

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| 2 | G | O | G | R | O | U | P | , | I | N | C | . | A | N | D |  |  |  |  |  |
| S | U | B | S | I | D | I | A | R | I | E | S |   |   |   |   |  |  |  |  |  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8 | T | H | F | L | O | O | R | , | T | O | W | E | R | 1 | , | D | O | U | B | L | E |   |   |   |   |   |
| D | R | A | G | O | N | P | L | A | Z | A | , | E | D | S | A | E | X | T | E | N | S | I | O | N |   |   |
| C | O | R | N | E | R | M | A | C | A | P | A | G | A | L | A | V | E | N | U | E | , | P | A | S | A | Y |
| C | I | T | Y |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

|           |                                 |                                       |
|-----------|---------------------------------|---------------------------------------|
| Form Type | Department requiring the report | Secondary License Type, If Applicable |
| 1 7 - Q   | C R M D                         | N / A                                 |

**COMPANY INFORMATION**

|   |   |   |
|---|---|---|
| Company's Email Address<br><b>investor_relations@2go.com.ph</b> | Company's Telephone Number<br><b>(02) 8554-8777</b>                   | Mobile Number<br><b>N/A</b>                     |
| No. of Stockholders<br><b>5,366</b>                             | Annual Meeting (Month / Day)<br><b>4<sup>th</sup> Thursday of May</b> | Fiscal Year (Month / Day)<br><b>December 31</b> |

**CONTACT PERSON INFORMATION**

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

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

**CONTACT PERSON'S ADDRESS**

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

**NOTE 1** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2024
2. Commission identification number 4409 3. BIR Tax Identification No. 000-313-401-000
4. Exact name of issuer as specified in its charter 2GO Group, Inc.
5. Philippines  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. 8th Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City  
Address of issuer's principal office Postal Code 1302
8. (02) 8528-7171  
Issuer's telephone number, including area code

N/A

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|---------------------|---|
| <b>Common Stock</b> | <b>2,462,146,316 shares</b>   |

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

Yes [ ] No [X]

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

N/A

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [  ] No [  ]

#### **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (i) 2GO Group, Inc.'s Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2024 and December 31, 2023 and for the Nine Months Ended September 30, 2024 and 2023; and
- (ii) Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### **PART I FINANCIAL INFORMATION**

##### **Item 1. Financial Statements.**

Please refer to attached.

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

Please refer to attached.

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

None.

## 2GO Group, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements  
As of September 30, 2024 and December 31, 2023  
and for the Nine Months Ended September 30, 2024 and 2023

**2GO GROUP, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023**

(Amounts in Thousands)

|  | <i>Note</i> | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|--|-------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>                                |             |                                   |                                |
| <b>Current Assets</b>                        |             |                                   |                                |
| Cash and cash equivalents                    | 7           | ₱700,314                          | ₱762,035                       |
| Trade and other receivables                  | 8, 17, 20   | 2,567,237                         | 2,441,010                      |
| Inventories                                  | 9           | 195,193                           | 190,470                        |
| Other current assets                         | 10          | 2,123,197                         | 2,068,926                      |
| <b>Total Current Assets</b>                  |             | <b>5,585,941</b>                  | <b>5,462,441</b>               |
| <b>Noncurrent Assets</b>                     |             |                                   |                                |
| Property and equipment                       | 11, 17, 18  | 7,883,495                         | 7,064,899                      |
| Investments in associates and joint ventures | 12          | 327,276                           | 327,276                        |
| Goodwill                                     | 13          | 686,896                           | 686,896                        |
| Deferred income tax assets                   | 27          | 160,152                           | 150,910                        |
| Other noncurrent assets                      | 14          | 1,108,504                         | 1,108,009                      |
| <b>Total Noncurrent Assets</b>               |             | <b>10,166,323</b>                 | <b>9,337,990</b>               |
| <b>TOTAL ASSETS</b>                          |             | <b>₱15,752,264</b>                | <b>₱14,800,431</b>             |
| <b>LIABILITIES AND EQUITY</b>                |             |                                   |                                |
| <b>Current Liabilities</b>                   |             |                                   |                                |
| Short-term notes payable                     | 15          | ₱2,589,000                        | 1,816,000                      |
| Trade and other payables                     | 16, 19, 20  | 5,085,711                         | 4,904,947                      |
| Obligations under lease - current portion    | 11, 18      | 384,011                           | 415,000                        |
| Long-term debt - current portion             | 11, 17      | 333,935                           | 333,698                        |
| Income tax payable                           |             | 5,326                             | 28,715                         |
| <b>Total Current Liabilities</b>             |             | <b>8,397,983</b>                  | <b>7,498,360</b>               |
| <b>Noncurrent Liabilities</b>                |             |                                   |                                |
| Noncurrent portion of:                       |             |                                   |                                |
| Long-term debt                               | 17          | 3,207,917                         | 3,542,947                      |
| Obligations under lease                      | 11, 18      | 1,220,506                         | 1,422,382                      |
| Accrued retirement benefits                  | 26          | 431,350                           | 439,585                        |
| <b>Total Noncurrent Liabilities</b>          |             | <b>4,859,773</b>                  | <b>5,404,914</b>               |
| <b>Total Liabilities</b>                     |             | <b>₱13,257,756</b>                | <b>₱12,903,274</b>             |

*(Forward)*

|  | <i>Note</i> | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|--|-------------|-----------------------------------|--------------------------------|
| <b>Equity</b>  | 21          |                                   |                                |
| Share capital  |             | ₱2,500,663                        | ₱2,500,663                     |
| Additional paid-in capital   |             | 2,498,621                         | 2,498,621                      |
| Other equity reserve   |             | 712,245                           | 712,245                        |
| Other comprehensive losses – net                                       |             | (108,614)                         | (108,031)                      |
| Deficit  |             | (3,134,966)                       | (3,722,803)                    |
| Treasury shares  |             | (58,715)                          | (58,715)                       |
| <b>Equity Attributable to Equity Holders of the<br/>Parent Company</b> |             | <b>2,409,234</b>                  | <b>1,821,980</b>               |
| <b>Non-controlling Interests</b>                                       |             | <b>85,274</b>                     | <b>75,177</b>                  |
| <b>Total Equity</b>  |             | <b>2,494,508</b>                  | <b>1,897,157</b>               |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    |             | <b>₱15,752,264</b>                | <b>₱14,800,431</b>             |

*See accompanying Notes to the Interim Condensed Consolidated Financial Statements.*

**2GO GROUP, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE NINEMONTHS ENDED September 30, 2024 AND 2023**

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

|   |      | Nine Months Ended September 30 |            |
|---|------|--------------------------------|------------|
|   | Note | 2024                           | 2023       |
| <b>REVENUES FROM CONTRACTS WITH CUSTOMERS</b>                       | 5,20 |                                |            |
| Shipping  |      |                                |            |
| Freight   |      | ₱5,615,830                     | ₱4,967,336 |
| Travel  |      | 2,156,931                      | 1,698,341  |
| Nonshipping:  |      |                                |            |
| Logistics and other services  |      | 5,695,696                      | 5,121,500  |
|   |      | 13,468,457                     | 11,787,177 |
| <b>COST OF SERVICES AND GOODS SOLD</b>                              | 22   | 11,608,890                     | 9,886,662  |
| <b>GROSS PROFIT</b>   |      | 1,859,567                      | 1,900,515  |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>                          | 23   | 775,010                        | 713,192    |
| <b>OPERATING INCOME</b>   |      | 1,084,557                      | 1,187,323  |
| <b>OTHER INCOME (CHARGES)</b>                                       |      |                                |            |
| Equity in net earnings of associates and joint ventures             | 12   | –                              | 20,472     |
| Financing charges   | 24   | (417,016)                      | (357,399)  |
| Others – net  | 24   | 4,612                          | 9,893      |
|   |      | (412,404)                      | (327,034)  |
| <b>INCOME BEFORE INCOME TAX</b>                                     |      | 672,153                        | 860,289    |
| <b>PROVISION FOR INCOME TAX</b>                                     | 27   |                                |            |
| Current   |      | 80,714                         | 59,631     |
| Deferred  |      | (11,620)                       | (3,344)    |
|   |      | 69,094                         | 56,287     |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>                        |      | 603,059                        | 804,002    |
| <b>NET LOSS FROM DISCONTINUED OPERATIONS,<br/>net of income tax</b> |      | (5,125)                        | (150,140)  |
| <b>NET INCOME</b>   |      | ₱597,934                       | ₱653,862   |
| <b>Net income attributable to:</b>                                  |      |                                |            |
| Equity holders of the Parent Company                                |      | ₱587,837                       | ₱645,691   |
| Non-controlling interests   |      | 10,097                         | 8,171      |
|   |      | ₱597,934                       | ₱653,862   |
| <b>Basic/Diluted Income Per Share</b>                               | 28   | ₱0.2387                        | ₱0.2622    |

*See accompanying Notes to the Interim Condensed Consolidated Financial Statements.*

**2GO GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF**  
**COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Amounts in Thousands)

|   |             | <b>Nine Months Ended September 30</b> |                 |
|---|-------------|---------------------------------------|-----------------|
|   | <i>Note</i> | <b>2024</b>                           | <b>2023</b>     |
| <b>NET INCOME</b>   |             | <b>₱597,934</b>                       | <b>₱653,862</b> |
| <b>OTHER COMPREHENSIVE LOSS - Net of tax</b>                              |             |                                       |                 |
| <b>Item that will not be reclassified subsequently to profit or loss:</b> |             |                                       |                 |
| Remeasurement losses on net defined benefit liability                     | 26          | (729)                                 | -               |
| Income tax effect   |             | 146                                   | -               |
|   |             | (583)                                 | -               |
| <b>Share in remeasurement gain on retirement benefits of associates</b>   |             | -                                     | 2,164           |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |             | <b>₱597,351</b>                       | <b>₱656,026</b> |
| <b>Attributable to:</b>   |             |                                       |                 |
| Equity holders of the Parent Company                                      |             | ₱587,254                              | ₱647,855        |
| Non-controlling interests   |             | 10,097                                | 8,171           |
|   |             | <b>₱597,351</b>                       | <b>₱656,026</b> |

*See accompanying Notes to the Interim Condensed Consolidated Financial Statements.*



**2GO GROUP, INC. AND SUBSIDIARIES**

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

(Amounts in Thousands)

|  | Attributable to Equity Holders of Parent Company |                                  |                         |  |   |                |                   |                     |                                 |                   |                                  | Total<br>Equity   |
|--|--|----------------------------------|-------------------------|--|---|----------------|-------------------|---------------------|---------------------------------|-------------------|----------------------------------|-------------------|
|  | Share<br>Capital<br>(Note 21)                    | Additional<br>Paid-in<br>Capital | Other Equity<br>Reserve | Share in<br>Cumulative<br>Translation<br>Adjustment of<br>Associates | Other Comprehensive Income (Losses)   |                | Subtotal          | Deficit             | Treasury<br>Shares<br>(Note 21) | Total             | Non-<br>controlling<br>Interests |                   |
| Remeasurement<br>Losses on<br>Accrued<br>Retirement<br>Benefits -<br>Net of tax<br>(Note 26) |  |                                  |                         |  | Share in<br>Remeasurement<br>Gains (Losses)<br>on Accrued<br>Retirement<br>Benefits of<br>Associates and<br>Joint Ventures<br>(Note 12) |                |                   |                     |                                 |                   |                                  |                   |
| <b>BALANCES AT DECEMBER 31, 2023</b>   | <b>₱2,500,663</b>                                | <b>₱2,498,621</b>                | <b>₱712,245</b>         | <b>₱5,294</b>  | <b>(₱124,819)</b>   | <b>₱11,494</b> | <b>(₱108,031)</b> | <b>(₱3,722,803)</b> | <b>(₱58,715)</b>                | <b>₱1,821,980</b> | <b>₱75,177</b>                   | <b>₱1,897,157</b> |
| Net income for the period  | -  | -                                | -                       | -  | -   | -              | -                 | 587,837             | -                               | 587,837           | 10,097                           | 597,934           |
| Other comprehensive loss for the period  | -  | -                                | -                       | -  | (583)   | -              | (583)             | -                   | -                               | (583)             | -                                | (583)             |
| Total comprehensive income for the period  | -  | -                                | -                       | -  | (583)   | -              | (583)             | 587,837             | -                               | 587,254           | 10,097                           | 597,351           |
| <b>BALANCES AT September 30, 2024<br/>(Unaudited)</b>  | <b>₱2,500,663</b>                                | <b>₱2,498,621</b>                | <b>₱712,245</b>         | <b>₱5,294</b>  | <b>(₱125,402)</b>   | <b>₱11,494</b> | <b>(₱108,614)</b> | <b>(₱3,134,966)</b> | <b>(₱58,715)</b>                | <b>₱2,409,234</b> | <b>₱85,274</b>                   | <b>₱2,494,508</b> |
| <b>BALANCES AT DECEMBER 31, 2022</b>   | <b>₱2,500,663</b>                                | <b>₱2,498,621</b>                | <b>₱712,245</b>         | <b>₱5,294</b>  | <b>(₱75,005)</b>  | <b>₱9,330</b>  | <b>(₱60,381)</b>  | <b>(4,662,088)</b>  | <b>(₱58,715)</b>                | <b>₱930,345</b>   | <b>₱64,255</b>                   | <b>₱994,600</b>   |
| Net income (loss) for the period   | -  | -                                | -                       | -  | -   | -              | -                 | 645,691             | -                               | 645,691           | 8,171                            | 653,862           |
| Other comprehensive income for the period  | -  | -                                | -                       | -  | -   | 2,164          | 2,164             | -                   | -                               | 2,164             | -                                | 2,164             |
| Total comprehensive income (loss) for the period   | -  | -                                | -                       | -  | -   | 2,164          | 2,164             | 645,691             | -                               | 647,855           | 8,171                            | 656,026           |
| <b>BALANCES AT SEPTEMBER 30, 2023<br/>(Unaudited)</b>  | <b>₱2,500,663</b>                                | <b>₱2,498,621</b>                | <b>₱712,245</b>         | <b>₱5,294</b>  | <b>(₱75,005)</b>  | <b>₱11,494</b> | <b>(₱58,217)</b>  | <b>(₱4,016,397)</b> | <b>(₱58,715)</b>                | <b>₱1,578,200</b> | <b>₱72,426</b>                   | <b>₱1,650,626</b> |

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

**2GO GROUP, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED September 30, 2024 AND 2023**  
(Amounts in Thousands)

|  |                      | <b>Nine Months Ended September 30</b> |             |
|--|----------------------|---------------------------------------|-------------|
|  | <i>Note</i>          | <b>2024</b>                           | <b>2023</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |                                       |             |
| Income before tax from continuing operations                         |                      | <b>₱672,153</b>                       | ₱860,289    |
| Loss before tax from discontinued operations                         |                      | <b>(5,125)</b>                        | (145,775)   |
| Adjustments for:   |                      |                                       |             |
| Depreciation and amortization of property and equipment and software | <i>11, 14, 22,23</i> | <b>1,075,778</b>                      | 981,731     |
| Financing charges  | <i>24</i>            | <b>417,016</b>                        | 357,399     |
| Equity in net earnings of associates and joint ventures              | <i>12</i>            | -                                     | (20,472)    |
| Retirement benefit cost  | <i>26</i>            | <b>71,664</b>                         | 66,532      |
| Gain on disposal of property and equipment                           | <i>24</i>            | <b>(867)</b>                          | (6,260)     |
| Unrealized foreign exchange losses (gain)                            |                      | <b>2,303</b>                          | (51)        |
| Interest income  | <i>24</i>            | <b>(597)</b>                          | (420)       |
| Gain on lease pretermination   |                      | <b>(1,335)</b>                        | -           |
| Provision for impairment of other assets                             | <i>24</i>            | -                                     | 736         |
| Operating income before working capital changes                      |                      | <b>2,230,990</b>                      | 2,093,709   |
| Decrease (increase) in:  |                      |                                       |             |
| Trade and other receivables  |                      | <b>(126,227)</b>                      | 619,905     |
| Inventories  |                      | <b>(4,723)</b>                        | 230,669     |
| Other current assets   |                      | <b>86,385</b>                         | (194,064)   |
| Other non - current assets   |                      | <b>5,263</b>                          | 10,953      |
| Increase in trade and other payables                                 |                      | <b>66,603</b>                         | 197,214     |
| Cash generated from operations                                       |                      | <b>2,258,291</b>                      | 2,958,386   |
| Contribution for retirement fund and benefits paid from book reserve | <i>26</i>            | <b>(79,899)</b>                       | (44,855)    |
| Interest received  |                      | <b>597</b>                            | 420         |
| Income taxes paid, including creditable withholding taxes            |                      | <b>(259,727)</b>                      | (209,230)   |
| Net cash flows provided by operating activities                      |                      | <b>1,919,262</b>                      | 2,704,721   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                      |                                       |             |
| Additions to:  |                      |                                       |             |
| Property and equipment   | <i>11</i>            | <b>(1,892,049)</b>                    | (585,819)   |
| Software   |                      | <b>(11,937)</b>                       | (13,998)    |
| Proceeds from disposal of property and equipment:                    | <i>11</i>            | <b>233,232</b>                        | 14,569      |
| Investment in subsidiary and associate                               |                      | -                                     | 10,000      |
| Decrease in other noncurrent assets                                  |                      | <b>(11,534)</b>                       | 14,434      |
| Net cash flows used investing activities                             |                      | <b>(1,682,288)</b>                    | (560,814)   |

(Forward)

|   | Nine Months Ended September 30 |                   |                 |
|---|--------------------------------|-------------------|-----------------|
|   | <i>Note</i>                    | 2024              | 2023            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     | 32                             |                   |                 |
| Proceeds from availments of:  |                                |                   |                 |
| Short-term notes payable  | 15                             | <b>₱1,590,000</b> | ₱60,000         |
| Payments of:  |                                |                   |                 |
| Short-term notes payable  | 15                             | <b>(817,000)</b>  | (1,265,000)     |
| Long-term debt  |                                | <b>(340,000)</b>  | (100,000)       |
| Obligations under finance lease   | 18                             | <b>(394,009)</b>  | (428,232)       |
| Interest and financing charges  | 24                             | <b>(334,481)</b>  | (276,403)       |
| Debt transaction cost   |                                | -                 | (25,500)        |
| Net cash flows used in financing activities                                     |                                | <b>(295,490)</b>  | (2,035,135)     |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES<br/>ON CASH AND CASH EQUIVALENTS</b> |                                | <b>(3,205)</b>    | 51              |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH<br/>EQUIVALENTS</b>                 |                                | <b>(61,721)</b>   | 108,823         |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF<br/>PERIOD</b>                     | 7                              | <b>762,035</b>    | 724,527         |
| <b>CASH AND CASH EQUIVALENTS AT END OF<br/>PERIOD</b>                           | 7                              | <b>₱700,314</b>   | <b>₱833,350</b> |

*See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.*

## **2GO GROUP, INC. AND SUBSIDIARIES**

### **NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **1. Corporate Information and Approval of the Unaudited Interim Condensed Consolidated Financial Statements**

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

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

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

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

On February 28, 2023, the Board of Directors of 2GO approved the voluntary delisting of 2GO shares from the PSE, subject to the successful completion of the intended tender offer by SMIC, compliance with other requirements of the PSE for voluntary delisting, and applicable regulations of the Securities and Exchange Commission. In the Annual Stockholders' Meeting of 2GO held on April 18, 2023, stockholders owning 2,409,564,081 shares or 97.86% of the outstanding capital stock of 2GO approved the voluntary delisting. The PSE approved the delisting effective July 17, 2023.

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

The accompanying unaudited interim condensed consolidated financial statements as at and for the nine months ended September 30, 2024, with comparative figures for the Nine months ended September 30, 2024 and as at December 31, 2023, were approved and authorized for issue by the BOD on November 14, 2024.

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## 2. Basis of Preparation and Statement of Compliance

### Basis of Preparation

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are normally required in presenting the annual audited financial statements and as such should be read in conjunction with the Group's available audited annual consolidated financial statements as at and for the year ended December 31, 2023.

### Statement of Compliance

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

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## 3. Material Accounting Policy Information

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

### Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group adopted the following amendments to standards starting January 1, 2024. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's unaudited interim condensed consolidated financial statements.

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

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

### Standards Issued But Not Yet Adopted

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

#### *Effective beginning on or after January 1, 2025*

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

#### *Deferred effectivity*

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

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

### Basis of Consolidation

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

|   | Nature of Business        | Percentage of Ownership |                      |
|---|---------------------------|-------------------------|----------------------|
|   |                           | September<br>30, 2024   | December<br>31, 2023 |
| Special Container and Value Added Services, Inc. (SCVASI)         | Transportation/logistics  | 100.0                   | 100.0                |
| 2GO Express, Inc. (2GO Express)                                   | Transportation/logistics  | 100.0                   | 100.0                |
| 2GO Logistics, Inc. (2GO Logistics)                               | Transportation/logistics  | 100.0                   | 100.0                |
| Scanasia Overseas, Inc. (SOI) <sup>(1)</sup>                      | Sales of goods            | 100.0                   | 100.0                |
| 2GO Land Transport, Inc. <sup>(2)</sup>                           | Transportation            | 100.0                   | 100.0                |
|   | Holdings and logistics    |                         |                      |
| NN-ATS Logistics Management and Holdings Co., Inc. <sup>(3)</sup> | management                | 100.0                   | 100.0                |
| Astir Engineering Works, Inc. <sup>(3)(4)</sup>                   | Engineering services      | 100.0                   | 100.0                |
| WG&A Supercommerce, Incorporated <sup>(4)</sup>                   | Vessels' hotel management | 100.0                   | 100.0                |
| North Harbor Tugs Corporation                                     | Tugboat assistance        | 58.9                    | 58.9                 |
| 2GO Rush Delivery, Inc. (RUSH) <sup>(5)</sup>                     | Transportation/logistics  | 100.0                   | 100.0                |

<sup>1</sup> On August 9, 2023, the BOD approved the cessation of business operations of SOI

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

<sup>3</sup> In September 2020, the BOD approved the merger of these companies

<sup>4</sup> Ended commercial operations in 2018 or prior

<sup>5</sup> Wound down due to non-operation

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

## 4. Significant Judgments, Accounting Estimates and Assumptions

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

### Judgments

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

#### *Determining the timing of satisfaction of performance obligation shipping and logistics and other services*

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

acceptance of the Group up to the date of delivery to the customers.

#### Estimates and Assumptions

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

##### *Provision for ECL of trade receivables and contract assets*

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

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

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

##### *Estimation of useful lives of property and equipment*

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

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

##### *Assessment of impairment and estimation of recoverable amount of property and equipment*

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

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

additional impairment charges under PFRSs.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are the property and equipment of the Group amounting to ₱8.2 billion and ₱7.1 billion as of June 30, 2024 and December 31, 2023, respectively (see Note 11).

As at June 30, 2024 and December 31, 2023, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Group's property and equipment as the recoverable amount of the assets is higher than their carrying values.

#### *Impairment of goodwill*

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

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

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

#### *Estimation of retirement benefits costs and obligation*

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

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

#### *Recognition of deferred income tax assets*

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

#### *Estimation of provisions for contingencies*

The Group is involved in certain legal and administrative proceedings arising from the ordinary course



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

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## 5. Revenue from Contracts with Customers

### *Disaggregated revenue information*

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

### *Performance obligations and timing of revenue recognition*

The Group's performance obligations are summarized below.

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

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## 6. Operating Segment Information

The Group has identified two reportable operating segments as follows:

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

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

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

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

**For the Nine Months Ended September 30, 2024 (Unaudited)**

|   | Shipping              | Non<br>Shipping   | Eliminations/<br>Adjustments | Consolidated<br>Balance |
|---|-----------------------|-------------------|------------------------------|-------------------------|
|   | <i>(In Thousands)</i> |                   |                              |                         |
| External customers                                      | ₱7,772,761            | ₱5,695,696        | ₱-                           | ₱13,468,457             |
| Intersegment revenue                                    | 1,376,245             | 394,617           | (1,770,862)                  | -                       |
| <b>Revenues from contracts with customers</b>           | <b>₱9,149,006</b>     | <b>₱6,090,313</b> | <b>(₱1,770,862)</b>          | <b>₱13,468,457</b>      |
| Income before income tax from continuing operations     | ₱481,609              | ₱190,546          | ₱-                           | ₱672,155                |
| Provision for income tax                                | (10,318)              | (58,776)          | -                            | (69,094)                |
| <b>Segment income from continuing operations</b>        | <b>₱471,291</b>       | <b>₱131,770</b>   | <b>₱-</b>                    | <b>₱603,061</b>         |
| <b>Other Information:</b>                               |                       |                   |                              |                         |
| Capital expenditures                                    | ₱1,271,966            | ₱849,026          | ₱-                           | ₱2,120,992              |
| Depreciation and amortization                           | 831,855               | 243,924           | -                            | 1,075,779               |
| Provision for ECL - net                                 | -                     | 10,476            | -                            | 10,476                  |
| Dividend Income   | 1,774                 | -                 | (1,774)                      | -                       |
| Equity in net earnings of associates and joint ventures | -                     | -                 | -                            | -                       |

**As of September 30, 2024 (Unaudited)**

|                     | Shipping    | Non<br>Shipping | Eliminations/<br>Adjustments | Consolidated<br>Balance |
|---------------------|-------------|-----------------|------------------------------|-------------------------|
| Segment assets      | ₱14,383,037 | ₱4,754,796      | (₱3,388,795)                 | ₱15,749,038             |
| Segment liabilities | ₱10,164,978 | ₱6,861,939      | (₱3,769,162)                 | ₱13,257,755             |

**For the Nine Months Ended September 30, 2023 (Unaudited)**

|   | Shipping              | Non<br>Shipping   | Eliminations/<br>Adjustments | Consolidated<br>Balance |
|---|-----------------------|-------------------|------------------------------|-------------------------|
|   | <i>(In Thousands)</i> |                   |                              |                         |
| External customers                                      | ₱6,665,677            | ₱5,121,500        | ₱-                           | ₱11,787,177             |
| Intersegment revenue                                    | 1,156,923             | 248,734           | (1,405,657)                  | -                       |
| <b>Revenues from contracts with customers</b>           | <b>₱7,822,600</b>     | <b>₱5,370,234</b> | <b>(₱1,405,657)</b>          | <b>₱11,787,177</b>      |
| Income before income tax from continuing operations     | ₱665,141              | ₱195,148          | ₱-                           | ₱860,289                |
| Provision for income tax                                | (20,762)              | (35,525)          | -                            | (56,287)                |
| <b>Segment income from continuing operations</b>        | <b>₱644,379</b>       | <b>₱159,623</b>   | <b>₱-</b>                    | <b>₱804,002</b>         |
| <b>Other Information:</b>                               |                       |                   |                              |                         |
| Capital expenditures                                    | ₱342,903              | ₱329,048          | ₱-                           | ₱671,951                |
| Depreciation and amortization                           | 716,643               | 264,412           | -                            | 981,055                 |
| Provision for ECL - net                                 | 39                    | 16,040            | -                            | 16,079                  |
| Equity in net earnings of associates and joint ventures | 13,455                | 7,017             | -                            | 20,472                  |

**As of September 30, 2023 (Unaudited)**

|                     | Shipping    | Non<br>Shipping | Eliminations/<br>Adjustments | Consolidated<br>Balance |
|---------------------|-------------|-----------------|------------------------------|-------------------------|
| Segment assets      | ₱12,095,569 | ₱6,358,974      | (₱4,020,733)                 | ₱14,433,810             |
| Segment liabilities | ₱9,006,862  | ₱7,732,470      | (₱3,956,451)                 | ₱12,782,881             |

## 7. Cash and Cash Equivalents

This account consists of:

|                           | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|---------------------------|-----------------------------------|--------------------------------|
|                           | <i>(In Thousands)</i>             |                                |
| Cash on hand and in banks | ₱677,573                          | ₱747,368                       |
| Cash equivalents          | 22,741                            | 14,667                         |
|                           | <b>₱700,314</b>                   | <b>₱762,035</b>                |

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

Interest income earned by the Group from cash in banks and cash equivalents amounted to ₱0.4million for the nine months ended September 30, 2024 and 2023 (see Note 24).

## 8. Trade and Other Receivables

This account consists of:

|                                    | <i>Note</i> | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|------------------------------------|-------------|-----------------------------------|--------------------------------|
|                                    |             | <i>(In Thousands)</i>             |                                |
| Trade                              |             | ₱2,397,956                        | ₱2,187,175                     |
| Contract assets                    | 20          | 396,019                           | 462,330                        |
| Nontrade                           |             | 266,632                           | 260,173                        |
| Advances to officers and employees |             | 9,690                             | 22,086                         |
|                                    |             | <b>3,070,297</b>                  | <b>2,931,764</b>               |
| Less allowance for ECL             |             | <b>(503,060)</b>                  | <b>(490,754)</b>               |
|                                    |             | <b>₱2,567,237</b>                 | <b>₱2,441,010</b>              |

- a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.
- b. Contract assets include unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers.
- c. Nontrade receivables include advances to principals, passage bonds, receivable from trustee fund and insurance from other claims. These receivables are noninterest-bearing and collectible on demand. The balance includes the current portion of receivable for the sale of Mober amounting to ₱2.0 million and the ₱30.0 million, as of September 30, 2024 and December 31, 2023, respectively (see Note 12).
- d. The following tables set out the rollforward of the allowance for ECL as of September 30, 2024 and December 31, 2023:

|                            |             | September 30, 2024 (Unaudited) |                |                 |
|----------------------------|-------------|--------------------------------|----------------|-----------------|
|                            | <i>Note</i> | Trade and<br>Contract Assets   | Nontrade       | Total           |
|                            |             | <i>(In Thousands)</i>          |                |                 |
| Beginning                  |             | ₱432,209                       | ₱58,545        | ₱490,754        |
| Provision/Recovery         | 23          | 10,492                         | (15)           | 10,477          |
| Reversal/Other adjustments |             | (2,577)                        | 4,406          | 1,829           |
| Ending                     |             | <b>₱440,124</b>                | <b>₱62,936</b> | <b>₱503,060</b> |

| December 31, 2023 (Audited) |                              |                                   |  |                 |
|-----------------------------|------------------------------|-----------------------------------|--|-----------------|
| Note                        | Trade and<br>Contract Assets | Nontrade<br><i>(In Thousands)</i> |  | Total           |
|                             | P483,458                     | P34,790                           |  | P518,248        |
| 23                          | 22,718                       | 27,210                            |  | 49,928          |
|                             | -                            | (2,010)                           |  | (2,010)         |
|                             | (76,367)                     | (1,445)                           |  | (77,812)        |
|                             | 2,400                        | -                                 |  | 2,400           |
|                             | <b>P432,209</b>              | <b>P58,545</b>                    |  | <b>P490,754</b> |

## 9. Inventories

This account consists of:

|  | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|--|-----------------------------------|--------------------------------|
|  | <i>(In Thousands)</i>             |                                |
| At lower of cost and net realizable value: |                                   |                                |
| Trading goods                              | <b>P21,421</b>                    | P22,993                        |
| Materials, parts and supplies              | <b>26,652</b>                     | 21,017                         |
| At cost:                                   |                                   |                                |
| Fuel, oil and lubricants                   | <b>147,120</b>                    | 146,460                        |
|  | <b>P195,193</b>                   | P190,470                       |

The cost of trading goods carried at net realizable value amounted to P24.2 million and P26.4 million as of September 30, 2024 and December 31, 2023 while the cost of materials, parts and supplies carried at net realizable value amounted to P29.1 million and P23.4 million, respectively. The allowance for inventory obsolescence amounted to P5.2 million and P5.8 million as at September 30, 2024 and December 31, 2023, respectively.

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

| Note                               | Nine Months Ended September 30 |             |
|------------------------------------|--------------------------------|-------------|
|                                    | 2024                           | 2023        |
|                                    | <i>(In Thousands)</i>          |             |
| <b>Continuing operations</b>       |                                |             |
| Cost of services                   | <b>P3,449,150</b>              | P2,325,351  |
| General and administrative expense | <b>3,028</b>                   | 3,661       |
| <b>Discontinued operations</b>     | -                              | 2,567,166   |
|                                    | <b>P3,452,178</b>              | P 4,896,178 |

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

10. **Other Current Assets**

This account consists of:

|                                       | <i>Note</i> | <b>September 30, 2024</b><br><b>(Unaudited)</b> | December 31,<br>2023<br><b>(Audited)</b> |
|---------------------------------------|-------------|---|--|
|                                       |             | <i>(In Thousands)</i>                           |  |
| CWTs                                  |             | <b>₱1,664,531</b>                               | ₱1,523,875                               |
| Deferred Input VAT                    |             | <b>108,616</b>                                  | 130,615                                  |
| Input VAT                             |             | <b>57,923</b>                                   | 67,435                                   |
| Advances to suppliers and contractors |             | <b>65,104</b>                                   | 56,866                                   |
| Prepaid expenses and others           |             | <b>114,007</b>                                  | 181,097                                  |
| Refundable deposits - current portion | <i>14</i>   | <b>114,565</b>                                  | 110,587                                  |
|                                       |             | <b>2,124,746</b>                                | 2,070,475                                |
| Less: allowance for impairment losses |             | <b>(1,549)</b>                                  | (1,549)                                  |
|                                       |             | <b>₱2,123,197</b>                               | ₱2,068,926                               |

- a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of a company in the Group to which the CWTs relate.
- b. Prepaid expenses and others include prepaid rent, insurance and taxes.

## 11. Property and Equipment

| September 30, 2024 (Unaudited)                   |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
|--|-----------------------|----------------------------|---------------------------------|-------------------------------|-----------------------|--------------------------|--------------------------|-----------------------------------|------------------------|--------------------------|---------------------|-------------------|
|  | Vessels in Operations | Containers and Reefer Vans | Terminal and Handling Equipment | Furniture and Other Equipment | Land and Improvements | Buildings and Warehouses | Transportation Equipment | Spare parts and Service Equipment | Leasehold Improvements | Construction-In-Progress | Right-of-Use Assets | Total             |
| <i>(In Thousands)</i>                            |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| <b>Cost</b>                                      |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| January 1, 2024                                  | ₱10,336,219           | ₱1,603,709                 | ₱1,043,865                      | ₱522,845                      | ₱478,287              | ₱369,630                 | ₱390,276                 | ₱2,388                            | ₱638,614               | ₱1,184,671               | ₱2,598,061          | ₱19,168,565       |
| Additions  | 1,196,743             | 188,745                    | 233,050                         | 23,359                        | 16,822                | 4,380                    | 175,149                  | 888                               | 29,079                 | 149,276                  | 103,501             | 2,120,992         |
| Retirements                                      | (2,436,007)           | (5,495)                    | (38,018)                        | (23,972)                      | –                     | –                        | (5,264)                  | –                                 | (30,342)               | –                        | (41,688)            | (2,580,786)       |
| Reclassification                                 | 1,333,875             | –                          | –                               | 10,887                        | –                     | 53                       | –                        | –                                 | (10,940)               | (1,333,875)              | –                   | –                 |
| <b>September 30, 2024</b>                        | <b>10,430,830</b>     | <b>1,786,959</b>           | <b>1,238,897</b>                | <b>533,119</b>                | <b>495,109</b>        | <b>374,063</b>           | <b>560,161</b>           | <b>3,276</b>                      | <b>626,411</b>         | <b>72</b>                | <b>2,659,874</b>    | <b>18,708,771</b> |
| <b>Accumulated Depreciation and Amortization</b> |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| January 1, 2024                                  | 7,374,705             | 1,436,367                  | 750,564                         | 454,221                       | 160,860               | 307,680                  | 369,784                  | 2,198                             | 481,079                | –                        | 766,207             | 12,103,665        |
| Depreciation and amortization                    | 549,646               | 41,005                     | 55,783                          | 22,947                        | 2,783                 | 4,848                    | 16,948                   | 164                               | 31,619                 | –                        | 322,504             | 1,048,247         |
| Retirements                                      | (2,326,264)           | (5,244)                    | (38,018)                        | (18,625)                      | –                     | –                        | (5,264)                  | –                                 | (3,378)                | –                        | (19,904)            | (2,326,697)       |
| Reclassification                                 | –                     | –                          | (172)                           | –                             | –                     | 233                      | –                        | –                                 | –                      | –                        | –                   | 61                |
| <b>September 30, 2024</b>                        | <b>5,688,087</b>      | <b>1,472,128</b>           | <b>768,157</b>                  | <b>458,543</b>                | <b>163,643</b>        | <b>312,761</b>           | <b>381,468</b>           | <b>2,362</b>                      | <b>509,320</b>         | <b>–</b>                 | <b>1,068,807</b>    | <b>10,825,276</b> |
| <b>Net carrying amounts</b>                      | <b>₱4,742,743</b>     | <b>₱314,831</b>            | <b>₱470,740</b>                 | <b>₱74,576</b>                | <b>₱331,466</b>       | <b>₱61,302</b>           | <b>₱178,693</b>          | <b>₱914</b>                       | <b>₱117,091</b>        | <b>₱72</b>               | <b>₱1,591,067</b>   | <b>₱7,883,495</b> |
| December 31, 2023 (Audited)                      |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
|  | Vessels in Operations | Containers and Reefer Vans | Terminal and Handling Equipment | Furniture and Other Equipment | Land and Improvements | Buildings and Warehouses | Transportation Equipment | Spare Parts and Service Equipment | Leasehold Improvements | Construction-In-Progress | Right-of-Use Assets | Total             |
| <i>(In Thousands)</i>                            |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| <b>Cost</b>                                      |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| January 1, 2023                                  | ₱9,689,894            | ₱1,625,034                 | ₱1,022,803                      | ₱496,168                      | ₱494,647              | ₱365,743                 | ₱429,728                 | ₱2,393                            | ₱727,563               | ₱4,473                   | ₱2,511,414          | ₱17,369,860       |
| Additions  | 751,020               | 335                        | 51,316                          | 34,548                        | 1,322                 | 5,267                    | 10,304                   | –                                 | 22,858                 | 1,180,198                | 939,157             | 2,996,325         |
| Disposals/retirements                            | (104,695)             | (21,660)                   | (30,254)                        | (7,871)                       | (17,682)              | (1,380)                  | (49,756)                 | (5)                               | (111,807)              | –                        | (854,128)           | (1,199,238)       |
| Adjustment                                       | –                     | –                          | –                               | –                             | –                     | –                        | –                        | –                                 | –                      | –                        | 1,618               | 1,618             |
| <b>December 31, 2023</b>                         | <b>10,336,219</b>     | <b>1,603,709</b>           | <b>1,043,865</b>                | <b>522,845</b>                | <b>478,287</b>        | <b>369,630</b>           | <b>390,276</b>           | <b>2,388</b>                      | <b>638,614</b>         | <b>1,184,671</b>         | <b>2,598,061</b>    | <b>19,168,565</b> |
| <b>Accumulated Depreciation and Amortization</b> |                       |                            |                                 |                               |                       |                          |                          |                                   |                        |                          |                     |                   |
| January 1, 2023                                  | 6,860,698             | 1,409,892                  | 725,427                         | 416,135                       | 157,580               | 301,102                  | 408,710                  | 1,715                             | 542,696                | –                        | 897,347             | 11,721,302        |
| Depreciation and amortization                    | 618,703               | 48,135                     | 55,340                          | 45,589                        | 2,545                 | 6,979                    | 10,828                   | 488                               | 59,842                 | –                        | 382,718             | 1,231,167         |
| Disposals/retirements                            | (104,695)             | (21,660)                   | (30,203)                        | (7,503)                       | –                     | (401)                    | (49,754)                 | (5)                               | (108,478)              | –                        | (513,858)           | (836,557)         |
| Reclassification/adjustment                      | –                     | –                          | –                               | –                             | 735                   | –                        | –                        | –                                 | (12,981)               | –                        | –                   | (12,246)          |
| <b>December 31, 2023</b>                         | <b>7,374,706</b>      | <b>1,436,367</b>           | <b>750,564</b>                  | <b>454,221</b>                | <b>160,860</b>        | <b>307,680</b>           | <b>369,784</b>           | <b>2,198</b>                      | <b>481,079</b>         | <b>–</b>                 | <b>766,207</b>      | <b>12,103,666</b> |
| <b>Net carrying amounts</b>                      | <b>₱2,961,513</b>     | <b>₱167,342</b>            | <b>₱293,301</b>                 | <b>₱68,624</b>                | <b>₱317,427</b>       | <b>₱61,950</b>           | <b>₱20,492</b>           | <b>₱190</b>                       | <b>₱157,535</b>        | <b>₱1,184,671</b>        | <b>₱1,831,854</b>   | <b>₱7,064,899</b> |

*Property and Equipment under Lease*

Containers, reefer vans, isotanks, cargo handling equipment and transportation equipment and office and operational spaces as of September 30, 2024 and December 31, 2023 include units acquired under lease arrangements (see Note 18).

Noncash additions include costs of leased assets for the nine months ended September 30, 2024 and 2023 amounting to ₱103.5 million and ₱939.0 million, respectively. The related depreciation of the leased assets for the nine months ended September 30, 2024 and 2023 amounting to ₱322.5 million and ₱275.4 million, respectively, were computed on the basis of the Group's depreciation policy for property and equipment. Set out below are the carrying amount of right-of-use assets.

| <b>September 30, 2024 (Unaudited)</b> |                 |                 |                  |                 |                   |
|---------------------------------------|-----------------|-----------------|------------------|-----------------|-------------------|
|                                       | Container yard  | Office          | Warehouse        | Equipment       | Total             |
| <i>(In Thousands)</i>                 |                 |                 |                  |                 |                   |
| <b>Cost</b>                           |                 |                 |                  |                 |                   |
| January 1, 2024                       | ₱800,977        | ₱352,745        | ₱1,146,399       | ₱297,941        | ₱2,598,062        |
| Additions                             | –               | –               | 5,461            | 98,040          | 103,501           |
| Disposal                              | –               | –               | (20,803)         | (20,887)        | (41,690)          |
| <b>September 30, 2024</b>             | <b>800,977</b>  | <b>352,745</b>  | <b>1,131,057</b> | <b>375,094</b>  | <b>2,659,873</b>  |
| <b>Accumulated depreciation</b>       |                 |                 |                  |                 |                   |
| January 1, 2024                       | 118,110         | 183,375         | 347,848          | 116,874         | 766,207           |
| Depreciation                          | 74,167          | 32,910          | 187,479          | 27,950          | 322,506           |
| Disposal                              | –               | –               | (13,291)         | (6,614)         | (19,905)          |
| <b>September 30, 2024</b>             | <b>192,277</b>  | <b>216,285</b>  | <b>522,036</b>   | <b>138,210</b>  | <b>1,068,808</b>  |
| <b>Net Carrying Amount</b>            | <b>₱608,700</b> | <b>₱136,460</b> | <b>₱609,021</b>  | <b>₱236,884</b> | <b>₱1,591,065</b> |

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

Unpaid acquisition costs of property and equipment amounted to ₱300.5 million and ₱284.5 million as of September 30, 2024 and December 31, 2023, respectively.

*Residual Value of Vessels*

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

*Capitalization of Drydocking Costs*

Vessels in operations also include capitalized drydocking costs incurred amounting to ₱81.6 million and ₱422.3 million for the nine months ended September 30, 2024 and 2023, respectively. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

*Sale and Disposal of Property and Equipment*

The Group disposed certain property and equipment for consideration of ₱291.3 million and ₱14.6 million for the nine months ended September 30, 2024 and 2023, respectively.

*Depreciation and Amortization*

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

|                                    | Note | Nine Months Ended September 30 |                 |
|------------------------------------|------|--------------------------------|-----------------|
|                                    |      | 2024                           | 2023            |
|                                    |      | <i>(In Thousands)</i>          |                 |
| <b>Continuing operations:</b>      |      |                                |                 |
| Cost of services and goods sold    | 22   | ₱1,013,597                     | ₱918,970        |
| General and administrative expense | 23   | 34,650                         | 36,493          |
| <b>Discontinued operations</b>     | 23   | –                              | 677             |
|                                    |      | <b>₱1,048,247</b>              | <b>₱956,140</b> |

*Property and Equipment Held as Collateral*

Property and equipment held or deemed as collateral for leases as at September 30, 2024 and December 31, 2023 amounted to ₱2,405 million and ₱2,538.3 million, respectively (see Note 18). One of the vessels in operations of the Group, with a carrying value of ₱813.6 million and ₱706.4 million as at September 30, 2024 and December 31, 2023, respectively, is subject to secure the ₱500.0 million term loan facility agreement with BDO (see Note 17).

## 12. Investments in Associates and Joint Ventures

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

|   | Note | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|---|------|-----------------------------------|--------------------------------|
|   |      | <i>(In Thousands)</i>             |                                |
| Acquisition - cost  |      | ₱29,634                           | ₱29,634                        |
| Accumulated equity in net earnings:   |      |                                   |                                |
| Balances at beginning of year   |      | 286,148                           | 295,401                        |
| Dividend received   |      | –                                 | (162,581)                      |
| Equity in net earnings during the year  |      | –                                 | 153,328                        |
| Balances at end of year   |      | 286,148                           | 286,148                        |
| Share in remeasurement gain on retirement benefits<br>of associates and joint ventures: |      |                                   |                                |
| Balances at beginning of year   |      | 11,494                            | 9,330                          |
| Share in remeasurement gain during the year   |      | –                                 | 2,164                          |
| Balances at end of year   |      | 11,494                            | 11,494                         |
|   |      | <b>₱327,276</b>                   | <b>₱327,276</b>                |

In August 2022, the Group sold 100% of its shares in Mober for ₱50.0 million, which is payable on installment basis. As of September 30, 2024 and December 31, 2023, the amount collected was ₱48.0 million and ₱20.0 million, respectively. The balance of ₱2.0 million and ₱30.0 million as of September 30, 2024 and December 31, 2023, respectively, are presented as part of “Trade and other receivables” in the unaudited consolidated statements of financial position (see Note 8).



### 13. Goodwill

#### Impairment Testing of Goodwill

Goodwill is the result of a business combination in 2010 amounted to ₱848.5 million, and which has been attributed to each of 2GO's CGUs. The recoverable amounts of the CGUs were determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. As of September 30, 2024 and December 31, 2023, the carrying value of the goodwill amounted to ₱686.9 million, net of impairment recognized in prior years for certain CGUs.

The Group reviews goodwill for impairment annually at December 31 or when indicators of impairment arise. The group determined there was no goodwill impairment at September 30, 2024 and December 31, 2023.

### 14. Other Noncurrent Assets

|  | September 30, 2024<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|-----------------------------------|-----------------------------------|
|  | <i>(In Thousands)</i>             |                                   |
| CWTs - net of current portion                | ₱892,072                          | ₱874,413                          |
| Software                                     | 63,906                            | 80,297                            |
| Refundable deposits - net of current portion | 110,657                           | 106,984                           |
| Deferred input VAT on capital expenditures   | 8,269                             | 13,530                            |
| Advances to suppliers and contractors        | 33,700                            | 32,885                            |
|  | <b>1,108,604</b>                  | 1,108,109                         |
| Allowance for impairment                     | (100)                             | (100)                             |
|  | <b>₱1,108,504</b>                 | ₱1,108,009                        |

a. The movements in software are as follows:

|                                 | Note | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|---------------------------------|------|-----------------------------------|--------------------------------|
|                                 |      | <i>(In Thousands)</i>             |                                |
| <b>Cost</b>                     |      |                                   |                                |
| Balances at beginning of year   |      | ₱378,032                          | ₱364,757                       |
| Additions                       |      | 11,937                            | 16,849                         |
| Disposals/Retirement            |      | (7,848)                           | (3,483)                        |
| Reclassification/adjustment     |      | -                                 | (91)                           |
| Balances at end of year         |      | <b>382,121</b>                    | 378,032                        |
| <b>Accumulated Amortization</b> |      |                                   |                                |
| Balances at beginning of year   |      | 297,735                           | 246,140                        |
| Amortization                    | 23   | 27,532                            | 54,893                         |
| Disposals/Retirement            | 23   | (7,052)                           | (3,298)                        |
| Balances at end of year         |      | <b>318,215</b>                    | 297,735                        |
| <b>Carrying Amount</b>          |      | <b>₱63,906</b>                    | ₱80,297                        |

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

b. Refundable deposits consist of amounts paid for rental deposits which can be applied as rental payment at the end of the lease term or can be collected in cash upon termination of the lease.

- c. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels incurred prior to January 1, 2022.

## 15. Short-term Notes Payable

Notes payable represent unsecured short-term peso-denominated notes payable obtained by the Group from local banks with annual interest rates ranging from 5.90% to 6.50% and 6.40% to 7.50% for nine months ended September 30, 2024 and 2023 respectively. Total interest expense incurred by the Group for the short-term notes payable amounted to ₱122.2 million and ₱93.9 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 24).

## 16. Trade and Other Payables

|                       | <i>Note</i> | September 30,<br>2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|-----------------------|-------------|--------------------------------------|--------------------------------|
| <i>(In Thousands)</i> |             |                                      |                                |
| Trade                 |             | <b>₱894,212</b>                      | ₱900,219                       |
| Accruals:             |             |                                      |                                |
| Expenses              |             | <b>2,839,587</b>                     | 2,436,022                      |
| Salaries and wages    |             | <b>175,820</b>                       | 112,817                        |
| Interest              |             | <b>62,077</b>                        | 65,509                         |
| Capital expenditure   |             | <b>300,453</b>                       | 175,012                        |
| Others                |             | -                                    | 141,175                        |
| Nontrade              |             | <b>392,528</b>                       | 823,536                        |
| Government payables   |             | <b>215,041</b>                       | 151,098                        |
| Contract liabilities  |             | <b>97,436</b>                        | 39,882                         |
| Other payables        | <i>19</i>   | <b>108,557</b>                       | 59,677                         |
|                       |             | <b>₱5,085,711</b>                    | ₱4,904,947                     |

- a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.
- b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.
- c. Nontrade payables consist of customers' deposits, advances from principals and contractors, agencies and others.
- d. Contract liabilities include advance payments received for services to be rendered. The outstanding balances of these accounts increased as at September 30, 2024 due to increase in uncompleted service of freight cash transactions within the quarter.
- e. Other payables include provision for contingencies amounting to ₱58.1 million as at September 30, 2024 and December 31, 2023 (see Note 19).

## 17. Long-term Debt

Long-term debt consists of:

|                                   | Note | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|-----------------------------------|------|-----------------------------------|--------------------------------|
| <i>(In Thousands)</i>             |      |                                   |                                |
| Banco de Oro Unibank, Inc. (BDO)  | 20   | <b>₱3,900,000</b>                 | ₱3,900,000                     |
| Unamortized debt arrangement fees |      | <b>(358,148)</b>                  | (23,355)                       |
|                                   |      | <b>3,541,852</b>                  | 3,876,645                      |
| Current portion                   |      | <b>333,935</b>                    | 333,698                        |
| Noncurrent portion                |      | <b>₱3,207,917</b>                 | ₱3,542,947                     |

### *BDO Term Loan Facility Agreements*

- a.) On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from its previous long-term loan with BDO and to fund various capital expenditures and other general requirements. Principal borrowings are due upon maturity at the end of five years in April 2023, while interest is payable quarterly. In April 2018 and April 2020, 2GO borrowed ₱2.5 billion and ₱1.0 billion, respectively, which is subject to fixed and floating interest rate, respectively.

On April 11 and 14, 2023, 2GO repaid ₱100 million of the term loan and refinanced ₱3.4 billion with a new term loan facility agreement for another five-year term. The new term loan facility requires annual repayment of 10% of the outstanding principal by the anniversary date each year and balloon payment of 50% on maturity, and is subject to a floating interest rate. On April 11, 2024, 2GO repaid ₱340.0 million.

The term loan facility agreements are secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI and SCVASI. In addition, 2GO is required to maintain a maximum debt-to-EBITDA ratio of 4.0 and a minimum debt service coverage ratio of 1.25.

Interest rate is floater at 3M BVAL plus 100 bps/.95 or floor of 7%. The floating interest rate is subject to periodic review and adjustment earlier than five banking days prior to each "Interest Setting Date" as long as the term loan remains unpaid.

- b.) On April 19, 2021, 2GO entered into another five-year ₱500.0 million term loan facility agreement with BDO to partially finance acquisition and landed cost of vessel. Principal borrowings are due upon maturity at the end of five years in April 2026, while interest is payable quarterly and is subject to fixed interest rate. The facility was fully drawn in April 2021.

The second term loan facility agreement is secured by the Chattel Mortgage over a passenger-cargo ship named M/V Masagana with a carrying value of ₱813.6 million and ₱706.4 million as of September 30, 2024 and December 31, 2023, respectively. 2GO is required to maintain a debt-to-equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO.

### *Borrowing Costs and Debt Transaction Costs*

Interests from long-term borrowings of the Group recognized as expense totaled ₱191.8 million and ₱192.7 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 24).

The Group paid ₱25.5 million, ₱3.0 million, ₱7.5 million and ₱18.8 million debt transaction cost as a result of the loan availments under BDO facility in April of years 2023, 2021, 2020 and 2018,

respectively. Amortization of debt transaction costs included under financing charges amounted to ₱5.2 million and ₱6.2 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 24).

*Compliance with debt covenants*

At December 31, 2023, the Group was not compliant with the debt-to-equity ratio under the Group's long-term loan agreement with BDO. However, the Group obtained a waiver letter from BDO which waives the financial covenant at December 31, 2023.

## 18. Leases

The Group has various lease arrangements with third parties for the lease of containers, reefer vans, isotanks, cargo handling equipment, transportation equipment, warehouses, container yards and office space.

The future minimum lease payments on the obligations under lease together with the present value of the minimum lease payments are as follows:

|                            | <b>September 30, 2024 (Unaudited)</b> |  | December 31, 2023 (Audited)   |   |
|----------------------------|---------------------------------------|--|-------------------------------|---|
|                            | <b>Future Minimum Lease Payments</b>  | <b>Present Value of Minimum Lease payments</b> | Future Minimum Lease Payments | Present Value of Minimum Lease payments |
|                            | <i>(In thousands)</i>                 |  |                               |   |
| Less than one year         | <b>₱470,868</b>                       | <b>₱384,011</b>                                | ₱515,794                      | ₱415,000                                |
| Between one and five years | <b>1,318,956</b>                      | <b>1,173,981</b>                               | 1,458,354                     | 1,265,615                               |
| Between six and ten years  | <b>46,992</b>                         | <b>46,525</b>                                  | 162,049                       | 156,767                                 |
|                            | <b>1,836,816</b>                      | <b>1,604,517</b>                               | 2,136,197                     | 1,837,382                               |
| Interest component         | <b>232,299</b>                        | –  | 298,815                       | –                                       |
| Present value              | <b>₱1,604,517</b>                     | <b>₱1,604,517</b>                              | ₱1,837,382                    | ₱1,837,382                              |

The interest expense recognized related to these leases amounted to ₱80.8 million and ₱67.9 million for the nine months ended September 30, 2024 and 2023, respectively, under "Financing charges" account in the unaudited interim condensed consolidated statements of profit or loss (see Note 24).

Set out below are the amounts recognized in the unaudited interim condensed consolidated statement of profit or loss for the nine months ended September 30, 2024 and 2023 in relation to the obligation under lease and the related right-of-use assets.

|   | <b>Nine Months Ended September 30</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2024</b>                           | <b>2023</b> |
|   | <i>(In Thousands)</i>                 |             |
| <b>Continuing operations</b>                |                                       |             |
| Depreciation expense of right-of-use assets | <b>₱322,506</b>                       | ₱275,417    |
| Interest expense on obligation under lease  | <b>80,762</b>                         | 67,947      |
| Rent expense - short-term leases            | <b>325,007</b>                        | 366,904     |
| Rent expense - low value assets             | <b>4,036</b>                          | 4,708       |
| Pre-termination gain                        | <b>(1,335)</b>                        | –           |
| <b>Discontinued operations</b>              | –                                     | 12,828      |
|   | <b>₱730,976</b>                       | ₱727,804    |

The rollforward analysis of obligation under lease for the nine months ended September 30, 2024 is disclosed in Note 31.

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

|                                     | <b>Nine Months Ended September 30</b> |                 |
|-------------------------------------|---------------------------------------|-----------------|
|                                     | <b>2024</b>                           | <b>2023</b>     |
|                                     | <i>(In Thousands)</i>                 |                 |
| <b>Continuing operations</b>        |                                       |                 |
| Cost of services and goods sold     | <b>₱619,943</b>                       | ₱617,375        |
| General and administrative expenses | <b>31,606</b>                         | 29,654          |
| Financing charges                   | <b>80,762</b>                         | 67,947          |
| Pre-termination gain                | <b>(1,335)</b>                        | –               |
| <b>Discontinued operations</b>      | –                                     | 12,828          |
|                                     | <b>₱730,976</b>                       | <b>₱727,804</b> |

## 19. Provisions and Contingencies

There are certain legal cases filed against the Group in the normal course of business. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the unaudited interim condensed consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group’s position. Thus, as allowed by PAS 37, only general descriptions were provided.

The Group’s provision for probable losses arising from these legal cases as at September 30, 2024 and December 31, 2023 amounted to ₱58.1 million, and are presented as part of “Other payables” under “Trade and other payables” in the interim unaudited condensed consolidated statements of financial position (see Note 16). No provision for probable losses was recognized in the interim unaudited consolidated statements of profit or loss for the nine months ended September 30, 2024 and 2023 (see Note 23).

## 20. Related Parties

In the normal course of business, the Group has transacted with the following related parties:

| <b>Relationship</b>                  | <b>Name</b>  |
|--------------------------------------|--|
| Stockholders of the Company          | SM Investments Corporation (SMIC)                                    |
|                                      | Trident Investments Holdings Pte. Ltd.                               |
| Subsidiaries                         | 2GO Express, Inc. (2GO Express or EXP)                               |
|                                      | 2GO Logistics, Inc. (2GO Logistics or 2GOLI)                         |
|                                      | Scanasia Overseas, Inc. (SOI) <sup>(4)</sup>                         |
|                                      | 2GO Land Transport, Inc. (2GO Land) <sup>(1)</sup>                   |
|                                      | Special Container and Value Added Services, Inc. (SCVASI)            |
|                                      | NN-ATS Logistics Management and Holdings Corporation, Inc. (NALMHCI) |
|                                      | North Harbor Tugs Corporation (NHTC)                                 |
|                                      | Astir Engineering Works, Inc. (AEWI)                                 |
|                                      | United South Dockhandlers, Inc. (USDI)                               |
|                                      | WG & A Supercommerce, Inc. (WSI) <sup>(3)</sup>                      |
| 2GO Rush, Inc. (Rush) <sup>(3)</sup> |  |
| Associates                           | MCC Transport Philippines, Inc. (MCCP)                               |
|                                      | Mober Technology PTE Inc. <sup>(2)</sup>                             |
| Joint Ventures                       | KLN Logistics Holdings Philippines, Inc. (KLN)                       |
|                                      | Kerry Logistics (Phils.), Inc. (KLPI)                                |
| Other Affiliated                     | Supervalve, Inc.   |

| Relationship | Name  |
|--------------|---|
| Companies    | Super Shopping Market, Inc.<br>BDO Unibank, Inc.<br>Prime Metroestate, Inc.<br>SM Retail, Inc.<br>Coolblog Philippines, Inc.<br>Watsons Personal Care Stores (Philippines), Inc.<br>Brownies Unlimited, Inc.<br>Goldilocks Bakeshop, Inc.<br>Sanford Marketing Corporation<br>China Banking Corporation<br>SM Prime Holdings Inc.<br>Alfamart Trading Philippines, Inc.<br>Homeworld Shopping Corporation<br>Mini Depato Corp.<br>Star Appliance Center, Inc.<br>Warehouse Development Company, Inc.<br>ASP Airspeed Philipines, Inc.<br>Airspeed International Corporation<br>International Toyworld, Inc.<br>Kultura Store, Inc.<br>Waltermart Supermarket, Inc.<br>Online Mall Incorporated<br>Sports Central (Manila), Inc.<br>Costa Del Hamilo Inc.<br>Digital Advantage Corp.<br>Fast Retailing Philippines, Inc.<br>Mindpro Retail Inc.<br>SM Mart, Inc.<br>SM Development Corporation |

(1) Formerly WRR Trucking Corporation.

(2) Sold in August 2022. Related party disclosure relates to the transactions until the date of sale.

(3) Dormant companies.

(4) On August 9, 2023, the BOD approved the cessation of business operations of SOI.

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

|                                     | Nature                         | Nine Months Ended September 30 |           |
|-------------------------------------|--------------------------------|--------------------------------|-----------|
|                                     |                                | 2024                           | 2023      |
|                                     |                                | <i>(In Thousands)</i>          |           |
| <b>Stockholders of the Company</b>  | Outside services               | <b>(₱65,605)</b>               | (₱32,561) |
|                                     | Computer charges               | <b>(13,818)</b>                | (21,925)  |
|                                     | Communication, light and water | <b>(1,410)</b>                 | (4,845)   |
| <b>Associates and joint venture</b> | Freight expense                | <b>(25,714)</b>                | (65,201)  |
|                                     | Freight revenue                | <b>939</b>                     | 157       |
|                                     | Shared cost                    | <b>3,006</b>                   | 3,006     |
|                                     | Other overhead expense         | -                              | (103)     |
| <b>Other Affiliated Companies</b>   | Freight revenue                | <b>178,682</b>                 | 169,256   |
|                                     | Outside services               | <b>158,279</b>                 | 197,487   |
|                                     | Sale of goods                  | <b>163,281</b>                 | 183,022   |
|                                     | Food and beverage              | <b>(181,911)</b>               | (149,377) |
|                                     | Rent                           | <b>(100,379)</b>               | (36,021)  |
|                                     | Interest Expense               | <b>(264,803)</b>               | (269,089) |
|                                     | Interest Income                | 177                            | 56        |
|                                     | Outside services               | <b>(26,898)</b>                | (28,080)  |
|                                     | Materials and supplies used    | <b>(20,430)</b>                | (21,394)  |
| Others – net                        | --                             | 129                            |           |
| <b>Key Management Personnel</b>     | Short-term employee benefits   | <b>(46,377)</b>                | (44,190)  |

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

| Financial Statement                       |                        |                                    | September 30,       | December 31, 2023 |
|---|------------------------|------------------------------------|---------------------|-------------------|
| Account                                   | Terms and Conditions   |                                    | 2024<br>(Unaudited) | (Audited)         |
| <i>(In Thousands)</i>                     |                        |                                    |                     |                   |
| <b>Stockholders of the Parent Company</b> | Trade payable          | 30 to 60 days; noninterest-bearing | <b>(P15,328)</b>    | (P10,603)         |
|   | Accrued expenses       | 30 to 60 days; noninterest-bearing | <b>(6,272)</b>      | (15,317)          |
| <b>Associates and Joint Venture</b>       | Nontrade receivables   | On demand; noninterest-bearing     | <b>62,079</b>       | 73,792            |
|   | Trade payables         | 30 to 60 days; noninterest-bearing | <b>(11)</b>         | (6,817)           |
|   | Accrued expenses       | 30 to 60 days; noninterest-bearing | <b>(125)</b>        | (699)             |
|   | Due to related parties | 30 to 60 days; noninterest-bearing | <b>--</b>           | (19)              |
| <b>Other Affiliated Companies</b>         | Short-term loan        | See Note 15                        | <b>(1,324,000)</b>  | (1,356,000)       |
|   | Long-term debt         | See Note 17                        | <b>(3,542,923)</b>  | (3,900,000)       |
|   | Cash in bank           | On demand; interest-bearing        | <b>627,825</b>      | 559,153           |
|   | Cash equivalents       | On demand; interest-bearing        | <b>--</b>           | 3,954             |
|   | Nontrade receivables   | On demand; interest-bearing        | <b>104,604</b>      | 99,327            |
|   | Accrued expenses       | 30 to 60 days; noninterest-bearing | <b>(105,435)</b>    | (88,597)          |
|   | Trade payables         | 30 to 60 days; noninterest-bearing | <b>(14,332)</b>     | (7,555)           |

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

*Transactions with Subsidiaries, Associates and Other Related Parties under Common Control*

- Transactions with other associates and related companies consist of shipping and co-loading services, shared services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, and repair services and rental.
- The Company's transactions with SCVASI and 2GO Express include shipping and forwarding services, commission and trucking services.
- The Company provides shared services to 2GO Express, 2GO Logistics, and SOI at fees based on agreed rates.
- 2GO Land provides trucking services to 2GO Express except from October 2023 to June 30, 2024.
- NALMHCI provides trucking services to 2GO Express from October 2023 to June 30, 2024.

*Intercompany Balances Eliminated during Consolidation*

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

| Amounts owed to:      | Amounts owed by:                             | Terms and Conditions               | September 30,<br>2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|-----------------------|--|------------------------------------|--------------------------------------|--------------------------------|
| <i>(In Thousands)</i> |  |                                    |                                      |                                |
| <b>2GO</b>            | SCVASI/EXP/2GOLI/SOI/HLP/<br>2GO LAND/NLMHCI | 30 to 60 days; noninterest-bearing | <b>P3,070,712</b>                    | P3,379,789                     |
| <b>EXP</b>            | 2GO/SCVASI/2GOLI/SOI/<br>2GO LAND            | 30 to 60 days; noninterest-bearing | <b>331,865</b>                       | 242,149                        |
| <b>SOI</b>            | 2GO/SCVASI/EXP/2GOLI                         | 30 to 60 days; noninterest-bearing | <b>69,388</b>                        | 70,809                         |
| <b>2GOLI</b>          | 2GO/SCVASI/EXP/SOI/2GO LAND                  | 30 to 60 days; noninterest-bearing | <b>22,610</b>                        | 35,715                         |
| <b>2GO Land</b>       | EXP/2GOLI/NLMHCI                             | 30 to 60 days; noninterest-bearing | <b>37,052</b>                        | 41,288                         |
| <b>SCVASI</b>         | 2GO/EXP/2GOLI/SOI                            | 30 to 60 days; noninterest-bearing | <b>102,552</b>                       | 77,024                         |
| <b>NLMHCI</b>         | 2GO/EXP                                      | 30 to 60 days; noninterest-bearing | <b>81,439</b>                        | 56,236                         |
| <b>NHTC</b>           | 2GO  | 30 to 60 days; noninterest-bearing | <b>8,717</b>                         | 4,963                          |
| <b>USDI</b>           | 2GO/NLMHCI                                   | 30 to 60 days; noninterest-bearing | <b>48,055</b>                        | 51,175                         |
| <b>AEWI</b>           | 2GO  | 30 to 60 days; noninterest-bearing | <b>7,622</b>                         | 7,622                          |

## 21. Equity

### a. Share Capital

Details of share capital as at September 30, 2024 and December 31, 2023 are as follows:

|  | Number of Shares | Amount<br><i>(In Thousands)</i> |
|--|------------------|---------------------------------|
| Authorized common shares at ₱1.00 par value each                                       | 4,070,343,670    | 4,070,343,670                   |
| Authorized preferred shares at ₱1.00 par value each                                    | 4,564,330        | 4,564,330                       |
| Issued and outstanding common shares as at<br>September 30, 2024 and December 31, 2023 | 2,462,146,316    | ₱2,462,146,316                  |

Movements in issued and outstanding capital stocks follow:

| Date                                     | Activity   | Issue price | Number of shares |
|--|--|-------------|------------------|
|  |  |             | Common shares    |
| May 26, 1949                             | Issued capital stocks as of incorporation date             | ₱1,000.00   | 1,002            |
| December 10, 1971 to<br>October 26, 1998 | Increase in issued capital stock                           | 1,000.00    | 1,496,597,636    |
| December 6, 2002                         | Reclassification of common shares to preferred shares      | 1.00        | 40,000,000       |
|  | Issuance of preferred shares                               |             |                  |
| February 10, 2003                        | before redemption  | 1.00        | -                |
| November 18, 2003                        | Redemption of preferred shares                             | 6.67        | -                |
| September 6, 2004                        | Issuance of common shares by way of stock dividends        | 1.00        | 393,246,555      |
| November 22, 2004                        | Redemption of preferred shares                             | 6.67        | -                |
| December 31, 2004                        | Issuance of common shares prior to reorganization          | 1.00        | (756)            |
| October 24, 2005                         | Issuance of common shares through share swap transactions  | 1.76        | 414,121,123      |
| August 22 to<br>October 13, 2006         | Conversion of redeemable preferred shares to common shares | 3.20        | 140,687,340      |
| December 6 -31, 2012                     | Redemption of redeemable preference share                  | 6.00        | -                |
| January 1, 2019                          | Issuance of common shares                                  | 1.00        | 16,009,916       |
|  |  |             | 2,500,662,816    |
| December 31, 2001                        | Treasury shares*   | 1.50        | (38,516,500)     |
|  |  |             | 2,462,146,316    |

\* The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.

Issued and outstanding common shares are held by 5,366 and 5,118 equity holders as of September 30, 2024 and December 31, 2023, respectively.

On November 11, 2023, the BOD approved the amendment of the Articles of Incorporation to reclassify 330 redeemable preferred shares into common shares and to increase par value of common shares from ₱1.00 to ₱1,000.00 per share. As of November 14, 2024, the amended Articles of Incorporation is yet to be approved by SEC.

- b. Retained earnings include undistributed earnings amounting to ₱896.3 million and ₱767.1 million as of September 30, 2024 and December 31, 2023, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until received in the form of dividends from such subsidiaries and associates. Retained earnings is further restricted to the extent of the cost of the shares held in treasury and deferred income tax assets recognized as of September 30, 2024 and December 31, 2023.



## 22. Cost of Services and Goods Sold

This account consists of the following:

|                                | Note   | Nine Months Ended September 30 |                   |
|--------------------------------|--------|--------------------------------|-------------------|
|                                |        | 2024                           | 2023              |
| <i>(In Thousands)</i>          |        |                                |                   |
| <b>Cost of Services</b>        |        |                                |                   |
| Fuel, oil and lubricants       | 20     | ₱3,017,062                     | ₱2,002,406        |
| Transportation and delivery    |        | 2,774,044                      | 2,625,772         |
| Outside services               |        | 2,203,709                      | 1,836,919         |
| Depreciation and amortization  | 11, 14 | 1,013,596                      | 918,970           |
| Personnel costs                | 25, 26 | 642,048                        | 651,832           |
| Repairs and maintenance        |        | 393,678                        | 414,875           |
| Rent                           | 29     | 322,439                        | 368,615           |
| Food and beverage              | 20     | 304,550                        | 209,674           |
| Arrastre and stevedoring       |        | 216,930                        | 211,369           |
| Insurance                      |        | 193,599                        | 176,374           |
| Material and supplies used     |        | 127,538                        | 115,814           |
| Communication, light and water |        | 105,833                        | 106,461           |
| Taxes and licenses             |        | 89,887                         | 53,178            |
| Food and subsistence           |        | 60,578                         | 55,084            |
| Concession expenses            |        | 31,751                         | 42,169            |
| Travel expenses                |        | 43,671                         | 36,478            |
| Others                         |        | 67,977                         | 60,672            |
|                                |        | <b>₱11,608,890</b>             | <b>₱9,886,662</b> |

## 23. General and Administrative Expenses

This account consists of the following:

|   | Note   | Nine Months Ended September 30 |                 |
|---|--------|--------------------------------|-----------------|
|   |        | 2024                           | 2023            |
| <i>(In Thousands)</i>                   |        |                                |                 |
| Personnel costs                         | 25, 26 | ₱460,920                       | ₱413,614        |
| Outside services                        |        | 83,313                         | 64,661          |
| Computer charges                        |        | 70,276                         | 68,134          |
| Depreciation and amortization           | 11, 14 | 62,182                         | 62,085          |
| Advertising and promotion               |        | 40,777                         | 26,363          |
| Transportation and travel               |        | 34,239                         | 31,108          |
| Communication, light and water          |        | 10,658                         | 18,960          |
| Provision for ECL                       | 8      | 10,476                         | 16,079          |
| Entertainment, amusement and recreation |        | 7,400                          | 2,409           |
| Rent                                    | 29     | 6,604                          | 2,997           |
| Taxes and licenses                      |        | 3,939                          | 5,568           |
| Repairs and maintenance                 |        | 2,411                          | 5,403           |
| Insurance                               |        | 482                            | 483             |
| Others                                  |        | (18,667)                       | (4,672)         |
|   |        | <b>₱775,010</b>                | <b>₱713,192</b> |

Others consist of various expenses that are individually immaterial such as input vat expense and other corporate expenses. The balance for the nine months ended September 30, 2024 and 2023 includes reversal of general provision amounting to ₱74.4 million and ₱81.6 million, respectively.

## 24. Other Income (Charges)

### Financing Charges

|                          |    | <b>Nine Months Ended September 30</b> |             |
|--------------------------|----|---------------------------------------|-------------|
|                          |    | <b>2024</b>                           | <b>2023</b> |
| <i>(In Thousands)</i>    |    |                                       |             |
| Interest expense on:     |    |                                       |             |
| Long-term debt           | 17 | <b>₱191,828</b>                       | ₱192,673    |
| Short-term notes payable | 15 | <b>122,191</b>                        | 80,548      |
| Amortization of:         |    |                                       |             |
| Obligations under lease  | 18 | <b>80,762</b>                         | 67,947      |
| Debt transaction costs   | 17 | <b>5,206</b>                          | 6,219       |
| Other financing charges  |    | <b>17,029</b>                         | 10,012      |
|                          |    | <b>₱417,016</b>                       | ₱357,399    |

Other financing charges comprise of items that are individually immaterial. Accrued interest payable as of September 30, 2024 and December 31, 2023 amounted to ₱62.1 million and ₱65.5 million, respectively (see Note 16).

### Others – net

|  | <i>Note</i> | <b>Nine Months Ended September 30</b> |             |
|--|-------------|---------------------------------------|-------------|
|  |             | <b>2024</b>                           | <b>2023</b> |
| <i>(In Thousands)</i>                      |             |                                       |             |
| Interest income                            | 7           | <b>₱594</b>                           | ₱420        |
| Gain on disposal of property and equipment | 12          | <b>867</b>                            | 6,260       |
| Foreign exchange losses                    |             | <b>(1,172)</b>                        | (295)       |
| Gain on lease pre-termination              |             | <b>1,335</b>                          | –           |
| Others - net                               |             | <b>2,988</b>                          | 3,508       |
|  |             | <b>₱4,612</b>                         | ₱9,893      |

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

## 25. Personnel Costs

Details of personnel costs are as follows:

|                         | <i>Note</i> | <b>Nine Months Ended September 30</b> |             |
|-------------------------|-------------|---------------------------------------|-------------|
|                         |             | <b>2024</b>                           | <b>2023</b> |
| <i>(In Thousands)</i>   |             |                                       |             |
| Salaries and wages      |             | <b>₱854,886</b>                       | ₱818,538    |
| Retirement benefit cost | 26          | <b>71,664</b>                         | 66,532      |
| Other employee benefits |             | <b>176,418</b>                        | 180,376     |
|                         |             | <b>₱1,102,968</b>                     | ₱1,065,446  |

Other employee benefits include medical allowances and hospitalization, Social Security System, PhilHealth, Pag-ibig premiums, directors' fee, and other items that are individually immaterial.

## 26. Retirement Benefits

The Group has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Group's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law*.

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group expects to contribute ₱30.5 million to the retirement fund in 2024. The Group's transaction with the plan pertain to contribution and benefit payments.

Total retirement benefit cost included in the interim unaudited condensed consolidated statements of profit or loss amounted to ₱71.6 million and ₱72.5 million for the nine months ended September 30, 2024 and 2023, respectively.

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

|                            | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|----------------------------|-----------------------------------|--------------------------------|
|                            | <i>(In Thousands)</i>             |                                |
| Defined benefit obligation | ₱602,152                          | ₱530,488                       |
| Fair value of plan assets  | (170,802)                         | (90,903)                       |
|                            | <b>₱431,350</b>                   | <b>₱439,585</b>                |

## 27. Income Taxes

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

|          | Nine Months Ended September 30 |                |
|----------|--------------------------------|----------------|
|          | 2024                           | 2023           |
|          | <i>(In Thousands)</i>          |                |
| Current: |                                |                |
| RCIT     | ₱41,946                        | ₱32,115        |
| MCIT     | 38,768                         | 27,516         |
|          | <b>80,714</b>                  | 59,631         |
| Deferred | (11,620)                       | (3,344)        |
|          | <b>₱69,094</b>                 | <b>₱56,287</b> |

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

|   | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|---|-----------------------------------|--------------------------------|
|   | <i>(In Thousands)</i>             |                                |
| Directly recognized in profit or loss               |                                   |                                |
| Deferred income tax assets on:                      |                                   |                                |
| Accrued retirement benefits                         | ₱60,146                           | ₱56,973                        |
| Unamortized past service cost                       | 6,553                             | 8,922                          |
| Obligations under lease, net of right-of-use assets | 357,415                           | 440,104                        |
| Accruals and others                                 | 45,638                            | 45,230                         |
|   | <b>469,752</b>                    | <b>551,229</b>                 |

|  | September 30, 2024<br>(Unaudited) | December 31, 2023<br>(Audited) |
|--|-----------------------------------|--------------------------------|
|  | <i>(In Thousands)</i>             |                                |
| Deferred income tax liabilities on:  |                                   |                                |
| Right-of-use assets  | (344,222)                         | (431,541)                      |
| Unamortized debt arrangement fees and other<br>taxable temporary differences | (4,762)                           | (5,928)                        |
|  | 120,768                           | 113,760                        |
| Directly recognized in OCI   |                                   |                                |
| Deferred income tax asset on remeasurement<br>of retirement costs            | 39,384                            | 37,150                         |
|  | <b>₱160,152</b>                   | <b>₱150,910</b>                |

## 28. Earnings Per Share (EPS)

Basic and diluted earnings per share were computed as follows:

|   | Nine Months Ended September 30 |           |
|---|--------------------------------|-----------|
|   | 2024                           | 2023      |
|   | <i>(In Thousands)</i>          |           |
| Net income for the year attributable to equity holders of the Parent<br>Company | <b>₱587,837</b>                | ₱645,690  |
| Weighted average number of common shares outstanding for the year               | <b>2,462,146,316</b>           | 2,462,146 |
| Income per common share   | <b>₱0.2387</b>                 | ₱0.2622   |
| Income per common share (from continuing operations)                            | <b>₱0.2408</b>                 | ₱0.3232   |

There are no potentially dilutive common shares as at September 30, 2024 and 2023.

## 29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt and obligations under finance lease. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Group's exposure to credit, liquidity, foreign exchange, and interest rate risks on the manner in which it manages and measures the risks since prior years.

The Group uses derivative instruments to manage exposures to fuel price risks arising from the Group's operations and its sources of financing. The details of the Group's derivatives transaction, including the risk management objectives and the accounting results, are discussed in this note.

### Credit Risk

To manage credit risk, the Group has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group has policies that limit the amount of credit exposure to any particular customer.

The Group's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. As of September 30, 2024 and December 31, 2023, the Group did not hold collateral from any counterparty.

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. Low quality receivables are accounts that are deemed uncollectible and provided for with a provision. For new customers, the Group has no basis yet as far as payment habit is concerned.

The Group evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. The Group also evaluated its advances to officers and employees as high grade since these are collected through salary deductions.

The aging per class of financial assets, contract assets and expected credit loss are as follows:

| September 30, 2024<br>(Unaudited)                               | Current           | Past Due             |                  |                  |                   |                   | Expected<br>Credit<br>Loss | Total             |
|---|-------------------|----------------------|------------------|------------------|-------------------|-------------------|----------------------------|-------------------|
|   |                   | Less than<br>30 Days | 31 to 60<br>Days | 61 to 90<br>Days | 91 to 120<br>Days | Over 120<br>Days  |                            |                   |
| (In Thousands)  |                   |                      |                  |                  |                   |                   |                            |                   |
| <b>Financial assets:</b>  |                   |                      |                  |                  |                   |                   |                            |                   |
| Cash in banks   | ₱636,411          | ₱-                   | ₱-               | ₱-               | ₱-                | ₱-                | ₱-                         | ₱636,411          |
| Cash equivalents  | 22,741            | -                    | -                | -                | -                 | -                 | -                          | 22,741            |
| Trade receivables   | 993,399           | 187,325              | 18,334           | 101,563          | 83,389            | 1,013,946         | (415,789)                  | 1,982,167         |
| Nontrade receivables <sup>1</sup>                               | 590,189           | 3,085                | 2,037            | 8,500            | 4,106             | 279,131           | (188,356)                  | 698,692           |
| Advances to officers <sup>2</sup><br>and employees <sup>1</sup> | 6,478             | -                    | -                | -                | -                 | -                 | -                          | 6,478             |
| Refundable deposits   | 225,222           | -                    | -                | -                | -                 | -                 | -                          | 225,222           |
| <b>Contract assets</b>  | <b>396,019</b>    | -                    | -                | -                | -                 | -                 | -                          | <b>396,019</b>    |
| <b>Total</b>  | <b>₱2,870,459</b> | <b>₱190,410</b>      | <b>₱20,371</b>   | <b>₱110,063</b>  | <b>₱87,495</b>    | <b>₱1,293,077</b> | <b>(₱604,145)</b>          | <b>₱3,967,730</b> |

<sup>(1)</sup>Excluding nonfinancial asset amounting to ₱90.0 million.

<sup>(2)</sup>Excluding advances amounting to ₱3.2 million subject to liquidation.

| December 31, 2023<br>(Audited)                     | Current           | Past Due             |                  |                  |                   |                  | Expected<br>Credit Loss | Total             |
|--|-------------------|----------------------|------------------|------------------|-------------------|------------------|-------------------------|-------------------|
|  |                   | Less than<br>30 Days | 31 to 60<br>Days | 61 to 90<br>Days | 91 to 120<br>Days | Over 120<br>Days |                         |                   |
| (In Thousands)                                     |                   |                      |                  |                  |                   |                  |                         |                   |
| <b>Financial assets:</b>                           |                   |                      |                  |                  |                   |                  |                         |                   |
| Cash in banks                                      | ₱705,313          | ₱-                   | ₱-               | ₱-               | ₱-                | ₱-               | ₱-                      | ₱705,313          |
| Cash equivalents                                   | 14,667            | -                    | -                | -                | -                 | -                | -                       | 14,667            |
| Trade receivables                                  | 696,522           | 322,363              | 93,189           | 122,965          | 113,460           | 838,676          | (389,180)               | 1,797,995         |
| Nontrade receivables <sup>1</sup>                  | 54,634            | 1,034                | 13,472           | 6,997            | 5,973             | 75,213           | (58,545)                | 98,778            |
| Advances to officers and<br>employees <sup>2</sup> | 5,207             | -                    | -                | -                | -                 | -                | -                       | 5,207             |
| Refundable deposits                                | 217,571           | -                    | -                | -                | -                 | -                | -                       | 217,571           |
| <b>Contract assets</b>                             | <b>462,330</b>    | -                    | -                | -                | -                 | -                | (43,029)                | <b>419,301</b>    |
| <b>Total</b>                                       | <b>₱2,156,244</b> | <b>₱323,397</b>      | <b>₱106,661</b>  | <b>₱129,962</b>  | <b>₱119,433</b>   | <b>₱913,889</b>  | <b>(₱490,754)</b>       | <b>₱3,258,832</b> |

<sup>(1)</sup> Excluding nonfinancial asset amounting to ₱102.8 million.

<sup>(2)</sup>Excluding advances amounting to ₱16.9 million subject to liquidation.

*Liquidity Risk*

The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Group regularly evaluates its projected and actual cash flows generated from operations.

The Group's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Group.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

*Foreign Exchange Risk*

Foreign currency risk arises when the Group enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. To mitigate the risk of incurring foreign exchange losses, the Group maintains cash in banks in foreign currency to match its financial liabilities.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are subject to fixed interest rates ranging from 4.9% to 7.25% for the nine months ended September 30, 2024 and 2023, respectively.

Capital Risk Management Objectives and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group's overall strategy in managing its capital remains unchanged since the prior year.

The Group considers its total equity as its capital. The Group monitors capital on the basis of the carrying amount of equity as presented on the unaudited interim condensed consolidated statement of financial position. The capital ratios are as follows:

|                     | <b>September 30, 2024</b><br><b>(Unaudited)</b> | December 31, 2023<br>(Audited) |
|---------------------|---|--------------------------------|
| Assets financed by: |   |                                |
| Creditors           | 84%   | 87%                            |
| Stockholders        | 16%   | 13%                            |

As of September 30, 2024 and December 31, 2023, the Group met its capital management objectives.

### 30. Fair Values of Financial Instruments and Nonfinancial Assets

The table below shows the carrying amounts and fair values of financial assets and liabilities. The fair values have been determined based on Level 3 fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

|                              | September 30, 2024<br>(Unaudited) |                   | December 31, 2023 (Audited) |            |
|------------------------------|-----------------------------------|-------------------|-----------------------------|------------|
|                              | Carrying<br>Amount                | Fair Value        | Carrying<br>Amount          | Fair Value |
| <i>(In Thousands)</i>        |                                   |                   |                             |            |
| <b>Financial Liabilities</b> |                                   |                   |                             |            |
| Long-term debts              | <b>₱3,541,852</b>                 | <b>₱3,744,407</b> | ₱3,876,645                  | ₱4,039,849 |
| Obligations under lease      | <b>1,604,517</b>                  | <b>1,540,725</b>  | 1,837,382                   | 1,821,864  |
|                              | <b>₱5,146,369</b>                 | <b>₱5,285,132</b> | ₱ 5,714,027                 | ₱5,861,713 |

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and nonfinancial asset:

*Cash and cash equivalents, trade and other receivables, trade and other payables, refundable deposits included under “Other current assets”*

The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

*Refundable deposits included under “Other noncurrent assets”*

The carrying amount of this financial instrument is carried at present value due to the long-term nature of this account. The fair value of refundable deposits was computed by discounting the expected cash flows ranging from 4.52% to 4.99% as the EIR. The computed fair value approximates the carrying amount of this account.

*Short-term Notes Payable*

The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

*Long-term Debt*

Discount rate of 7.5% and 7.8% was used in calculating the fair value of the long-term debt as of September 30, 2024 and December 31, 2023, respectively.

*Obligations Under Lease*

The fair values of obligations under lease are based on the discounted net present value of cash flows using the discount rate ranging from 7.2% to 7.8% and 7.1% to 7.8% as of September 30, 2024 and December 31, 2023, respectively.

*Derivative assets*

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

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

Changes in liabilities arising from financing activities are as follows:

For the nine months ended September 30, 2024:

|  | January 1,<br>2024 | Cash Flows        |                       | Net             | Others         | September 30,<br>2024 |
|--|--------------------|-------------------|-----------------------|-----------------|----------------|-----------------------|
|  |                    | Availments        | Payments              |                 |                |                       |
|  |                    |                   |                       |                 |                |                       |
|  |                    |                   | <i>(In thousands)</i> |                 |                |                       |
| Short-term notes payable                           | ₱1,816,000         | ₱1,590,000        | (₱817,000)            | ₱773,000        | ₱-             | ₱2,589,000            |
| Current portion of long-term debt                  | 333,698            | -                 | (340,000)             | (340,000)       | 340,237        | 333,935               |
| Current portion of obligations under lease         | 415,000            | -                 | (394,009)             | (394,009)       | 363,020        | 384,011               |
| Noncurrent portion of long-term debt               | 3,542,947          | -                 | -                     | -               | (335,030)      | 3,207,917             |
| Noncurrent portion of obligations under lease      | 1,422,382          | 103,501           | -                     | 103,501         | (305,377)      | 1,220,506             |
| <b>Total liabilities from financing activities</b> | <b>₱7,530,027</b>  | <b>₱1,693,501</b> | <b>(₱1,551,009)</b>   | <b>₱142,492</b> | <b>₱62,850</b> | <b>₱7,735,369</b>     |

For the Nine months ended September 30, 2023:

|  | January 1, 2023   | Cash Flows      |                     | Net                 | Others         | September 30,<br>2023 |
|--|-------------------|-----------------|---------------------|---------------------|----------------|-----------------------|
|  |                   | Availments      | Payments            |                     |                |                       |
| Short-term notes payable                           | ₱2,306,000        | ₱60,000         | (₱1,265,000)        | (₱1,205,000)        | ₱-             | ₱1,101,000            |
| Current portion of long-term debt                  | 3,496,823         | -               | (100,000)           | (100,000)           | (3,063,155)    | 333,668               |
| Current portion of obligations under lease         | 347,387           | -               | (428,232)           | (428,232)           | 485,085        | 404,240               |
| Noncurrent portion of long-term debt               | 497,977           | -               | -                   | -                   | 3,043,875      | 3,541,852             |
| Noncurrent portion of obligations under lease      | 1,344,512         | 939,158         | (340,270)           | 598,888             | (417,139)      | 1,526,261             |
| <b>Total liabilities from financing activities</b> | <b>₱7,992,699</b> | <b>₱999,158</b> | <b>(₱2,133,502)</b> | <b>(₱1,134,344)</b> | <b>₱48,666</b> | <b>₱6,907,021</b>     |

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

### 32. Discontinued Operations

On August 9, 2023, the BOD approved the cessation of business operations of SOI as part of a plan to focus on improving core services and profitability of the Group.

The results of the discontinued operations are as follows:

|   | For the Nine Months Ended September 30 |                       |
|---|--|-----------------------|
|   | 2024                                   | 2023                  |
|   |  |                       |
|   |  | <i>(In thousands)</i> |
| Revenue from contracts with customers                           | ₱-                                     | ₱2,825,877            |
| Costs and expenses  | -                                      | (2,959,888)           |
| Operating loss  | -                                      | (134,011)             |
| Financing charges, net  | (5,125)                                | (15,234)              |
| Others - net  | -                                      | 3,469                 |
| Loss before income tax  | (5,125)                                | (145,776)             |
| Provision for income tax  |  |                       |
| Current   | -                                      | (4,277)               |
| Deferred  | -                                      | (89)                  |
| Net Loss  | (₱5,125)                               | (₱150,141)            |
| <b>Basic/Diluted Loss Per Share for discontinued operations</b> | <b>(₱0.0021)</b>                       | <b>(₱0.0610)</b>      |



The net cash flows incurred by the discontinued operations are as follows:

|                      | <b>For the Nine Months Ended September 30</b> |             |
|----------------------|---|-------------|
|                      | <b>2024</b>                                   | <b>2023</b> |
|                      | <i>(In thousands)</i>                         |             |
| Operating activities | <b>(₱30,146)</b>                              | ₱127,838    |
| Investing activities | <b>(131)</b>                                  | 25,005      |
| Financing activities | <b>(37,125)</b>                               | 14,387      |

The Group re-presented the prior year comparative information of the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of cash flows.

Below is the impact on the comparative balances for the nine months' period ended September 30, 2023 as a result of the discontinued operations.

*Unaudited Interim Consolidated Statement of Profit or Loss*

|  | <b>For the Nine Months Ended September 30</b> |   |                          |
|--|---|---|--------------------------|
|  | 2023,<br>as previously<br>presented*          | Effect of<br>Discontinued<br>Operation<br>Increase (Decrease) | 2023,<br>as re-presented |
|  | <i>(In thousands)</i>                         |   |                          |
| <b>REVENUES FROM CONTRACTS WITH CUSTOMERS</b>              |   |   |                          |
| Shipping:  |   |   |                          |
| Freight  | ₱3,726,395                                    | ₱1,240,941  | ₱4,967,336               |
| Travel   | 1,698,341                                     | -   | 1,698,341                |
| Nonshipping:   |   |   |                          |
| Logistics and other services                               | 6,230,340                                     | (1,108,840)   | 5,121,500                |
| Sale of goods  | 2,957,979                                     | (2,957,979)   | -                        |
|  | 14,613,055                                    | (2,825,878)   | 11,787,177               |
| <b>COST OF SERVICES AND GOODS SOLD</b>                     | 12,812,416                                    | (2,892,633)   | 9,886,662                |
| <b>GROSS PROFIT</b>  | 1,800,639                                     | 99,876  | 1,900,515                |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>                 | 747,326                                       | (34,134)  | 713,192                  |
| <b>OPERATING INCOME FROM CONTINUING OPERATIONS</b>         | 1,053,313                                     | 134,010   | 1,187,323                |
| <b>OTHER INCOME (CHARGES)</b>                              |   |   |                          |
| Equity in net earnings of associates and joint ventures    | 20,472  | -   | 20,472                   |
| Financing charges  | (371,786)                                     | 14,387  | (357,399)                |
| Others – net   | 12,515  | (2,622)   | 9,893                    |
|  | (338,799)                                     | 11,765  | (327,034)                |
| <b>INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b> | 714,514                                       | 145,775   | 860,289                  |
| <b>PROVISION FOR INCOME TAX</b>                            |   |   |                          |
| Current  | 63,907  | (4,276)   | 59,631                   |
| Deferred   | (3,255)                                       | (89)  | (3,344)                  |
|  | 60,652  | (4,365)   | 56,287                   |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>               | 653,862                                       | 150,140   | 804,002                  |
| <b>NET LOSS FROM DISCONTINUED OPERATIONS</b>               | -   | (150,140)   | (150,140)                |
| <b>NET INCOME</b>  | <b>₱653,862</b>                               | <b>₱-</b>   | <b>₱653,862</b>          |

\*Includes reclassification of revenue transactions between freight and logistics and other services

## 2GO GROUP, INC.

### RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 (Amounts in Thousands)

|              |                      |   |         |                     |
|--------------|----------------------|---|---------|---------------------|
|              |                      | <b>Unappropriated Retained earnings (deficit), beginning of reporting period</b>  |         | <b>(₱1,749,465)</b> |
| <b>Add:</b>  | <b>Category A:</b>   | <b>Items that are directly credited to Unappropriated Retained Earnings</b>   |         |                     |
|              |                      | Reversal of Retained Earnings Appropriation/s   | –       |                     |
|              |                      | Effect of restatements or prior-year adjustments  | –       |                     |
|              |                      | Others (describe nature)  | –       | –                   |
|              |                      |   |         | <hr/>               |
| <b>Less:</b> | <b>Category B:</b>   | <b>Items that are directly debited to Unappropriated Retained Earnings</b>  |         |                     |
|              |                      | Dividend declaration during the reporting period  | –       |                     |
|              |                      | Retained Earnings appropriated during the reporting period  | –       |                     |
|              |                      | Effect of restatements or prior-year adjustments  | –       |                     |
|              |                      | Others - deferred tax assets beginning  | –       |                     |
|              |                      | Others - treasury shares  | –       | –                   |
|              |                      |   |         | <hr/>               |
|              |                      | <b>Unappropriated Retained Earnings, as adjusted</b>  |         | <b>(1,749,465)</b>  |
|              |                      | <b>Add/Less: Net Income (Loss) for the current year</b>   |         | <b>481,550</b>      |
| <b>Less:</b> | <b>Category C.1:</b> | <b>Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>  |         |                     |
|              |                      | Equity in net income of associate/joint venture, net of dividends declared  | –       |                     |
|              |                      | Unrealized foreign exchange gain, except those attributable to cash and cash equivalents  | (3,309) |                     |
|              |                      | Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                     | –       |                     |
|              |                      | Unrealized fair value gain of Investment Property   | –       |                     |
|              |                      | Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature) | –       | (3,309)             |
|              |                      |   |         | <hr/>               |
|              |                      | <i>Sub-total</i>  |         | <b>(3,309)</b>      |
| <b>Add:</b>  | <b>Category C.2:</b> | <b>Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>    |         |                     |
|              |                      | Realized foreign exchange gain, except those attributable to cash and cash equivalents  | (1,292) |                     |
|              |                      | Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                       | –       |                     |
|              |                      | Realized fair value gain of Investment Property   | –       |                     |
|              |                      | Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)   | –       | (1,292)             |
|              |                      |   |         | <hr/>               |
|              |                      | <i>Sub-total</i>  |         | <b>(1,292)</b>      |

|                    |                      |  |                                   |
|--------------------|----------------------|--|-----------------------------------|
|                    |                      | <b>Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>   |                                   |
| <b>Add:</b>        | <b>Category C.3:</b> | Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents  | -                                 |
|                    |                      | Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)   | -                                 |
|                    |                      | Reversal of previously recorded fair value gain of Investment Property   | -                                 |
|                    |                      | Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)  | -                                 |
|                    |                      | <i>Sub-total</i>   | -                                 |
|                    |                      | <b>Adjusted Net Income (Loss)</b>  | <b>476,949</b>                    |
| <b>Add:</b>        | <b>Category D:</b>   | <b>Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>   |                                   |
|                    |                      | Depreciation on revaluation increment (after tax)  | -                                 |
|                    |                      | <i>Sub-total</i>   | -                                 |
| <b>Add/ (Less)</b> | <b>Category E:</b>   | <b>Adjustments related to relief granted by the SEC and BSP</b>  |                                   |
|                    |                      | Amortization of the effect of reporting relief   | -                                 |
|                    |                      | Total amount of reporting relief granted during the year   | -                                 |
|                    |                      | Others (describe nature)   | -                                 |
|                    |                      | <i>Sub-total</i>   | -                                 |
| <b>Add/ (Less)</b> | <b>Category F:</b>   | <b>Other items that should be excluded from the determination of the amount of available for dividends distribution</b>  |                                   |
|                    |                      | Net movement of treasury shares (except for reacquisition of redeemable shares)  | -                                 |
|                    |                      | Net movement of deferred tax asset not considered in the reconciling items under the previous categories   | (16,518)                          |
|                    |                      | Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable | -                                 |
|                    |                      | Adjustment due to deviation from PFRS/GAAP - gain (loss)   | -                                 |
|                    |                      | Others (describe nature)   | -                                 |
|                    |                      | <i>Sub-total</i>   | (16,518)                          |
|                    |                      | <b>Total Retained Earnings, end of reporting period available for dividend</b>   | <b><u><u>(P1,289,225)</u></u></b> |

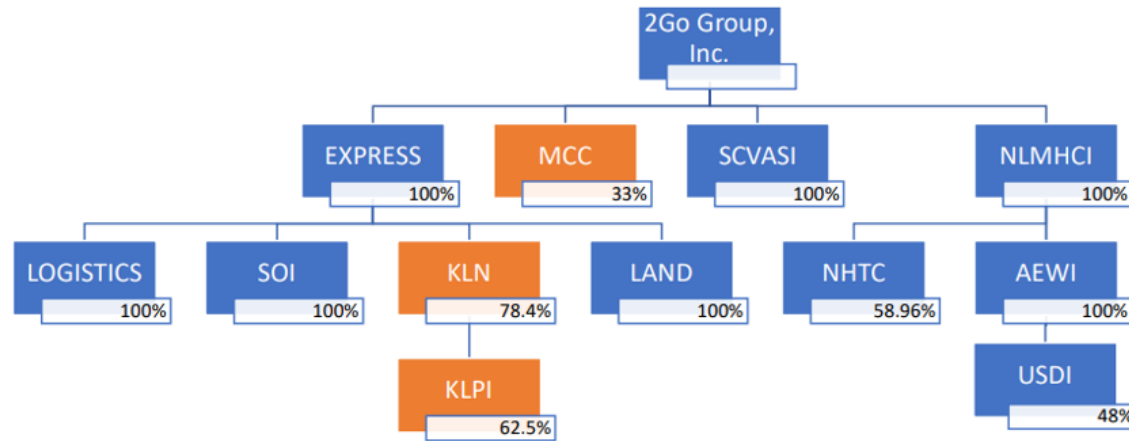
**2GO GROUP, INC. AND SUBSIDIARIES**  
**8/F Tower 1 Double Dragon Plaza, Edsa Ext.**  
**cor. Macapagal Ave., Pasay City**  
**KEY PERFORMANCE INDICATORS**  
**AS OF September 30, 2024 AND DECEMBER 31, 2023**  
(Amounts in Thousands)

|   | September 30,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|
| Total Liabilities                               | ₱13,257,756           | ₱12,903,274          |
| Total Stockholders' Equity                      | 2,494,508             | 1,897,157            |
| <b>Debt-to-Equity</b>                           | <b>5.31</b>           | <b>6.80</b>          |
| Total Current Assets                            | ₱5,585,941            | ₱5,462,441           |
| Total Current Liabilities                       | 8,397,983             | 7,498,360            |
| <b>Current Ratio</b>                            | <b>0.67</b>           | <b>0.73</b>          |
| Total Quick Assets                              | ₱3,267,551            | ₱3,203,045           |
| Total Current Liabilities                       | 8,397,983             | 7,498,360            |
| <b>Quick Ratio</b>                              | <b>0.39</b>           | <b>0.43</b>          |
| Net Income After Tax from continuing operations | ₱603,059              | ₱1,147,321           |
| Depreciation & Amortization                     | 1,075,778             | 1,283,139            |
| Net Income before Dep'n & Amortization          | 1,678,837             | 2,430,460            |
| Short Term & Long-Term Notes                    | 6,247,412             | 5,763,692            |
| <b>Solvency Ratio</b>                           | <b>0.27</b>           | <b>0.40</b>          |
| Total Liabilities                               | ₱13,257,756           | ₱12,903,274          |
| Total Assets                                    | 15,752,264            | 14,800,431           |
| <b>Debt-to-Asset Ratio</b>                      | <b>0.84</b>           | <b>0.87</b>          |
| Total Assets                                    | ₱15,752,264           | ₱14,800,431          |
| Total Stockholders' Equity                      | 2,494,508             | 1,897,157            |
| <b>Equity-to-Asset Ratio</b>                    | <b>0.16</b>           | <b>0.13</b>          |
| Net Income from continuing operations           | ₱603,059              | ₱1,147,321           |
| Average Total Assets                            | 15,276,348            | 14,596,163           |
| <b>Return on Assets</b>                         | <b>0.04</b>           | <b>0.08</b>          |
| Net Income from continuing operations           | ₱603,059              | ₱1,147,321           |
| Average Total Stockholders' Equity              | 2,195,833             | 1,445,879            |
| <b>Return on Equity</b>                         | <b>0.27</b>           | <b>0.79</b>          |

|                                       | September 30,<br>2024 | December 31,<br>2023 |
|---------------------------------------|-----------------------|----------------------|
| Sales                                 | ₱13,468,457           | ₱15,956,167          |
| Cost of Services and Goods Sold       | 11,608,890            | 13,221,156           |
| Gross Profit                          | 1,859,567             | 2,735,011            |
| <b>Gross Profit Margin</b>            | <b>0.14</b>           | <b>0.17</b>          |
| Net Income from continuing operations | ₱603,059              | ₱1,147,321           |
| Sales                                 | 13,468,457            | 15,956,167           |
| <b>Net Profit Margin</b>              | <b>0.04</b>           | <b>0.07</b>          |
| EBIT                                  | ₱1,088,575            | ₱1,728,352           |
| Interest Expense                      | 417,016               | 477,550              |
| <b>Interest Coverage Ratio</b>        | <b>2.61</b>           | <b>3.62</b>          |

**Corporate Structure**

As of September 30, 2024



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

|                             |
|-----------------------------|
| Subsidiary                  |
| Joint Venture and Associate |

**2GO GROUP, INC. AND SUBSIDIARIES**  
**8/F Tower 1 Double Dragon Plaza, Edsa Ext.**  
**cor. Macapagal Ave., Pasay City**  
**Schedule of Financial Soundness**  
**As of September 30, 2024**  
(Amounts in Thousands)

| Ratio                  | Formula  | September<br>30, 2024 | December<br>31, 2023 |
|------------------------|--|-----------------------|----------------------|
| <b>Current ratio</b>   | Total Current Assets Divided by Total Current Liabilities  | <b>0.67</b>           | 0.73                 |
|                        | Total Current Assets   | 5,585,941             |                      |
|                        | Divided by: Total Current Liabilities  | 8,397,983             |                      |
|                        | <b>Current Ratio</b>   | <b>0.67</b>           |                      |
| <b>Acid test ratio</b> | Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities                             | <b>0.39</b>           | 0.43                 |
|                        | Total Current Assets   | 5,585,941             |                      |
|                        | Less: Inventories  | 195,193               |                      |
|                        | Other current assets   | 2,123,197             |                      |
|                        | Quick assets   | 3,267,551             |                      |
|                        | Divided by: Total Current Liabilities  | 8,397,983             |                      |
| <b>Acid test ratio</b> | <b>0.39</b>  |                       |                      |
| <b>Solvency ratio</b>  | Net income before Depreciation & Amortization (Net income from operations plus depreciation and amortization) divided by Interest Bearing Debt | <b>0.27</b>           | 0.40                 |
|                        | Net income from continuing operations  | 603,059               |                      |
|                        | Add: Depreciation & Amortization   | 1,075,778             |                      |
|                        | Net income before depreciation & Amortization  | 1,678,837             |                      |
|                        | Short Term Notes   | 2,589,000             |                      |
|                        | Long Term Notes  | 3,541,852             |                      |
|                        | Obligations under finance lease  | 139,835               |                      |
|                        | Divided by: Interest Bearing Debt  | 6,270,687             |                      |
|                        | <b>Solvency Ratio</b>  | <b>0.27</b>           |                      |

| <b>Ratio</b>                                | <b>Formula</b>   | <b>September<br/>30, 2024</b> | <b>December<br/>31, 2023</b> |
|---|--|-------------------------------|------------------------------|
| <b>Debt -to-<br/>equity ratio</b>           | Total Liabilities divided by Total Stockholders' Equity<br><br>Total Liabilities 13,257,756<br>Divided by: Total Stockholders' Equity 2,494,508<br><hr/> <b>Debt-to-equity ratio</b> 5.31  | <b>5.31</b>                   | 6.80                         |
| <b>Asset-to-<br/>equity ratio</b>           | Total Assets divided by Total Stockholders' Equity<br><br>Total Assets 15,752,264<br>Divided by: Total Stockholders' Equity 2,494,508<br><hr/> <b>Asset-to-equity ratio</b> 6.31   | <b>6.31</b>                   | 7.80                         |
| <b>Interest rate<br/>coverage<br/>ratio</b> | Earnings from before interest & tax divided by interest<br>expense<br><br>Earnings from continuing operations before<br>income tax 672,153<br>Add: Finance Charges 417,016<br>Less: Interest Income 594<br><hr/> 1,088,575<br>Divided by: Interest expense 417,016<br><hr/> <b>Interest rate coverage ratio</b> 2.61 | <b>2.61</b>                   | <b>3.62</b>                  |
| <b>Return on<br/>equity</b>                 | Net income from operations divided by Average Total<br>Stockholders' Equity<br><br>Net income from continuing operations 603,059<br><br>Divided by: Average Total Stockholders'<br>Equity 2,195,833<br><hr/> <b>Return on equity ratio</b> 0.27  | <b>0.27</b>                   | 0.79                         |
| <b>Return on<br/>assets</b>                 | Net income from operations divided by Average Total Assets<br><br>Net income from continuing operations 603,059<br>Divided by: Average Total Assets 15,276,348<br><hr/> <b>Return on assets</b> 0.04   | <b>0.04</b>                   | 0.08                         |
| <b>Net profit<br/>margin</b>                | Net income from continuing operations divided by Total<br>Revenue<br><br>Net income from continuing operations 603,059<br>Divided by: Total<br>Revenue 13,468,457<br><hr/> <b>Net profit margin</b> 0.04   | <b>0.04</b>                   | <b>0.07</b>                  |



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

**Results of Operations for the Nine Months Ended September 30, 2024 and 2023**

| Amounts in millions                                 | Sep 30, 2024    | Sep 30, 2023    | % Change     |
|---|-----------------|-----------------|--------------|
| <b>Revenue</b>                                      | <b>₱ 13,468</b> | <b>₱ 11,787</b> | <b>14%</b>   |
| Costs of Services                                   | 11,609          | 9,887           | (17%)        |
| <b>Gross Profit</b>                                 | <b>1,860</b>    | <b>1,901</b>    | <b>(2%)</b>  |
| General and Administrative Expenses                 | 775             | 713             | (9%)         |
| <b>Operating Income</b>                             | <b>1,085</b>    | <b>1,187</b>    | <b>(9%)</b>  |
| Other Charges                                       | 412             | 327             | (26%)        |
| Provision for Income Tax                            | 69              | 56              | (23%)        |
| <b>Net Income (Loss) from Continuing Operations</b> | <b>₱ 603</b>    | <b>₱ 804</b>    | <b>(25%)</b> |
| Net Income (Loss) from Discontinued Operations      | (5)             | (150)           | 97%          |
| <b>Net Income (Loss)</b>                            | <b>₱ 598</b>    | <b>₱ 654</b>    | <b>(9%)</b>  |
| <u>Add back:</u>                                    |                 |                 |              |
| Financing Charges (Interest)                        | 422             | 372             | (14%)        |
| Provision for Income Tax                            | 69              | 61              | (14%)        |
| Depreciation and Amortization                       | 1,076           | 982             | (10%)        |
| <b>EBITDA</b>                                       | <b>₱ 2,165</b>  | <b>₱ 2,068</b>  | <b>5%</b>    |

2GO Group, Inc. and subsidiaries (2GO or the Group) delivered Net Income of ₱598M for the Nine Months Ended September 30, 2024, ₱56M or 9% lower from the previous year. Revenue grew 14% year-over-year (YoY) while Operating Income decreased 9% due to 53% or ₱983M increase in fuel costs, 28% or ₱141M increase in depreciation expense and 17% or ₱60M increase in interest expense on borrowings related to its acquisition of three ROPAX vessels and new equipment.

Total revenue increased 14% to ₱13.5B from ₱11.8B YoY. Shipping revenue, comprised of sea freight and passenger travel, increased 17%. Passenger travel increased 27% or ₱459M, while Sea freight increased 13% or ₱648M. Logistics and other services revenue increased 11% or ₱574M. Shipping accounted for 58% and Non-shipping 42% of total revenue compared to 57% and 43% respectively during 2023.

Cost of services and goods sold increased 17%. General and administrative expenses increased 9%.

Other charges increased 26% to ₱412M for the first nine months of 2024 compared to ₱327M for the same period last year. Finance charges increased ₱60M or 17%, while equity in net income of associates and other income decreased ₱26M or 85%.

2GO delivered EBITDA of ₱2.2B at 16.1% margin in the first nine months of 2024 compared to ₱2.1B at 17.5% margin in 2023.

## Financial Position as of September 30, 2024 and December 31, 2023

| Amounts in millions                 | As of           |                 | % Change  |
|-------------------------------------|-----------------|-----------------|-----------|
|                                     | Sep 30, 2024    | Dec 31, 2023    |           |
| Current Assets                      | ₱ 5,586         | ₱ 5,462         | 2%        |
| Noncurrent Assets                   | 10,166          | 9,338           | 9%        |
| <b>Total Assets</b>                 | <b>₱ 15,752</b> | <b>₱ 14,800</b> | <b>6%</b> |
| Current Liabilities                 | ₱ 8,398         | ₱ 7,498         | 12%       |
| Noncurrent Liabilities              | 4,860           | 5,405           | (10%)     |
| <b>Total Liabilities</b>            | <b>₱ 13,258</b> | <b>₱ 12,903</b> | <b>3%</b> |
| Total Equity                        | 2,495           | 1,897           | 31%       |
| <b>Total Liabilities and Equity</b> | <b>₱ 15,752</b> | <b>₱ 14,800</b> | <b>6%</b> |

Total Assets increased 6% from ₱14.8B to ₱15.8B, while Total Liabilities increased 3% from ₱12.9B to ₱13.3B.

### Assets

Current Assets increased 2% from ₱5.5B to ₱5.6B. Cash and Cash Equivalents decreased 8% from ₱762M to ₱700M. Trade and Other Receivables, net of Allowance for Doubtful Accounts, increased 5% from ₱2.4B to ₱2.6B.

Noncurrent Assets increased 9% from ₱9.3B to ₱10.2B due to a net increase in Fixed Assets.

### Liabilities

Current Liabilities increased 12% from ₱7.5B to ₱8.4B mainly from new loans for acquisition of vessels. Short-term Notes Payable increased 43% from ₱1.8B to ₱2.6B from new loans stated above.

Noncurrent Liabilities decreased 10% from ₱5.4B to ₱4.9B.

### Equity

Total Equity increased 31% from ₱1.9B to ₱2.5B as 2GO delivered Net Income of ₱598M in the first nine months of 2024.

## Key Performance Indicators

The following are the key financial ratios of the Group for the years ended September 30, 2024 and 2023 and as of September 30, 2024 and December 31, 2023.

|                                   | Sep 30, 2024 | Sep 30, 2023 |
|-----------------------------------|--------------|--------------|
| Revenue Growth                    | 14.3%        | 5.9%         |
| Net Income Margin                 | 4.4%         | 5.5%         |
| EBITDA (in Millions of Pesos)     | ₱ 2,165      | ₱ 2,068      |
| EBITDA Margin                     | 16.1%        | 17.5%        |
|                                   | As of        |              |
|                                   | Sep 30, 2024 | Dec 31, 2023 |
| Current Ratio                     | 0.7          | 0.7          |
| Bank Debt to Total Equity Ratio   | 2.5          | 3.0          |
| Total Liabilities to Total Equity | 5.3          | 6.8          |

Net Income Margin declined to 4.4% in the first nine months of 2024 vs. 5.5% in 2023. EBITDA improved 5% or ₱ 97M to ₱2.2B at 16.1% margin in the first nine months of 2024 compared to ₱2.1B and 17.5% in 2023.

Current Ratio is 0.7 as of September 30, 2024 and December 31, 2023. Bank Debt to Total Equity improved to 2.5 as of September 30, 2024, from 3.0 as of December 31, 2023, while Total Liabilities to Total Equity decreased to 5.3 from 6.8.

The Group calculates the key financial ratios as follows:

|                                   |   |
|-----------------------------------|---|
| Revenue Growth                    | $(\text{Total Revenue current period} / \text{Total Revenue prior period}) - 1$                 |
| Net Income Margin                 | $\text{Net Income} / \text{Total Revenue}$  |
| EBITDA                            | $\text{Net Income} + \text{Interest} + \text{Income Tax} + \text{Depreciation \& Amortization}$ |
| EBITDA Margin                     | $\text{EBITDA} / \text{Total Revenue}$  |
| Current Ratio                     | $\text{Current Assets} / \text{Current Liabilities}$  |
| Bank Debt to Total Equity         | $\text{Total Bank Debt} / \text{Total Equity}$  |
| Total Liabilities to Total Equity | $\text{Total Liabilities} / \text{Total Equity}$  |

### **Company Outlook**

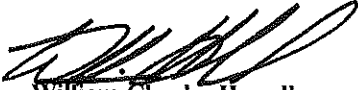
2GO continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping and logistics services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group primarily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

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

**SIGNATURE**

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

Registrant 2GO Group, Inc.

Signature and Title  William Charles Howell CFO

Date NOV 14, 2024

\*\*\*\*\*

REPUBLIC OF THE PHILIPPINES )  
TAGUIG CITY ) S.S.

**CERTIFICATION**

I, **WILLIAM CHARLES HOWELL**, of legal age and with office address at 8th Floor, Tower 1, DoubleDragon Plaza, Macapagal Blvd. corner EDSA Extension, Pasay City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the duly appointed Chief Financial Officer of **2GO GROUP, INC.** (the **Corporation**), a corporation duly organized and existing under the laws of the Philippines, with SEC Registration No. 4409, and with offices at the 8<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, EDSA Extension cor. Macapagal Avenue, Pasay City.
2. That I have caused the preparation of this Quarterly Report (SEC Form 17-Q) on behalf of the Corporation;
3. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
4. That the Corporation will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
5. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
6. That the e-mail account designated by the Corporation pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Corporation in its online submissions to CGFD.

**IN WITNESS WHEREOF**, I have hereunto affixed my signature on this NOV 14 2024 at TAGUIG CITY.

  
**WILLIAM CHARLES HOWELL**  
Chief Financial Officer

**SUBSCRIBED AND SWORN** to before me this NOV 14 2024 at TAGUIG CITY, affiant exhibited to me his Tax Identification No. 321-579-394.

Doc. No. 158 ;  
Page No. 33 ;  
Book No. I ;  
Series of 2024.

  
**ERIELLE ROBYN T. ONGCHAN**  
Appointment No. 133 (2024-2025)  
Notary Public for Taguig City  
Until December 31, 2025  
Attorney's Roll No. 88303  
1105 Tower 2 High Street South Corporate Plaza  
26th Street, Bonifacio Global City, Taguig City  
PTR Receipt No. A-6151055; 04.05.24; Taguig City  
IBP Receipt No. 428172; 01.23.24; Pasig City  
Admitted to the Bar on December 2023