

JACKSTONES, INC.

593 Antonio Drive, Bagumbayan, Taguig City 1630

Annex F - Management's Discussion and Analysis of Financial Condition and Results of Operations

Plan of Operation

Due to uncertainty brought about by the COVID 19, the Company has no plan to acquire new lands for development in the next 12 months. It will instead offer auxiliary real estate services in order to augment its sources of revenue.

Management's Discussion and Analysis

JAS's key performance indicators are as follows:

- a. Current Ratio
- b. Acid-Test Ratio
- c. Net Debt to Equity Ratio
- d. Debt to Asset Ratio
- e. Asset to Equity Ratio

Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

The following are the key performance indicators of JAS in relation to its financial condition:

	JAS and its Subsidiary			JPI		
	2021	2020	2019	2021	2020	2019
i. Current Ratio	1.10	1.11	1.20	1.03	0.98	0.97
ii. Acid-Test Ratio	0.40	0.13	0.25	0.30	0.07	0.14
iii. Debt to Equity Ratio	12.53	7.57	4.17	535.20	(487.45)	(163.37)
iv. Debt to Asset Ratio	0.93	0.88	0.81	1.00	1.00	1.01
v. Asset to Equity Ratio	13.53	8.57	5.17	536.20	(486.45)	(162.37)

Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. This tells investors how a company can maximize the current assets on its balance sheets to satisfy its current debt and other payables; calculated by dividing current assets by current liabilities.

Acid-Test Ratio

The acid-test ratio provides a simple and more accurate assessment of the Company's ability to pay its current liabilities. This is calculated as cash plus accounts receivable divided by current liabilities.

Debt to Equity Ratio

The debt-to-equity ratio is calculated by dividing a company's total liabilities by its shareholder equity. The ratio is used to evaluate a company's financial leverage and measure the degree to which a company is financing its operations through debt versus wholly-owned funds.

Debt to Asset Ratio

This ratio quantifies the percentage of the Company's assets that have been financed with short-term and long-term debts. This is calculated by dividing total debts by total assets.

Asset to Equity Ratio

The asset to equity ratio shows the relationship of the total assets of the company to the portion owned by shareholders. This ratio is an indicator of the company's leverage used to finance JAS.

Financial and Operational Results

Results of Operations

Comparison of key financial performance for the calendar year-ended 31 December 2021, 2020 and 2019 are summarized in the following tables:

	December 31		
	2021	2020	2019
Revenue	46,305,800	14,104,689	-
Cost of Sales and Services	(35,454,254)	(8,002,388)	-
Gross Profit	10,851,546	6,102,301	-
Administrative Expenses	(13,989,452)	(9,147,926)	(7,849,362)
Operating Loss	(3,137,906)	(3,045,625)	(7,849,362)
Foreign Exchange Gain (Loss)	290,427	(287,981)	(351,638)
Finance cost	(21,483)	(23,519)	-
Interest Income	544,721	68,741	705,895
Income tax (expense) benefit	(867,204)	(117,474)	1,328,416
Net Loss	(3,191,445)	(3,405,858)	(6,166,689)

The Company's negative income in FY 2020 is per forecast, as the company could not yet realize all its revenue until 100% turnover and acceptance of the Michelia Residences project. As of December 31, 2021, the project is 100% (2020: 50%). Likewise, there is no operation in year 2019.

Financial Condition

JAS's objective when managing capital are to support JAS's ability to effectively deploy capital and to protect the interest of its shareholders.

Management shall utilize the capital structure that generates the most value for shareholders and this may entail adjustments to dividends paid to shareholders, loans obtained from banks, and the issuance of new shares. Total capital being managed by JAS as its total equity as shown in the attached statement of financial position.

JAS is also currently negotiating with various investment groups to raise new capital and is also seriously considering another public offering to raise more funds for its investments and holdings. JAS continues to review projects, ventures, businesses and assets that can be included in the holdings of it of which JAS may issue shares in exchange for owning them.

As of December 31, 2021, the consolidated financial statement of JAS shows its assets consisting of:

- cash in the amount of P55,040,903;
- short term investment of P5,297,829;

- real estate held for development and sale of ₱94,642,845;
- due from related parties of ₱254,732;
- contract assets of ₱1,409,371;
- prepayment and other current asset of ₱10,394,990;
- property and equipment – net of ₱2,592,440;
- input VAT, non-current of ₱1,560,242;
- right-of-use asset, net of ₱265,222; and
- and deferred income tax assets of ₱1,154,594.

Total assets as of 31 December 2021 amount to ₱172,613,218 compared to ₱137,437,020 total assets as of 31 December 2020.

Comparison of key financial position for the calendar year ended 31 December 2021, 2020 and 2019 are summarized in the following tables:

	December 31		
	2021	2020	2019
Current Assets	168,505,832	124,959,674	96,911,276
Non-current Assets	5,217,372	12,477,346	3,496,818
Total Assets	173,723,204	137,439,040	100,408,094
Current Liabilities	152,857,869	112,968,440	80,972,908
Non-current Liabilities	8,027,452	8,439,252	-
Total Liabilities	160,885,321	121,407,692	80,972,908
Deficit	(318,680,984)	(315,489,539)	(312,083,681)
Equity	12,837,883	16,029,328	19,435,186
Total Liabilities and equity	173,723,204	137,437,020	100,408,094

Likewise, the comparative increase (decrease) of financial analysis of balance sheets as of 31 December 2021, 2020 and as follows:

	31 December 2021 vs 2020	31 December 2020 vs 2019
Current Assets	34.85%	28.94%
Non-Current Assets	(58.19%)	256.82%
Total Assets	26.40%	36.88%
Total Liabilities	32.52%	49.94%
Deficit	1.01%	1.09%
Equity	(19.91%)	(17.52%)

*Computed at increase (decrease) over last year divided by last year

Full Fiscal Year disclosure as required under Part III(A)(2)(a) of Annex C of the Securities Regulations Code, as amended

Jackstones, Inc. provides its responses below on the required disclosures for a security registrant's financial condition:

Any known trends or any known demands, commitments, events, or uncertainties that will result in registrant's liquidity increasing or decreasing in any material way.	None. JAS and its subsidiary did not enter into any contracts or agreements that would result to demands, commitments, events or uncertainties that will result in liquidity increase or decrease.
Any events that will trigger direct or contingent financial obligation that is material to the company, including	None. JAS and its subsidiary have no obligations or contracts that will trigger direct or contingent financial obligations that is material to the Company, including

any default or acceleration of an obligation.	any default or accelerating of an obligation.
All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.	None. JAS and its subsidiary have no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships that are not included in the consolidated entities.
Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds such expenditures should be described.	None. JAS and its subsidiary have no material commitments for capital expenditures.
Any known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.	None. The Management of JAS and its subsidiary believe that there is no known trends, events, or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenue or income from continuing operations.
Any significant elements of income or loss that did not arise from the registrant's continuing operations.	None. There is no significant elements of income or loss that did not arise from JAS's continuing operations.
The causes of any material change from period to period which shall include vertical and horizontal analyses of any material items.	There is material change in debt-to-equity ratio and asset-to-equity ratio between 2021 and 2020 due to increase in advances from shareholders. This is reflected in the table above.
Any seasonal aspects that had a material effect on the financial condition or results of operations.	None. The operation of JAS and its subsidiary are not dependent to the seasonal aspects that will affect financial condition or results of operations.

Legal, Regulatory, and Corporate Developments

A Memorandum of Agreement between Ketton Holdings, Inc. and the previous shareholders states that any claims filed against JAS by ING following the closing date of sale, with regards to loan extended by ING to PACEMCO, shall be for the account of the previous shareholders. Accordingly, management believes that JAS's financial position and results of operations will not be significantly affected from the ultimate disposition of outstanding legal cases and claims. Further, there are no other material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of the future financial condition of JAS.

Other Relevant Information

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of JAS with unconsolidated entities or other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures.

Impact of COVID-19

In early 2020, there was an outbreak of the COVID-19 which was declared by the World Health Organization ('WHO') as a pandemic in March 2020. Due to this outbreak, the government implemented strong measures to control the spread of the COVID-19 such as the Enhanced Community Quarantine (ECQ). These measures highly affected the economy of the Philippine market due to slow-down of the business activities.

As expected, JAS's operation was disrupted by the said measures. Nevertheless, JAS's residential development project, Michelia Residences, was repurposed to include mixed-used units. Moving forward, JAS would remain vigilant as to the uncertainty posed by the COVID-19 pandemic. Notwithstanding such challenges, JAS maintains its vision of delivering the highest standard of service to its shareholders.