

Offer Supplement dated 11 November 2022

**Cirtek Holdings Philippines Corporation ("Cirtek" or the "Issuer")
Issuance of up to PHP 2,000,000,000 worth of Commercial Papers forming
part of Cirtek's PHP6,000,000,000 Commercial Paper Program (the "CP
Program")**

This document constitutes the Offer Supplement relating to the intended Second Tranche offer and issuance of up to Php2,000,000,000.00 worth of Commercial Papers ("CP" or "CPs") by Cirtek Holdings Philippines Corporation (the "Offer"). Unless otherwise defined herein, capitalized terms used herein shall have the definitions set forth in the Facility Agency Agreement dated November 11, 2022 by and between Cirtek (or the "Company") and Philippine Commercial Capital, Inc. – Trust and Investment Group.

This Offer Supplement comprises the final terms of the Commercial Papers and the Summary of Consolidated Financial Information. The Offer Supplement should be read in conjunction with the Final Prospectus dated March 26, 2021. Full information on the Issuer and the offer of the Series F and Series G Commercial Papers is only available on the basis of the combination of this Offer Supplement and the Final Prospectus. The Registration Statement, Final Prospectus, and the Offer Supplement, can be accessed through the Company's website at <https://cirtekholdings.com/>.

The Company has applied with the SEC for the issuance of a Certificate of Permit to Offer Securities for Sale (the "Permit to Sell") for the Second Tranche Offer of the CPs, and expects to receive such before commencing with the Offer.

I. Previous Issuance of Cirtek CP

On 26 March 2021, the Securities and Exchange Commission ("SEC") rendered effective the shelf registration and sale in the Philippines of ₱6.0 billion worth of commercial papers of the Company under SEC MSRD Order No. 13, Series of 2021 dated 26 March 2021. The commercial papers shall be issued in tranches within a period of (3) three years from the date of effectivity of the Registration Statement (the "CP Program").

On 26 March 2021, the SEC issued its Certificate of Permit to Offer Securities for Sale for Cirtek's First Tranche commercial papers, under SEC MSRD Order No. 13, Series of 2021. Out of the Php 2,000,000,000.00 covered by the Permit to Sell, Php 1,000,000,000.00 was issued and listed on the Philippine Dealing & Exchange Corp. ("PDEX") on April 28, 2021.

The Php 1.0 billion CP issuance is broken down into two series: (a) Php 305,000,000 Series D Commercial Papers Due October 27, 2021; and (b) Php 695,000,000 Series E Commercial Papers Due April 27, 2022. The respective terms of the two (2) series are as follows:

- Series D: 182 days, 4.00% discount rate; and Series E: 364 days, 4.25% discount rate.

Others Notes:

- Total Amount Previously Issued: Under SEC MSRD Order No. 13, Series of 2021 dated March 26, 2021, Php1.00 billion worth of Cirtek First Tranche CP has been issued.
- Summary of the amount Issued after the current tranche / issuance:

Series D:	182 days, Php 305.0MM
Series E:	364 days, Php 695.0MM
Series F & G:	182 and 364 days respectively, up to Php 2.0B total issue size

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

- *Amount yet to be issued after the current tranche/issuance:* Upon full issuance of the current tranche, Php 3.0 billion out of its Php 6.0 billion CP Program would have been issued. As a result, Cirtek will still be able to issue Php 3.0 billion worth of CPs under the same program.

II. Terms of the Offer

The final terms of the Commercial Papers must be read in conjunction with the Terms and Conditions. In case of any inconsistencies between the Terms and Conditions and this Offer Supplement, this Offer Supplement shall prevail.

Issuer	Cirtek Holdings Philippines Corporation ("Cirtek" or the "Company")
Issue	Philippine Peso-denominated 182-day Series F Commercial Papers and 364-day Series G Commercial Papers (the "Offer CPs") The CPs shall constitute Second Tranche of the existing Php 6.0 billion CP Program of the Issuer.
Issue Size	Aggregate principal amount of up to Php 2.0 billion
Manner of Distribution	Public offer
Use of Proceeds	The Proceeds from the Issue will be used primarily for the following: (a) working capital of all of its subsidiaries, (b) To finance the Capital Expenditures and Other Improvements of all subsidiaries and (c) payment of some financial obligations of the Company
Form and Denomination	Series F Series F CPs shall be issued in scripless form in minimum denominations of ₱5,000,000 in face value each and in integral multiples of ₱100,000 thereafter Series G Series G CPs shall be issued in scripless form in minimum denominations of ₱500,000 in face value each and in integral multiples of ₱100,000 thereafter With respect to secondary trading for both series, these shall be in minimum denominations of ₱100,000 in face value each and increments of ₱10,000 thereafter
Issue Price	Discount to face value
Target Offer Period	November 21 to November 29, 2022
Target Issue Date	December 6, 2022

Maturity Date	182 days and 364 days from Issue Date for Series F and Series G, respectively								
Discount Rate	<p>The final discount rates for this issuance will be as follows:</p> <ul style="list-style-type: none"> • Series F: 6.8866% per annum • Series G: 7.7700% per annum 								
Interest Computation	The interest/ Discount Rate will be calculated on a true discount basis								
Final Redemption	The Offer CPs shall be redeemed at par or 100% of the face value (the "Final Redemption Amount") on Maturity Date of each series								
Optional Redemption	Not applicable								
Covenants	<p>Certain loan agreements between the Company and various local financial institutions require Cirtek to meet and maintain certain financial covenants including, but not limited to:</p> <table border="1"> <thead> <tr> <th>Ratio</th> <th>Threshold</th> </tr> </thead> <tbody> <tr> <td>Debt-to-Equity Ratio</td> <td>At most 2:1</td> </tr> <tr> <td>Debt Service Coverage Ratio</td> <td>At least 1.5x</td> </tr> <tr> <td>Current Ratio</td> <td>At least 1.10x</td> </tr> </tbody> </table> <p>As of the date of the Offer Supplement, the Company is in compliance with its financial covenants.</p>	Ratio	Threshold	Debt-to-Equity Ratio	At most 2:1	Debt Service Coverage Ratio	At least 1.5x	Current Ratio	At least 1.10x
Ratio	Threshold								
Debt-to-Equity Ratio	At most 2:1								
Debt Service Coverage Ratio	At least 1.5x								
Current Ratio	At least 1.10x								
Cross Default	<p>The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a material default thereunder after allowing for all applicable grace periods.</p> <p>No default will occur under this clause if the aggregate amount the Company fails to pay is less than Php 35 million (or its equivalent in any other currency or currencies).</p>								
Listing	The Issuer intends to list Series F and Series G CPs on the Philippine Dealing & Exchange Corp. ("PDEX") on the Issue Date								

Issuer Rating	The Issuer has a rating of PRS A (corp.), with a Stable Outlook assigned by Philratings on February 4, 2022.
Issue Manager, Sole Underwriter and Bookrunner	Philippine Commercial Capital, Inc. ("PCCI")
Financial Advisor	MIB Capital Corporation (formerly Multinational Investment Bancorporation)
Registrar and Paying Agent	Philippine Depository & Trust Corp.
Facility Agent	PCCI - Trust and Investment Group
Legal Counsel to the Issuer	Tolosa Javier Lim & Chua Law Firm
Legal Counsel to the Issue Manager, Sole Underwriter and Bookrunner	Romulo Mabanta Buenaventura Sayoc & de los Angeles
Governing Law	Philippine law

III. Company Profile and Business Updates

Cirtek Holdings Philippines Corporation is a Philippine-incorporated entity listed in the PSE and is one of the fastest growing companies in the Philippines.

Through its subsidiaries, the company is primarily engaged in three major activities:

- Quintel USA, Inc. -The design, development and delivery of the wireless industry's most advanced high-efficiency, high-performance antenna solutions.
- Cirtek Electronics Corporation (CEC)-The manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services.
- Cirtek Advanced Technologies and Solutions, Inc. (CATSI) – The manufacture of value-added, highly-integrated microwave and millimeter wave technology products.

Business Updates per Subsidiary:

Quintel USA, Inc.

- Continuous trend of antenna replacement and opportunity for further deployment of new antenna families.
- An uptick in capital expenditures spendings from key customers due to 5G deployments
- 5-year renewed supply agreements for passive antennas with two of the largest US Telecommunications companies
- Strong market presence in the radio market. Product roadmap ready for penetration into one of the radio markets.
- Quintel currently ranks third in terms of market share
- Continuous relationship building with other new carriers
- Estimated 50% growth in 2022 compared to 2021.
- New customer opportunities for the preparations of trial units

Cirtek Electronics Corporation (CEC)

- CEC's business continues to grow after the pandemic, after a 25% growth in 2021. As of the second quarter of 2022, revenues from the semiconductor business amounted to US\$22.5 million compared to US\$20.9 million for the same period in 2021, a 7.7% increase.
- CEC shipped more than one billion pieces in 2021 versus 960M target, or 25% better compared to target
- Capacity expansion was carried out end of Q1 2022 to accommodate bookings made in Q4 2021
- Capacity expansion focused on product line that are fully booked
- To preserve CEC's profitability, an average of 8% price adjustment was carried out effective in August 2022. 95% of Tier 1 customers and 100% of Tier 2 customers agreed on the price adjustment.
- CEC expects the uptrend to stay on course based on market analysts. Analysts are on the same page with regards to 2022 growth at 11%

- Completed customer commitments for continuous growth by signing a buyback agreement to book capacity for two years
- CEC continues to expand capacity in 2022

Cirtek Advanced Technologies and Solutions, Inc. (CATSI):

- Revenue growth driven by strong demand for Radio Frequency (RF) / Microwave / Millimeter wave products in the telecommunications, consumer, defense, security, satcom, and imaging end markets
- Managed to secure Blanket Purchase Orders (BPOs) from two major US customers to support 2022 sales.
- Low-cost version of microwave and millimeter wave navigator projects
- Currently in the midst of product qualification for CO2 gas sensor modules
- Growing market share
- Expansion of Analog Devices (AD) products into the System Level Box Builds and new RF Boards from AD
- Secured a long-term partnership with one of its customers

IV. Net Proceed Computation and Use of Proceeds

Presented in the tables below are the expenses and fees that are expected to be deducted from the total proceeds of the issuance, computed separately for Series F, Series G, and combined.

Series F – assuming 50% allocation in Series F at the final rate of 6.8866% per annum

Net Proceeds Computation

Face Value	1,000,000,000.00
Interest Discount (and WHT)	-33,644,244.70
Gross Proceeds:	966,355,755.30
Less: Underwriter and Selling Fees:	-2,000,000.00
Less: PDTC Fees:	-25,000.00
Less: Documentary Stamp Tax	-3,739,726.03
Less: Facility Agent Fee	-75,000.00
Less: SEC Filing and Legal Fees	-536,577.50
Less: Legal Fees	-717,600.00
Less: Financial Advisory Fee	-500,000.00
Less: Issue Manager Fee	-500,000.00
Net Proceeds	958,261,851.78

Series G – assuming 50% allocation in Series G at the final rate of 7.7700% per annum

Net Proceeds Computation

Face Value	1,000,000,000.00
Interest Discount (and WHT)	-72,840,723.31
Gross Proceeds:	927,159,276.69
Less: Underwriter and Selling Fees:	-4,000,000.00
Less: PDTC Fees:	-25,000.00
Less: Documentary Stamp Tax	-7,479,452.05
Less: Facility Agent Fee	-75,000.00
Less: SEC Filing and Legal Fees	-536,577.50
Less: Legal Fees	-717,600.00
Less: Financial Advisory Fee	-500,000.00
Less: Issue Manager Fee	-500,000.00
Net Proceeds	913,325,647.14

Series F and G

Net Proceeds Computation

Face Value	2,000,000,000.00
Interest Discount (and WHT)	-106,484,968.00
Gross Proceeds:	1,893,515,032.00
Less: Underwriter and Selling Fees:	-6,000,000.00
Less: PDTC Fees:	-50,000.00
Less: Documentary Stamp Tax	-11,219,178.08
Less: Facility Agent Fee	-150,000.00
Less: SEC Filing and Legal Fees	-1,073,155.00
Less: Legal Fees	-1,435,200.00
Less: Financial Advisory Fee	-1,000,000.00
Less: Issue Manager Fee	-1,000,000.00
Net Proceeds	1,871,587,498.91

Notes:

- a) Interest Discount – based on the final discount rate of 6.8866% and 182 days tenor for Series F; and the final discount rate of 7.7700% and 364 days tenor for Series G
b) Underwriter and Selling Fee – based on the 0.4% fee per annum
c) PDTC Fees – estimated amount
d) Documentary Stamp Tax – computed based on the usual DST formula

Use of Proceeds:

The Company plans to use the proceeds from the issuance for the following:

Purpose*	Amount (₱)	Schedule of Disbursement
To refinance existing debt of Cirtek	541,326,620.80	Jan 2023-Oct 2023
To finance the Capital Expenditures and Other Improvements of all subsidiaries	464,000,000.00	Jan 2023-Dec 2023
Finance the working capital of Quintel USA, Inc. ("Quintel")	389,817,395.15	Jan 2023-Oct 2023
Finance the working capital of Cirtek Electronics Corporation (CEC)	259,878,263.43	Jan 2023-Oct 2023
Finance the working capital of Cirtek Advanced Technologies and Solutions, Inc. (CATSI)	216,565,219.53	Jan 2023-Oct 2023
TOTAL	1,871,587,498.91	

Partial Maturing obligations of Cirtek

Maturity Date	Funder	Rate	Tenor	Principal Amount (in US\$)	Portion of the maturity Value which will be paid (in US\$)
01/19/2023	RCBC	6.25%	7 yrs.	\$20,000,000.00	\$1,192,824.08
01/19/2023	BPI	6.25%	7 yrs.	\$20,000,000.00	\$1,192,824.08
04/19/2023	RCBC	6.25%	7 yrs.	\$20,000,000.00	\$1,170,833.33
04/19/2023	BPI	6.25%	7 yrs.	\$20,000,000.00	\$1,170,833.33
07/19/2023	RCBC	6.25%	7 yrs.	\$20,000,000.00	\$1,158,043.98
07/19/2023	BPI	6.25%	7 yrs.	\$20,000,000.00	\$1,158,043.98
10/19/2023	RCBC	6.25%	7 yrs.	\$20,000,000.00	\$1,144,907.41
10/19/2023	BPI	6.25%	7 yrs.	\$20,000,000.00	\$1,144,907.41
TOTAL (in US\$)				40,000,000.00	9,333,217.60
Foreign Exchange Rate					58.00
TOTAL (In ₱)					541,326,620.80

Breakdown of allocation for Quintel's working capital requirements:

Purpose	Amount (₱)	Schedule of Disbursement
Research and Development for New Products	152,272,419.98	Jan 2023-Oct 2023
Raw material purchases	146,181,523.18	Jan 2023-Oct 2023
Operating expenses	91,363,451.99	Jan 2023-Oct 2023
TOTAL	389,817,395.15	

Breakdown of allocation for CEC's working capital requirements:

Purpose	Amount (₱)	Schedule of Disbursement
Raw Material Purchases	86,556,408.31	Jan 2023-Oct 2023
Research and Development Expenses	70,166,747.48	Jan 2023-Oct 2023
Other Operation Expenses (Additional personnel expenses and training, Transportation, Light Water & Utilities, Rent, Repairs & Maintenance, Security Services)	103,155,107.64	Jan 2023-Oct 2023
TOTAL	259,878,263.43	

Breakdown of allocation for CATSI's working capital requirements:

Purpose	Amount (₱)	Schedule of Disbursement
Raw Material Purchases	72,188,997.06	Jan 2023-Oct 2023
Research and Development Expenses	58,473,087.62	Jan 2023-Oct 2023
Other Operation Expenses (Additional personnel expenses and training, Transportation, Light Water & Utilities, Rent, Repairs & Maintenance, Security Services)	85,903,134.85	Jan 2023-Oct 2023
TOTAL	216,565,219.53	

Breakdown of allocation of Capital Expenditures and Other Improvements per Subsidiary:

Name of Subsidiary	Amount (₱)
Quintel USA, Inc. ("Quintel")	208,800,000.00
Cirtek Electronics Corporation (CEC)	162,400,000.00
Cirtek Advanced Technologies and Solutions, Inc. (CATSI)	92,800,000.00
TOTAL	464,000,000.00

While the CP proceeds have not been deployed, the Company intends to invest the funds from the CP issuance in short-term marketable securities until the disbursement schedule is finalized.

The foregoing discussion represents a best estimate of the use of proceeds of the CPs based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company's and its shareholders' interest taken as whole. In such event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and shareholders, and the PDEX within thirty (30) days prior to its implementation.

No portion of the proceeds will be used to acquire major assets, or finance the acquisition of other business, nor will the proceeds be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, and money loaned or advanced or otherwise. No amount from the Net Proceeds will be utilized to pay any outstanding financial obligation to the Issue Manager, Sole Underwriter and Bookrunner.

V. Amendment to the Plan of Distribution

The first tranche of the CP Program were all offered to the public by MIB Capital Corporation (formerly Multinational Investment Bancorporation) ("MIB Capital"), with the following terms:

First Tranche: Php 1.0 billion

- Series D: 182 days, Php 305.0MM
- Series E: 364 days, Php 695.0MM

However, due to the voluntary surrender of its investment house license, MIB Capital can no longer function as the Underwriter for the CP issuance, and hence, the functions of the Underwriter were transferred to Philippine Commercial Capital, Inc.

For the Second Tranche under the Company's ₱6,000,000,000.00 CP Program, Philippine Commercial Capital, Inc. ("PCCI" or the "Issue Manager, Sole Underwriter and Bookrunner") has agreed to distribute and sell at the Issue Price the Series F and Series G Commercial Papers on a best-efforts basis, pursuant to an Underwriting Agreement with the Company dated November 11, 2022 (the "Underwriting Agreement"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Issue Manager, Sole Underwriter and Bookrunner has committed to underwrite on a best-efforts basis the following:

Series F & G Commercial Paper	Up to ₱ 2,000,000,000.00
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The estimated underwriting and selling fees amounting to Six Million Pesos (Php 6,000,000.00) to be paid by the Company to the Issue Manager, Sole Underwriter and Bookrunner in relation to the Series F and Series G Commercial Papers Offer shall be equivalent to 0.40% per annum (prorated based on tenor) of the gross proceeds of the Series F and Series G Commercial Papers Offer.

Philippine Commercial Capital, Inc. acting as Issue Manager, Sole Underwriter and Bookrunner for the Series F and G Commercial Papers is duly licensed by the SEC to engage in the underwriting or distribution of securities to the public including the Commercial Papers. The Issue Manager, Sole Underwriter and Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

The Issue Manager, Sole Underwriter and Bookrunner has no direct or indirect relations with the Company in terms of ownership by either of their respective major shareholder/s and has no right to designate or nominate any member of the Board of Directors of the Company.

For the purpose of complying with the commitments under the Underwriting Agreement, the Issue Manager, Sole Underwriter and Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Underwriters to appoint selling agents for the sale and distribution to the public of the Offer CPs; provided, that the Issue Manager, Sole Underwriter and Bookrunner shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Issue Manager, Sole Underwriter and Bookrunner with the selling agents.

Financial Advisor

MIB CAPITAL CORPORATION (formerly Multinational Investment Bancorporation) was established in March 1972 and presently provides financial advisory services such as capital raising, issue management and loan syndication/structuring, as well as fair market valuation of shares and companies.

MIB Capital is a pioneering and innovative financial institution:

- Conceived to develop and institutionalize the concept of Total Banking which makes available a wide array of financial, investment, advisory and related services to the broadest spectrum of selected clients;
- Structured as a Corporate Partnership where its officer-partners pledge their personal assets to the institution to manifest their total commitment against conflicts of interest involving their professional acts; and

Organized under the philosophy of Self-Reliance, requiring dependence only on internal resources and productivity for the institution's growth and perpetuity.

MIB Capital and PCCI, in their capacity as Financial Advisor and Issue Manager, respectively, assist the Company in (i) the requisite preparations for the Offer of the Series F and G Commercial Papers, (ii) the filing and securing of the required regulatory approvals for the Offer of the Series F and G Commercial Papers, and (iii) coordination and management of the overall transaction.

Issue Manager, Sole Underwriter and Bookrunner

Philippine Commercial Capital, Inc. was incorporated on July 25, 1980 and is considered as one of the oldest investment banks in the country. PCCI has established a solid track record and expertise in the Philippine capital markets and consequently obtained a license to operate as a trust entity, investment house and securities dealer.

VI. Risk Factors

Note: The Risks enumerated below are updates to the Risk Factors disclosed in the Prospectus. For a full discussion of Risks, please refer to the Prospectus.

Risk relating to the Ukraine-Russia Conflict

Russian consumption/expenditure for semiconductors and other related technology infrastructure devices remain minimal in relation to the world market, hence we do not see this significantly impacting our volume of business in terms of net negative or positive. Much of the market whom we cater to would comprise of the United States, as well as other European nations such as Switzerland, United Kingdom, and Germany. As such, we do not see Russia playing a significant role in terms of influencing our business. The only effect of the Ukraine-Russian conflict on Cirtek's business is the rising oil prices which resulted in a price hike in commodities, electricity, water, gases, freight handling etc.

Risk relating to the COVID-19 pandemic

Current Statistics:

On November 10, 2022 the Department of Health (DOH) has recorded 1,267 new confirmed COVID-19 cases bringing the country's total COVID-19 caseload to 4,014,039. Of these, 16,526 cases are active or currently sick. The death toll is now at 64,329.

Background:

In January 2020, the outbreak of Coronavirus Disease 2019 (COVID-19) in China resulted to partial or complete cessation of work in all China-based manufacturing facilities in conformance with local government notices.

Due to the COVID-19 pandemic, the President placed the entire island of Luzon, including Region IV and the province of Laguna, under enhanced community quarantine from March 16 to April 14, 2020, which has since been extended to May 15, 2020 ("ECQ"). This measure includes strict home quarantine, suspension of land, domestic air and domestic sea travel to and from Luzon, prohibition of mass gatherings, suspension of work at various non-essential government and private offices. However, export-oriented industries, which includes the Group, are allowed to continue to operate during the ECQ with a skeletal workforce, subject to strict health, safety, and social distancing requirements.

The Group in its disclosure dated March 16, 2020 informed the investing public that the Company and its subsidiaries (the "Cirtek Group") remain in full operation. The Group assessed that the potential risk and impact posed by COVID-19 include the following: (1) reduced attendance of employees due to the enhanced community quarantine; (2) increase in operating cost due to additional safety measures to protect all employees of the company; and (3) slow deliveries of materials from China. Further, Cirtek Group has implemented its Workplace Policy and Program on COVID-19 Prevention and Control to ensure the health, safety and welfare of all its employees and in compliance with the requirements of the Department of Labor and Employment and the Department of Health.

To mitigate the risk of an increase in operating cost from complying with all the rules and regulations set by the government amid the pandemic while still improving production efficiency and maintaining product quality, Cirtek implemented a flexible manufacturing set up, automation of some processes of production, and the application of a skeletal work force system especially among staff personnel.

On March 24, 2020, Cirtek Group issued another update to inform investing public that the Company and its subsidiaries are still operational at different levels of capacity and customer orders continue to come in even better due to temporary closure of other competitors.

As at reporting date, Cirtek Group were operational at different levels of capacity. The Group will monitor the developments of the COVID-19 situation closely and continue to assess its impact on the 2020 financial position and performance of the Group. However, the Group does not expect that this will have significant impact on the 2019 judgments and estimates.

On April 15, 2020, Cirtek Group in its disclosure informed the investing public that amidst the global COVID-19 pandemic, (i) Cirtek Electronics Corporation, the semiconductor arm of Cirtek Group, is experiencing a surge in product orders for medical chips from suppliers of medical equipment (thermal scanners, ventilators, and imaging sensors), while (ii) Quintel USA, Inc., its telecom base station antenna equipment maker, is also experiencing surge in antenna demand, especially for new models, as the global lockdown and work from home policies have shifted growth to massive data demand. Cirtek and its subsidiaries worldwide remain COVID-19 free while adhering to local government policies and measures in ensuring business continuity.

As of April 27, 2020, Cirtek group's manufacturing capacity is running at 90% and the Company expects to run 100% full capacity by the time ECQ is lifted.

In order to hasten the achievement of herd immunity against COVID – 19 within the company and ensure the good health of its employees, Cirtek has extended its support to facilitate the drive to have all of its employees vaccinated against COVID-19. The company has cooperated with Laguna Technopark's vaccination facility by fielding its own set of medical volunteers. It has thereby provided the employees easier access to a vaccination facility directly adjacent to the company's facility. This drives the workforce vaccination rate to 100% as of present. Currently, the company's medical team is moving forward to provide COVID-19 booster shots to strengthen herd immunity. The Company, especially its employees are not that affected since the Company is still continuously implementing/enforcing its Workplace Policy and Program on COVID-19 Prevention and Control in compliance with DOLE and DOH regulations.

As of the date of this Offer Supplement, the supply conditions and the state of payment collection are as follows:

With regard to the supply chain for the antenna business in particular, majority of the Company's suppliers are located in China where factories have returned to normal operation since April 2020. Therefore, this business segment is not experiencing delivery delays.

Meanwhile, for the semiconductor business, the Cirtek Group is maintaining multiple sources/suppliers from China and other sites in the Asia Pacific region and the U.S.A.; hence, there is no major impact on the segment's operations.

Finally, as of the date of this prospectus, the Cirtek Group is not experiencing any payment delays from its customers for both the antenna and semiconductor businesses. Based from accounting collection records, majority of customers are up to date in payment.

That being said, the Company believes that the Cirtek Group has been highly efficient in its collection of accounts receivables. It likewise believes it has a solid financial position that should mitigate liquidity risk if in any case there will be a result from delayed payment of customers.

VII. Summary of Consolidated Financial Condition

The selected financial information set forth in the following table has been derived from the Company's consolidated audited financial statements as of December 31, 2021 and reviewed interim consolidated financial statements as of June 30, 2022. This information should be read in conjunction with the auditors' reports (for the audited financial statements), the Company's consolidated financial statements including the notes thereto, and other financial information included in the Prospectus dated March 26, 2021.

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

June 30, 2022 Financial Statements

<i>In US Dollars (USD)</i>		
	Six Months Ended	
Income Statement Data:	June 30, 2022	June 30, 2021
	<i>(Unaudited)</i>	<i>(Reviewed)</i>
Revenues.....	46,100,695	45,553,572
Cost of Sales	32,304,299	31,856,901
Expenses, Other Income & Cost.....	7,343,090	5,531,263
Income Before Tax.....	6,453,306	8,165,408
Net Income.....	6,258,791	7,981,472
	As of	As of
	June 30, 2022	December 31, 2021
	<i>(Unaudited)</i>	<i>(Audited)</i>
Balance Sheet Data:		
Current Assets.....	176,768,558	197,631,548
Noncurrent Assets.....	142,548,744	141,982,788
Total Assets.....	319,317,302	339,614,336
Current Liabilities.....	62,447,668	83,918,331
Noncurrent Liabilities.....	38,075,309	38,721,820
Total Liabilities.....	100,522,977	122,640,151
Stockholders' Equity.....	218,794,325	216,974,185

Results of Operations

For the six-month period ending June 30, 2022 compared to the six-month period ending June 30, 2021

Revenue

The Company recorded consolidated revenue of US\$46.1million for the six months ending June 30, 2022, an increase of 1% from US\$45.6 million for the same period in 2021. The increase accounted for was mainly due to 7.7% increase in revenue contribution from semiconductor business and 3% increase in revenue contribution from Quintel Cayman Ltd. ("Quintel")

Revenue contribution from Quintel for the six-month period ending June 30, 2022 amounted to US\$11.5 million. In August 2017, the Company acquired 100% of Quintel, a US-based developer of leading-edge base station antennas used for cellular wireless networks.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the six months ending June 30, 2022 amounted to US\$12.1 million, a 11% decrease compared to the US\$13.6 million for same period in 2021.

Revenues from the semiconductor business amounted to US\$22.5 million compared to US\$20.9 million for the same period in 2021, a 7.7% increase.

Presented below is the disaggregation of the Group's revenue from contracts with customers for the six months ended June 30, 2022 and 2021 respectively:

	For the Six Months ended June 30	
	(Reviewed)	(Reviewed)
	2022	2021
New product	\$ 7,636,319	\$ 3,841,114
Integrated Circuits	6,269,053	5,200,538
Discrete	5,224,284	3,363,823
Dual and quad flat no leads	4,491,586	4,313,520
Multichips	4,475,602	5,047,115
16 port antennas	3,509,619	
Analog	3,259,566	
8 port antennas	2,756,747	7,843,859
6 port antennas	2,184,614	6,711,839
Hermetics	2,018,817	2,947,120
12 port antennas	1,784,546	1,197,899
Microwave Network Inc	674,783	82,978
NRE+addtl charging costs/serv inc	540,360	
Bridgewave	540,270	3,276
Others	273,994	918,553
Cougar	187,475	312,386
10 port antennas	101,124	9,900
Brackets	98,560	130,613
Outdoor units	35,279	
Indoor radio frequency	31,990	10,203
Remec, manufacturing services	3,087	3,618,836
QPCBA	3,020	
	\$ 46,100,695	\$ 45,553,572

Cost of Sales and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales increased by 1% to US\$32.3 million for the six months ending June 30, 2022 from US\$31.9 million for the same period in 2021. The increase was mainly due to:

- Raw materials, spare parts, supplies and other inventories used increased by 7% to US\$22.1 million for the six months ending June 30, 2022, from \$20.7 million for the same period in 2021
- Utilities increased by 12% to US\$1.8 million for the six months ending June 30, 2022, from US\$1.6 million for the same period in 2021.
- Inward freight and duties and others increased by 129% to US\$2.0 million for the six months ending June 30, 2022 from US\$0.9 million for the same period in 2021.

The Company's gross margin was 30% for the six months ending June 30, 2022, same as the gross margin recorded for the same period in 2021.

Operating Expenses

The Company's operating expenses for the six months ending June 30, 2022 amounted to US\$5.4 million, 26% higher compared to the US\$4.3 million recorded during the same period in 2021. The significant increase is due to:

- Salaries, wages and employees' benefits increased by 42% to US\$ 2.4million for the six months ending June 30, 2022, from US\$1.7 million for the same period in 2021.
- Commissions increased by 10% to US\$522 thousand for the six months ending June 30, 2022, from US\$475 thousand for the same period in 2021.
- Transportation and travels increased by 34% to US\$56 thousand for the six months ending June 30, 2022, from US\$42 thousand for the same period in 2021.
- Entertainment, amusement and recreation increased by 85% to US\$53 thousand for the six months ending June 30, 2022, from US\$29 thousand for the same period in 2021.
- Insurance premiums increased by 22% to US\$57 thousand for the six months ending June 30, 2022, from US\$46 thousand for the same period in 2021.

Income Before Income Tax

For the six months ending June 30, 2022, the Company recorded a net income before income tax of US\$6.5million, a decrease of 21% compared with US\$8.2 million recorded for the same period in 2021.

Provision for / Benefit from Income Tax

Provision for income tax for the six months ending June 30, 2022 amounted to US\$195 thousand compared with a provision for income tax of US\$184 thousand for the same period in 2021.

Net Income After Tax

The Company's net income after tax for the six months ending June 30, 2022 amounted to US\$6.3 million a decrease of 22% compared with US\$8.0 million for the same period in 2021.

Financial Condition

For the six-month period ending June 30, 2022 compared to the period ending December 31, 2021

Assets

The Company's cash and cash equivalent for the six months ending June 30, 2022 amounted to US\$39.3 million, compared with US\$71.4 million for the period ending December 31, 2021, a decrease of US\$32.1 million or 45%.

Trade and other receivables for the six months ending June 30, 2022 amounted to US\$63.1 million, compared with US\$61.4 million for the period ending December 31, 2021, a 3% increase.

Inventory levels for the six months ending June 30, 2022 amounted to US\$65.8 million, 12% higher compared with US\$58.7 million for the period ending December 31, 2021.

Amounts owed by related parties for the six months ending June 30, 2022 amounted to US\$4.9 million compared to US\$192 thousand for the period ending December 31, 2021, a 2,476% increase.

Non-current assets, comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the six months ending June 30, 2022 amounted to US\$142.5 million same with US\$142.0 million for the period ending December 31, 2021.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the six months ending June 30, 2022, current liabilities were at US\$62.4 million, compared with US\$83.9 million the period ending December 31, 2021, a decrease of 26%.

For the six months ending June 30, 2022, the Company's non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US\$38.1 million compared with US\$38.7 million for the period ending December 31, 2021, a 2% decrease.

Equity

The Company's shareholders' equity for the six months ending June 30, 2022 amounted to US\$218.8 million compared with US\$217.0 million for the period ending December 31, 2021, a 1% increase.

Liquidity and Capital Resources

For the six months ending June 30, 2022, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate note's issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

Material Changes to the Company's Reviewed Income Statement as of June 30, 2022 compared to the Reviewed Income Statement as of June 30, 2021 (increase/decrease of 5% or more)

- 26% increase in operating expenses – This is due to the increase in salaries, wages and employees' benefits, commissions, taxes and license, entertainment, Insurance premiums and transportation and travels.
- 21% decrease in Income Before income Tax – This is due to the decrease in Other Income due to the Paycheck Protection Program Covid relief (PPP Loan Forgiveness) given by the US government in Quintel.
- 22% decrease in Net Income After Tax - Decrease in Other Income due to the Paycheck Protection Program Covid relief (PPP Loan Forgiveness) given by the US government in Quintel which resulted to a higher Other Income in 2021.

Material Changes to the Company's Reviewed Balance Sheet as of June 30, 2022 compared to the Audited Balance Sheet as of December 31, 2021 (increase/decrease of 5% or more)

- 12% increase in Inventories -This is due to the longer lead times for certain raw materials and high level of FG inventory in Quintel
- 8% decrease in the current portion of long-term debt – This is due to additional payment for long-term credit facilities

December 31, 2021 Audited Financial Statements

Results of Operations

In US\$ except EPS	For the Years Ended	
	2021	2020
Net Sales	70,177,628	68,907,198
Cost Of Sales	49,647,764	48,263,661
Gross Profit	20,529,864	20,643,537
Net Income	8,140,000	6,597,212
Basic/Diluted EPS	\$0.006	\$0.006

For the period ending 31 December 2021 compared to the period ending 31 December 2020

Revenue

The Company recorded consolidated revenue of US\$70.18 million for the period ending December 31, 2021, an increase of 2% from US\$68.9 million for the same period in 2020. The increase accounted for was mainly due to 7% increase in revenue the semiconductor business, Cirtek Electronics Corporation ("CEC") and the 12% increase in revenue of Cirtek Advanced Technologies and Solutions, Inc. ("CATSI").

Revenue contribution from Quintel for the period ending 31 December 2021 amounted to US\$13.4 million compared to US\$16.9 million for the same period in 2020.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the period ending 31 December 2021 amounted to US\$23.0 million, a 12% increase compared to the US\$20.5 million for same period in 2020.

Revenues from the semiconductor business amounted to US\$33.7 million for the period ending 31 December 2021 compared to US\$31.5 million for the same period in 2020 a 7% increase.

Presented below is the disaggregation of the Group's revenue from contracts with customers in 2021 and 2020, respectively:

	2021	2020
Integrated circuits	\$ 8,348,887	\$ 3,259,032
8 port antennas	7,777,559	10,995,245
6 port antennas	7,649,443	13,694,010
Discrete	7,644,449	5,947,718
Remec manufacturing services	7,530,373	4,326,585
Multichips	7,348,240	7,516,411
Dual and quad flat no-leads	6,973,587	4,535,365
New product	5,421,156	10,249,616
Hermetics	3,402,277	2,145,934
12 port antennas	1,858,726	1,894,914
Indoor radio frequency unit	567,476	1,587,150
Cougar	554,605	357,147
Brackets	367,437	429,204
Outdoor unit	140,536	125,347
10 port antennas	79,467	73,762
Bridgewave	5,656	9,273
Others	4,507,754	1,760,485
	\$ 70,177,628	\$ 68,907,198

Cost of Sales and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales increased by 3% to US\$49.7 million for the period ending 31 December 2021 from US\$48.3 million for the same period in 2020. The increase was mainly due to:

- Salaries, wages and employees' benefits increased by 4% to US\$9.8 million for the period ending 31 December 2021 from US\$9.4 million for the same period in 2020.
- Depreciation and amortization increased by 5% to US\$7.0 million for the period ending 31 December 2021 from US\$6.6 million for the same period in 2020.
- Utilities increased by 5% to US\$3.4 million for the period ending 31 December 2021, from US\$3.2 million for the same period in 2020.
- Inward freight and duties and others increased by 38% to US\$4.1 million for the period ending 31 December 2021, from US\$ 3.0 million for the same period in 2020.

The Company's gross margin was 29% for the period ending 31 December 2021, compared to 30% gross margin recorded for the same period in 2020.

Operating Expenses

The Company's operating expenses for the period ending 31 December 2021 amounted to US\$8.2 million, 2% higher compared to the US\$8.0 million recorded during the same period in 2020. The increase is due to:

- Professional fees increased by 2% to US\$0.98 million for the period ending 31 December 31, 2021, from US\$0.95 million for the same period in 2020.
- Taxes and licenses increased by 69% to US\$0.70 million for the period ending 31 December 2021, from US\$0.41 million for the same period in 2020.
- Office supplies increased by 105% to US\$0.36 million for the period ending 31 December 2021 from US\$0.18 million for the same period in 2020.

Net Income After Tax

The Company's net income from continuing operations for the period ending 31 December 2021 amounted to US\$8.1 million, an increase of 23% compared with US\$6.6 million for the same period in 2020. The increase was brought about by the increase of revenue.

Financial Condition

	As of December 31, 2021	As of December 31, 2020
Balance Sheet Data:		
Current Assets.....	197,631,548	166,874,505
Noncurrent Assets.....	141,982,788	142,209,948
Total Assets.....	339,614,336	309,084,453
Current Liabilities.....	83,918,331	110,509,484
Noncurrent Liabilities.....	38,721,820	57,141,503
Total Liabilities.....	122,640,151	167,650,987
Stockholders' Equity.....	216,974,185	141,433,466

For the period ending December 31, 2021 compared to the period ending December 31, 2020

Assets

The Company's cash and cash equivalent for the period ending 31 December 2021 amounted to US\$71.4 million, compared with US\$31.82 million for the period ending 31 December 2020, an increase of US\$39.6 million or 124%.

Trade and other receivables for the period ending 31 December 2021 amounted to US\$61.4 million, compared with US\$56.7 million for the period ending 31 December 2020, an 8% increase.

Inventory levels for the period ending 31 December 2021 amounted to US\$58.7 million, 3% higher compared with US\$57.1 million for the period ending 31 December 2020.

Due from related parties for the period ending 31 December 2021 amounted to US\$0.19 million compared to US\$0.19 million for the period ending 31 December 2020.

Non-current assets, comprised of Other financial asset at amortized cost, investment property, property, plant and equipment (PPE), intangible assets, right-of-use-asset, deferred income taxes and

other noncurrent assets for the period ending 31 December 2021 amounted to US\$142 million compared with US\$142 million for the period ending 31 December 2020.

Liabilities

The Company's current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, Dividend payable, Lease liability-current portion, deposit for future stock subscription and income tax payable. For the period ending 31 December 2021, current liabilities were at US\$83.9 million, compared with US\$110.51 million the period ending 31 December 2020, a decrease of 24%.

For the period ending 31 December 2021, the Company's non-current liabilities, comprised of long-term debt – net of current portion, lease liability, retirement benefit obligation, and deferred income tax liability amounted to US\$38.7 million compared with US\$57.1 million for the period ending 31 December 2020, a 32% decreased.

Equity

The Company's shareholders' equity for the period months ending 31 December 2021 amounted to US\$217.0 million compared with US\$141.4 million for the period ending 31 December 2020

Reclassification of Comparative Amounts

Certain amounts in the comparative consolidated financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassifications include comparative amount previously presented in the Group's financial statements.

Current Year Classification	Previous Year Classification	Amount
Other financial asset at amortized cost	Cash	
Time deposit	Cash in banks	\$ 20,816
Prepayment and other current assets	Other non-current assets	
Advances to suppliers	Others	4,966,194

Aside from the accounts stated in the immediately preceding table, Cirtek also changed the presentation of other financial assets at amortized cost from non-current to current since the account matured in 2022.

The Management believes that the above reclassifications resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss.

Material Changes to the Company's Audited Income Statement as of December 31, 2021 compared to the Audited Income Statement as of December 31, 2020 (increase/decrease of 5% or more)

- 14% increase in Income Before income Tax – this is due to the increase in revenue

Material Changes to the Company's Audited Balance Sheet as of December 30, 2021 compared to the Audited Balance Sheet as of December 31, 2020 (increase/decrease of 5% or more)

- 124% increase in Cash and Cash Equivalent – this is due to the increase in net cash flow from investing and financing activities
- 8% increase in Trade and Other Receivables – Net- this is due to longer collection period for certain major customers
- 16% increase in in Other Noncurrent Assets – this is due to the Increase in advances to major suppliers

Financial Soundness Indicators:

Ratios	Formula	June 30 2022	December 31 2021	December 31 2020
(i) Current Ratio	Current Assets/Current Liabilities	2.83	2.36	1.51
(ii) Debt/Equity Ratio	Bank Debts ¹ / Total Equity	0.32	0.57	1.19
(iii) Net Debt/Equity Ratio	Bank Debts ¹ -Cash & Equivalents/Total Equity	0.14	0.24	0.96
(iii) Asset to Equity Ratio	Total Assets/Total Equity	1.46	1.57	2.19
(iv) Interest Coverage Ratio	EBITDA ² /Interest Expense	6.21	0.50	0.14
(v) Profitability Ratios				
GP Margin	Gross Profit/Revenues	0.30	0.29	0.30
Net Profit Margin	Net Income/Revenues	0.14	0.12	0.10
EBITDA Margin	EBITDA/Revenues	0.27	0.04	0.01
Return on Assets	Net Income/Total Assets ³	0.02	0.03	0.02
Return on Equity	Net Income/Total Equity ³	0.03	0.05	0.05

1 - Sum of short-term loans and long-term debts

2 - EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

3 - Based on balances as at June 30, 2022, December 31, 2021 and December 31, 2020

Noted By:

Cirtek Holdings Philippines Corporation


Jerry Liu
Chairman