addition, the Group has assessed that the carrying amount of the investments in MRTHI and MRTHII are recoverable in full and can be realized in the future through the Parent Company's share in the benefits arising from the capacity expansion projects to be undertaken by MRTC. Notwithstanding the sale of future share distributions pursuant to "Sale of future share distributions" discussed in (a) below, the Parent Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTHII. Further, the Group holds a put option to use the shares of stocks of MRTHI and MRTHII to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" as discussed in (b) below.

The Group's unquoted financial assets, pertaining to investments in MRTHI and MRTHII, are under Level 3 fair value category. The cost of the investments represents the best estimate of the fair value of the investments as at reporting

date. Therefore, the higher the cost of investments, the higher is the related fair value.

#### *Sale of future share distributions*

In 2002, the Parent Company and other participating shareholders of MRTHI and MRTHII (collectively referred to as the 'Sellers', entered into Sale Agreements where they sold all future share distributions arising from the equity rental payments (ERP) of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds).

The transaction is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Group in MRTHI and MRTHII are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Group's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Notwithstanding the sale of future share distributions, the Group continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II in compliance with the various agreements related to the sale of share of future share distributions mentioned above, as well as the Group's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTHII are precluded from transferring their equity interest in MRTHI and MRTHII until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTHII through MRTC from DOTC in the future and any benefits arising from the residual rights in the expansion projects shall still accrue to the Group and the other shareholders.

#### *Letter of agreement*

On August 18, 2005, the Parent Company and FEMI entered into a "Letter of Agreement", whereby FEMI has agreed to grant the Parent Company the sole option to assign to FEMI its equity interests in MRTHI and MRTHII as settlement of the Parent Company's liabilities to FEMI, included in 'Due to a stockholder' account in the statements of financial position, and any additional advances or interest which FEMI may charge to the Parent Company in relation to the said advances. Under the "Letter of Agreement," should the Parent Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

#### *Dividend income*

On December 13, 2021, MRTHII declared dividends to its shareholders, of which P2,606,190,497 pertains to the Group's share. The dividend income was recognized as part of other income in the statement of total comprehensive

income for the year ended December 31, 2021. The dividends were discharged/settled as follows:

- P147,706,848 was offset and eliminated against the liability to MRTHII, representing outstanding cash advances received from MRTHII, presented under due to other related parties in the statement of financial position;
- P1,567,446,876 was applied against liability from sale of future share distributions shown as a reduction of investment in MRTHII. Pursuant to the Sale of future share distributions agreement entered by the Parent Company and other participating shareholders of MRTHI and MRTHII as described in (a) above, the Parent Company recognized P1,567,446,876 liability from the sale of the future share distribution from the MRTC project as a reduction of investment in MRTHI and MRTHII. The total carrying amount of investment in MRTHI and MRTHII after the dividend transaction amounted to P3,058,238,916 as at December 31, 2021; and
- The remaining amount of P891,036,773 will be settled in cash and presented as dividend receivable under due from related parties. The amount is not expected to be collected within 12 months from the end of the reporting period, thus presented as part of non-current asset in statement of financial position.

In addition, the Company also believes that other sources of realization of the carrying value of the AFS investments in unquoted equity shares will be from the following (a) the Company's share in any additional variable equity rental payments (ERP) received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold and (b) the Company's share in the benefits arising from the residual rights in the expansion project. However, the benefits that can be derived from these cannot still be quantified and therefore not included in the calculation of impairment loss.

### **Estimate**

The key assumption concerning future and other key source of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

### ***Recognition of Deferred Tax Assets.***

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

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

The Company's financial assets and financial liabilities are cash in banks, AFS financial assets, accrued expenses and other current liabilities and due to a stockholder (excluding deposits received in consideration from the Cooperation Agreement). The BOD reviews and approves policies of managing each of the risks.

### ***Financial risk factor***

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's overall risk management program focuses on

the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

The most important types of risk the Group's manages are liquidity risk and credit risk.

### **Liquidity Risk**

Liquidity risk arises from the possibility that the Group will encounter difficulty in raising funds to meet associated commitments with financial instruments.

The Group manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term advances from related parties are availed to cover for immediate expenses and maturing obligations. The Group is also able to defer payments of some of its due to related party balances.

The Group continues to obtain support from FEMI to finance the Group's operations.

### **Credit Risk**

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Group's business, could result in losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate net carrying amounts due to their short-term maturities.

The Group has a significant concentration of credit risk on its transactions with NTDCC, its sole customer. However, this is brought down to an acceptable level since depot royalties are collected in accordance with the agreement and the Group's credit policy with no reported defaults and write-offs in previous years. In addition, credit risk is minimized by monitoring receivables regularly.

No impairment loss was recognized as at September 30, 2022.

### **Cash in banks**

To minimize credit risk exposure from its cash account, the Group deposits its cash in universal banks that have good credit ratings. Accordingly, the Group's cash in bank is subject to insignificant expected credit loss as at reporting dates.

### **Capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximizing the return on investments of stockholders. The Group monitors its use of capital by comparing deficit to total capitalization

and makes adjustments to it in light of changes in economic conditions and its financial position.

The Group considers its long-term debt from FEMI and other related parties, as well as total equity consisting of share capital, additional paid-in capital, and deficit, as its capital:

	September 30, 2022	December 31, 2021
Accrued expenses and other current liabilities	402,445,353	390,861,037
Due to/from related parties	(630,560,708)	(643,192,707)
Less cash on hand and in banks	1,016,975	1,944,204
Net debt (a)	(229,132,330)	(254,275,874)
Due to a stockholder	696,447,627	707,010,807
Total stockholders' equity	2,620,045,385	2,633,329,285
Capital and net debt (b)	3,087,360,682	3,086,064,218
Gearing ratio (a/b)	(7.42%)	(8.24%)

The Group continuously conducts an internal review its capital and financial risk management objective and policies.

### 3. Other Information

With regards to debt and equity securities, there were no issuances and/or repurchases incurred in the third quarter ended, September 30, 2022.

The Group has not made any reorganization, entered into any merger or consolidation or any business combinations. Also, the Group was not involved in any acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations since the last reporting period of December 31, 2021.

As of December 31, 2021 up to this quarter period reporting (September 30, 2022), no contingent liabilities or contingent assets have been declared.

## PART 1 – FINANCIAL INFORMATION

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

Metro Global Holdings Corporation (MGHC), the Parent Company continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and MRTHII and its associate, Monumento Rail.

MGHC plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTHI and MRTHII. The combined investment in these two holding companies represents approximately 29% interest in the MRT 3 System along EDSA. The Phase 1 of the MRT Project (LRTS Phase 1) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation



for the next twelve (12) months was strictly confined to that of an investee corporation.

The Parent company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions (e.g., Makati Loop and Airport Link) and capacity expansion via procurement of additional trains/vehicles.

The Group's main source of income has been its share in the lease rental income termed as "Depot Royalty Income" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC). The Group recognized depot royalties of P7.9 million in 2021, P9.3 million in 2020 and P30.3 million in 2019.

During the past two years, the Group posted net operating income of P2.6 billion in 2021 and P885.8 thousand in 2020.

The Group's Retained earnings also posted an increase of P2.615 billion in 2021, in view of the P2.61 billion net income recognized by the Group in 2021.

The Group continues to recognize a Stockholders Equity balance of P2.633 billion in 2021. This had increased significantly when compared to the December 31, 2020 balance of P17.8 million.

During the regular meeting of the Board of Directors of the Parent Company held on September 24, 2018, the Board approved to (i) increase the Authorized Capital Stock of the Parent Company from P2,000,000,000 divided into 2,000,000,000 shares with a par value of One Peso (P1.00) per share to P5,000,000,000 divided into 5,000,000,000 shares with a par value of One Peso (P1.00) per share (ii) that out of the P3,000,000,000 increase in the Authorized Capital Stock, the amount of P750,000,000 representing 750,000,000 common shares at par value of P1.00 per share shall be subscribed by FEMI and (iii) that out of the said subscription, the amount of P500,000,000 representing 500,000,000 common shares at par value of P1.00 per share shall be fully paid through offset of outstanding payables of the Parent Company to FEMI to the extent of P500,000,000. The subscription for the 250,000,000 common shares at P1.00 per share or subscription price of P250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of the shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

**Conversion of Liabilities to Equity.** On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Parent Company at a par value of P1.00 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted into equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The liability amount for conversion was further increased to P800.0 million and subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of a portion of the liabilities of the Parent Company to FEMI amounting to P800.0 million into equity shares in the Company, equivalent to 800.0 million shares with a par value of P1.00 per share.

On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Parent Company through the conversion into equity of a portion of its receivables amounting to P200.15 million, equivalent to 200,150,000 shares at P1.00 per share par value.

On September 4, 2014, the SEC approved the conversion of a portion of the Parent Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value.

**Cooperation Agreement.** On November 12, 2010, the MGHC, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the 'Fil-Estate Companies') entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at March 31, 2021 has not yet occurred.

**Redemption of Redeemable Preferred Shares in Monumento Rail.** On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former's right to receive Depot Royalties ("Depot Royalty Rights" with respect to improvements constructed on the 16-hectare Depot located at North Triangle, EDSA and rental income from the commercial center known as Trinoma Mall in the Depot pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and the Parent Company executed the Redemption and Deed of Assignment whereby for and in consideration of the cancellation of the redeemable preferred shares issued by Monumento Rail to the Company and certain trustees of the Parent Company, Monumento Rail assigned to the Parent Company a pro-rata interest of Monumento Rail's Depot Royalty Rights to the extent of an aggregate of 28.47%.

The cost of the Parent Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of Monumento Rail, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as at August 22, 2006.

As a result of the redemption, the Parent Company recognized a Depot royalty right intangible asset amounting to P901,471 which is equivalent to the value of the Parent Company's investment in the redeemable preferred shares of Monumento Rail consisting of 18,029,417 shares. The intangible asset was assigned with a useful life of 33 years commencing from 2014 up to 2047 or the expiration of development rights as provided for in the Redemption and Deed of Assignment.

As at December 31, 2021, 2020 and 2019, the Parent Company recognized its share in lease rental income from the Trinoma Mall, classified as depot royalty income in the financial statements, of P7,887,684, P9,329,483, and P30,296,661, respectively. This represents the 28.47% in the 5% of the lease rental income of Trinoma Mall in those years, which were collected in subsequent years.

**Settlement Agreement.** On December 17, 2014, the Parent Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16-hectare Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Royalty arising from the development of assigned specific developable areas in the Depot to Monumento Rail Transit Corp. (Monumento Rail) or its successors-in-interest in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO and the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and Monumento Rail.

The Parent Company became a successor-in-interest of Monumento Rail to the extent of 28.47% of Depot Royalties corresponding to 5% of the gross receipts of the rental income and 5% of the gross proceeds of sale or leases of improvements from the exercise by specific assignees of the development rights in specific developable areas of the Depot by virtue of the Settlement Agreement and the December 17, 2014 Deed of Assignment between Monumento Rail and the Company.

**Lease Agreement**

On October 29, 2015, GERI and NTDCC entered into a Lease Agreement over North Avenue Lot Pads A and B in the Depot. As a condition to the signing of the Lease Agreement, GERI required NTDCC to execute an Assumption and Accession Agreement in favor of the Company, which agreement is described below.

**Assumption and Accession Agreement**

On October 29, 2015, as a condition for Global- Estate Resorts, Inc. (GERI) to enter into a Lease Agreement with North Triangle Depot Commercial Corporation (NTDCC) and for the latter to commence development on North Avenue Lot Pads A and B in the Depot, GERI, NTDCC and the Company entered into an Assumption and Accession Agreement. Under the agreement, NTDCC, with the consent of the Parent Company, assumed the obligation of GERI to pay the Company the latter's 28.47% share of 5% of the Depot Income from developments and improvements on North Avenue Lot Pads A and B in the Depot.

**Corporate Name Change**

On March 18, 2014, the BOD approved the amendment of the Articles of Incorporation and By-laws of the Parent Company, a major provision of which was the change in its corporate name from Fil-Estate Corporation to Metro Global Holdings Corporation. The amendments were intended to identify the group of companies under the "METRO GROUP" and establish the affiliation of the Parent Company with its affiliate infrastructure companies which likewise had the word "Metro" in their corporate names.

The foregoing amendments were approved by the Securities and Exchange Commission on May 14, 2014.

**New Management Plans**

**Proposed increase in Authorized Capital Stock.** The Parent Company

plans to increase its authorized capital stock to 5,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share. The initial plan in increase of its authorized Capital stock to 3,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share has been superseded by the approval by the Board of Directors on 24 September 2018.

FEMI agrees to subscribe to 25% of the planned increase in capitalization, or 750,000,000 shares at P1.00 per share. Out of the said subscription, Five Hundred Million Pesos (P500,000,000.00) corresponding to Five Hundred Million (500,000,000) common shares at P1.00 per share will be fully paid through the conversion into equity of portion of FEMI's advances to the Parent Company.

At the Annual Stockholder's Meeting held on November 22, 2018, the stockholders approved the increase in authorized capital stock from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (Php1.00) per share and the corresponding amendments to Article Seventh of the Amended Articles of Incorporation of the Parent Company. The stockholders also approved the subscription of FEMI to Seven Hundred Fifty Million (750,000,000) common shares of the Parent Company at par value of P1.00 per share with part of subscription price to the extent of Five Hundred Million Pesos (P500,000,000.00) to be offset against the Parent Company's advances from FEMI. The subscription for 250,000,000 common shares at P1.00 per share or subscription price of P250,000,000.00 is intended to be paid fully or partially via assignment to the Parent Company of shares of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar).

As at September 30, 2022, the application for increase in authorized capital stock is pending with the SEC while awaiting the valuation of the Metro Solar shares.

**Expansion of the Company's primary purpose.**

The Parent Company plans to expand its primary purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

On November 20, 2018, the Board authorized the Company to enter into a Memorandum of Agreement with Fil-Estate Management Inc. (FEMI) whereby the Company shall purchase the Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares of common stock of FEMI in Metro Solar Power Solutions, Inc. (Metro Solar); a stock corporation registered with the Securities and Exchange Commission (the "SEC") with SEC registration No. CS201622607 on September 28, 2016 with principal activity to construct, erect, assemble, commission and maintain power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution.

Such shares issued by Metro Solar to FEMI represent 100% percent of the entire issued and outstanding capital stock of Metro Solar. As per agreement with FEMI, the consideration in the value of the Metro Solar shares will be determined based on an appraisal report to be prepared by an independent appraiser acceptable to the Parent Company.

The shares that the Parent Company will issue to FEMI in exchange for the Metro Solar shares will come from the proposed P3 billion (P3,000,000,000.00) increase in authorized capital stock of the Company.

On November 22, 2018, during the annual Stockholders Meeting, the stockholders approved the amendment of the Article Second of the Articles of Incorporation to include in the primary purpose investment in business engaged in solar, wind, and other renewable energy generation facilities. The proposed amendment will allow the Parent Company to expand its investment into business engaged in solar, wind, and other renewable energy generation facilities.

On October 30, 2019, the SEC approved said amendment and upon payment of corresponding assessment fees, shall issue the corresponding Certificate of Amended Articles of Incorporation.

**Assignment of Share in Lease Income Termed “Depot Royalties”.**

On November 20, 2018 the Board approved to earmark/allocate to FEMI its Depot Royalties from the rental income derived from Trinoma Mall for a period of fifteen (15) years commencing January 30, 2020 and ending January 30, 2034 to enable the Company to partially repay the Advances to FEMI to the extent of Three Hundred Million Pesos (P300,000,000.00)

On April 11, 2019, the Board of Directors of the Parent Company passed a Resolution approving the Company’s agreement with FEMI that in consideration of FEMI not charging interest on the outstanding obligations of the Company, the Company agreed to partially repay the Advances from FEMI by way of allocating to FEMI dividends and other income from affiliates of the Company in addition to the assignment of Depot Royalties from the rental income derived in Trinoma Mall for a period of fifteen (15) years commencing on January 30, 2020 and ending on January 30, 2034.

**Proposal to Department of Transportation and Communications (DOTC).** On December 19, 2014, MGHC presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast-Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Holdings II, owner of Metro Rail Transit Corporation (MRTC) which in turn owns the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government. Subsequently, MRTC adopted the proposal and submitted the same to DOTC and the Office of the President.

As at September 30, 2022, the foregoing proposals remain pending with the Office of the President.

MGHC, the Parent company, currently has ten (10) employees.

MGHC Royal and MRTSI are both not yet in commercial operation and have no employees as of September 30, 2022. The management of the two companies is currently being undertaken by the executive officers of MGHC.

Cash decreased by about ₱927 thousand or 47.69%, from ₱1.9 million in December 2021 to ₱1.0 million in September 2022. The decrease was primarily due to high level of net cash used to payoff various payables and operating expenses incurred during the third quarter of 2022.

Receivables increased by ₱6.0 million or 80.40% in view of the accrual of the Group’s Depot Royalty income due from Trinoma/NTDCC covering the nine-month period, January to September, 2022, amounting to ₱13.5 million.

Other Current Assets increased by ₱317 thousand or 64.89% due to increase in Input VAT receivables.

The Accrued Expense and Other Current Liabilities increased by ₱11.6 million or 2.96% due to increase in payables as of the third quarter of 2022.

Due to a Stockholder decreased by ₱10.6 million or 1.49%, from ₱707.0 million as of December 31, 2021 to ₱696.4 million as of September 30, 2022, in view of various payments made by the Parent Company to FEMI.

The 5.06% increase or ₱12.6 million in the Due to Related Parties, from ₱249.6 million as of December 31, 2021 to ₱262.2 million as of September 30, 2022, was primarily due to cash advances received by the Parent Company from MRT Development Corporation (MRTDC) which will be offset against dividends that MRTDC will declare in the future.

There was an increase of ₱595 thousand in the AFS Financial Assets in the 3rd Quarter ended September 2022, from ₱3,062 billion in December 2021 to ₱3.063 billion in September 2022, in view of the increase in the market value of quoted equity securities.

The 29% or ₱7.7 million decrease in the Group's Stockholders Equity was in view of the ₱8.3 million Net Loss suffered by the Group as of the third quarter ended September 30, 2022.

There are no material events, trends, commitments or uncertainties known to management that would address the past and would have an impact on the liquidity and on future operation of the company in general.

There are no any material commitments for capital expenditures, nor any events that will trigger direct or contingent financial obligation that is material to the company.

No material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during this 3rd quarter period.

## **FINANCIAL RISK DISCLOSURE**

The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

- ***Fair value of financial instruments***

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity. Due to the short-term nature of transactions, the fair value of cash in banks, accrued expenses and other current liabilities and due to a stockholder approximate the carrying values as at reporting date. Quoted equity securities are recorded at fair value. Fair value of unquoted equity securities for which no reliable basis for fair value measurement is available are carried at cost, less any accumulated impairment loss.

- ***Fair Value Hierarchy***

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The quoted equity securities whose fair values are determined using quoted prices in active markets (Level 1) amounted to ₱4.6 million and ₱4.1 million as at September 30, 2022 and December 31, 2021, respectively.

As at September 30, 2022 and December 31, 2021, the Parent Company does not have any financial assets and financial liabilities carried at fair value that are classified under Level 2 and 3.

On September 30, 2022 and December 31, 2021, there are no transfers among the fair value hierarchies.

A comparison of the fair values as of the date of the recent interim financial report and as of the date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods, as follows:

#### Quoted Equity Securities

The changes in market value of quoted equity securities that were presented as “Change in fair value of available-for-sale financial assets” in other comprehensive income amounted to ₱ 2.1 million gain in September 2022 and ₱1.49 million gain in December 2021.

Movement in AFS financial assets consists of:

	September 2022	December 2021
Acquisition cost	₱2,565,582	₱2,565,582
Cumulative change in fair value of AFS financial assets:		
Balance at beginning of year	1,486,553	1,131,344
Changes in fair value during the quarter/year	595,819	355,209
Balance at end of year/quarter	2,082,372	1,486,553
	₱4,647,954	₱4,052,136

The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39 – Financial instruments.

- (1) Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Group classifies financial asset valuating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices

represent actual and regularly occurring market transactions on an arms' length basis.

The fair values of the Parent Company's investments in MRTHI and MRTHII cannot be reasonably determines as the shares are unquoted nor were there any expected future cash flows in view of the sale of future distributions entered into by the participated shareholders of MRTHI and MRTHII with TBS Kappitel Corporation Pte Ltd (TBS Kappitel) and that the investments, pursuant to the option agreement with FEMI will be used to settle the Parent Company's liability to FEMI. The carrying amount of unquoted investments amounted to ₱3.058 billion as at September 30, 2022 and December 31, 2021.

## **PART II – OTHER INFORMATION**

### **1) Reports on SEC Form 17-C**

#### **a)Postponement of Annual Stockholders' Meeting.**

As is of public knowledge, there was a COVID surge in January and February of 2022 which forced our offices to lockdown as well as of its accountants, auditors, corporate secretaries and third parties with whom the Corporation had transactions requiring disclosures in the Corporation's audited financial statements. The COVID surge made impossible for the months of January and February for the Corporation to undertake the various confirmations and reconciliations with our subsidiaries, accountants, auditors, corporate secretaries and third parties. By March 2022, our Corporation had to focus its limited resources to finalize its audited financial statements in time for April/May 2022 deadline filings. For this reason, the Corporation could not have been able to schedule its 2022 Annual Meeting in March, 2022 as its audited financial statements were still in the process of finalization and could not yet be reported to its stockholders in March, 2022.

At present, the Parent Company is in the midst of exploratory talks with local governments for the company's new business directions.

As these are prospects which would have significant impact to the Company's future business, management is of the opinion that we would report on these projects to our stockholders when the discussions are more firm. For this reason, the Parent Company is looking at the 4<sup>th</sup> quarter of this year on December within which to hold its 2022 Annual Meeting via remote communication. The venue for our Chairman to preside that Annual Meeting shall be at our principal office at 1/F Renaissance Towers, Meralco Avenue, Pasig City.



**Table A**

<b>Financial Ratios</b>	<b>Formula</b>	<b>3rd Quarter 2022</b>	<b>3rd Quarter 2021</b>
a) Current Ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	0.38%	0.017%
b) Solvency Ratio	$\frac{\text{Net Profit after Tax (or NPAT) + Depreciation and amortization}}{\text{Total Liabilities}}$		
c) Debt-to-Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Stockholders' Equity}}$		
d) Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$		
e) Net Profit margin	$\frac{\text{NPAT}}{\text{Net Revenues}}$		
f) Return on asset	$\frac{\text{NPAT}}{\text{Average Total Asset}}$		
g) Return on Equity	$\frac{\text{NPAT}}{\text{Average Total Stockholders' Equity}}$		

# COVER SHEET

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(Company's Full Name)

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

<b>RAMON G. JIMENEZ</b>
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Contact Person

<b>86336205 loc. 804</b>
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Company Telephone Number

1	2
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Month

fiscal year

3	1
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Day

**SEC FORM 17-C**

FORM TYPE

Listed

Secondary License Type, If Applicable

<b>1st Thursday of March</b>
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Month

Day

Annual Meeting

			M	S	R	D				
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Dept. Requiring this Doc.

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Amended Articles Number/ Section

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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LCU

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Dociment I.D.

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Cashier

STAMPS
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **July 1, 2022**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number: **9124**    3. BIR Tax Identification No. **000-194-408-000**
4. Metro Global Holdings Corporation (Formerly Fil-Estate Corporation)  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **Mezzanine Renaissance Towers, Meralco Ave., Pasig City**    **1604**  
Address of principal office    Postal Code
8. **(632) 8633-6205**  
Issuer's telephone number, including area code
9. **N.A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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 Shares</b>	<b>2,000,000,000 share</b>

11. Indicate the item numbers reported herein: Item 9 (a) (12)

Postponement of Annual Stockholders' Meeting.

As is of public knowledge, there was a COVID surge in January and February of 2022 which forced our offices to lockdown as well as of its accountants, auditors, corporate secretaries and third parties with whom the Corporation had transactions requiring disclosures in the Corporation's audited financial statements. The COVID surge made impossible for the months of January and February for the Corporation

to undertake the various confirmations and reconciliations with our subsidiaries, accountants, auditors, corporate secretaries and third parties. By March 2022, our Corporation had to focus its limited resources to finalize its audited financial statements in time for April/May 2022 deadline filings. For this reason, the Corporation could not have been able to schedule its 2022 Annual Meeting in March, 2022 as its audited financial statements were still in the process of finalization and could not yet be reported to its stockholders in March, 2022.

At present, the Company is in the midst of exploratory talks with local governments for the company's new business directions.

As these are prospects which would have significant impact to the Company's future business, management is of the opinion that we would report on these projects to our stockholders when the discussions are more firm. For this reason, the Company is looking at the 4<sup>th</sup> quarter of this year on December within which to hold its 2022 Annual Meeting via remote communication. The venue for our Chairman to preside that Annual Meeting shall be at our principal office at 1/F Renaissance Towers, Meralco Avenue, Pasig City.

#### **SIGNATURES**

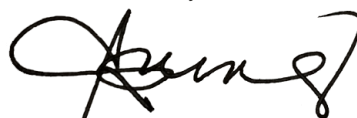
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

#### **METRO GLOBAL HOLDINGS CORPORATION**

Issuer

Date: July 1, 2022

By:



**RAMON G. JIMENEZ**  
Vice President & CFO

REPUBLIC OF THE PHILIPPINES)

) S.S.

PASIG CITY

### SECRETARY'S CERTIFICATE

I, **ALICE ODCHIGUE-BONDOC**, of legal age, Filipino, with office address at the Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **METRO GLOBAL HOLDINGS CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City (the "Corporation");

2. During the special meeting of the Board of Directors of the said Corporation held on **1 July 2022**, at which meeting a quorum was present and acting throughout, the following resolution was unanimously approved and adopted:

**"RESOLVED, That the Corporation approve the resetting of the Corporation's Annual Stockholders' Meeting from 3 March 2022 to 9 December 2022 at 10:00am, which meeting shall be held via remote communication, with the Chairman presiding at the Corporation's principal place of business at 1/F Renaissance Tower, Meralco Avenue, Pasig City."**

3. The foregoing resolution has not been revoked, amended nor in any manner modified, and accordingly, the same may be relied upon until a written notice to the contrary is issued by the Corporation.

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_ at **PASIG CITY**.

JUL 01 2022

  
**ALICE ODCHIGUE-BONDOC**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this **JUL 01 2022**. Affiant exhibited to me her Integrated Bar of the Philippines Lifetime No. 014624.

Doc. No. 347 ;  
Page No. 71 ;  
Book No. 168 ;  
Series of 2022.

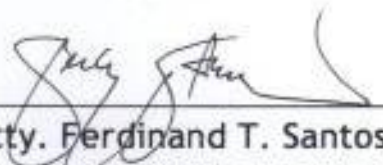
**FERDINAND D. AYAHAO**  
Notary Public  
For Pasig City, Pateros and San Juan City  
Appointment No. 108 (2022-2023) valid until 12/31/2023  
M.C.E. Exemption No. VII-DEP003719 valid until 04/14/25.  
Roll No. 16377; I.D. L.R.N 02459; OR 535886; 06/21/2001  
TIN 121-011-783; PTR 8129984; 01/05/22; Pasig City  
Unit 5, West Tower PSB, Exchange Road  
Oruga Center, Pasig City Tel. +632-86314090

## SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

Registrant: Metro Global Holdings Corporation

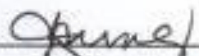
Signature and Title

  
Atty. Ferdinand T. Santos  
President

Date : October 5, 2022

Principal Financial/Accounting Officer/Controller:

Signature and Title

  
Ramon G. Jimenez  
Treasurer / VP-CFO