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SEC Registration Number

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(Company's Full Name)

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

Mr. Wilfredo Pielago

(Contract Person)

8 634-5099

(Company Telephone Number)

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Month Day
(Fiscal Year)

1	7	-	Q
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(Form Type)

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Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

Not Applicable

Amended Articles
Number/section

1,824

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2023**
2. Commission identification number **13174**
3. BIR tax identification number **000-108-278-000**
4. Exact name of issuer as specified in its charter
DIGIPLUS INTERACTIVE CORP.
5. Province, country or other jurisdiction of incorporation or organization
PHILIPPINES
6. Industry Classification Code: _____ (SEC use only)
7. Address of registrant's principal office
ECOPRIME BUILDING, 32ND ST. COR. 9TH AVE. BONIFACIO GLOBAL CITY, TAGUIG CITY
8. Issuer's telephone number, including area code
8 637-5291
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Section 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
Common	4,407,659,178/NA

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

Yes No

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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes No

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

Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached interim condensed consolidated financial statements.

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

OVERVIEW

DigiPlus Interactive Corp. (the “Company” or “DigiPlus”) is functioning as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **RETAIL** (1) AB Leisure Exponent, Inc. (ABLE - 100% owned), (2) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); **CASINO** (3) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned), (4) Gold Coast Leisure World Corp. (GCLWC - 100% owned); **NETWORK AND LICENSES** (5) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned), (6) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (7) First Cagayan Converge Data Center Inc. (FCCDCI - 60%); and **PROPERTY** (8) AB Leisure Global, Inc. (ABLGI - 100% owned), (9) LR Land Developers, Inc. (LRLDI - 100% owned), (10) G-L Real Estate JV Corporation. (GREJC – 100% owned).

Retail

ABLE

ABLE is the pioneer in professional bingo gaming in the Philippines. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and its subsidiaries the authority to operate bingo games pursuant to Presidential Decree (P.D.) 1869. Since then, bingo outlets of ABLE and its subsidiaries have become community and entertainment centers, a source of revenue for the government, and a sponsor for fund-raising activities relating to social and educational programs.

In 2022, ABLE launched the BingoPlus which offers traditional bingo and other electronic games thru online platform. This is the first traditional bingo on a technology platform licensed by the PAGCOR.

As of September 30, 2023, ABLE also had 128 land-based sites, of which 121 were operational sites, while 7 sites remained temporary closed mainly due to renovation and relocation.

TGXI

TGXI is engaged in operation of e-games stations under a license issued by PAGCOR.

ArenaPlus

In February 2023, the Group launched a new brand for its sports betting operations, ArenaPlus. As of September 30, 2023, TGXI had 31 sites, of which 20 were operational sites while 11 sites remained temporary closed mainly due to renovation and relocation.

Casino

BCGLC

BCGLC operates Slot Arcades at several PAGCOR VIP Clubs at: (1) the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga; (2) Pan Pacific, Malate Manila with Pacific Palm Corporation; (3) Paseo Premier Hotel, Sta. Rosa Laguna with Pacific Palm Corporation; and (4) Apo View Hotel, Davao City with Pacific Palm Corporation.

GCLWC

GCLWC operates Slot Arcades at VIP Club at Venezia at Subic Bay Freeport Zone under a license issued by PAGCOR.

Network and Licenses

FCLRC

The Cagayan Economic Zone Authority (CEZA), mandated by law to manage Cagayan Special Economic Zone and Free Port (CSEZFP), has authorized FCLRC to license, regulate and supervise the operations of registered gaming enterprise in CSEZFP. FCLRC, on behalf of CEZA, can issue two types of licenses: (1) E-casino licenses which will cover all types of gaming including casinos, lotteries, bingo and sportsbook; and (2) Sportsbetting licenses which limit the offerings to sports betting only. As the master licensor, FCLRC is entitled to half of the gaming levy imposed by CEZA on the gaming operators in the CSEZFP.

FCLRC owns 60% of the outstanding capital stock of FCCDCI.

FCCDCI

FCLRC, LRDCSI and IP Ventures, Inc. (IPVI) formed a joint venture corporation with the name First Cagayan Converge Data Center Inc. to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

LRDCSI

LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates.

The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and gaming operators. DigiPlus owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI owns 20% of the outstanding capital stock of FCCDCI.

In 2023, LRDCSI already ceased its operations.

Property

ABLGI

ABLGI acquired a building in Manila as investment property and collect rental income.

GREJC

GREJC acquired 23 hectares of land property in Boracay for future project. In April 2023, ABLI entered into a ₱3.0 billion term-loan agreement with Asia United Bank which is secured by the land owned by GREJC.

LRLDI

LRLDI entered into various lease agreements as lessor with lease terms ranging from monthly to five (5) years.

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

LRLDI has significant land properties in Cagayan which are carried at fair value.

RESULTS OF OPERATIONS

CONSOLIDATED REVENUE AND OPERATING INCOME

Breakdown of consolidated revenues and costs and expenses are as follows:

<i>Amounts in Thousands</i>	For nine months ended		Inc/(Dec)	% Change
	2023	2022		
REVENUE				
Retail games	₱15,369,694	₱4,948,116	₱10,421,578	211%
Rental income - casino	302,925	242,604	60,321	25%
Service and hosting fees	255,190	265,021	(9,831)	-4%
Revenue from leases	54,979	46,974	8,005	17%
Total Revenue	15,982,788	5,502,715	10,480,073	190%
COSTS AND EXPENSES				
Franchise fees and taxes	7,774,774	2,960,832	4,813,942	163%
Advertising and promotion	2,178,553	377,611	1,800,942	477%
Outside services	1,757,549	364,894	1,392,655	382%
Salaries and other employee benefits	683,553	416,937	266,616	64%
Rent	532,471	383,943	148,528	39%
Communications and utilities	244,019	201,624	42,395	21%
Taxes and licenses	133,791	41,499	92,292	222%
Depreciation and amortization	126,824	129,115	(2,291)	-2%
Bandwidth and co-location costs	25,768	84,016	(58,248)	-69%
Repairs and maintenance	21,820	44,881	(23,061)	-51%
Others	115,287	112,856	2,431	2%
Total Costs and Expenses	13,594,409	5,118,208	8,476,201	166%
Operating Income	₱2,388,379	₱384,507	₱2,003,872	521%

<i>Amounts in Thousands</i>	For three months ended			% Change
	September 30			
	2023	2022	Inc/(Dec)	
REVENUE				
Retail games	₱6,799,872	₱2,675,027	₱4,124,845	154%
Rental income - casino	102,924	103,398	(474)	0%
Service and hosting fees	90,008	85,476	4,532	5%
Revenue from leases	17,395	13,869	3,526	25%
Total Revenue	7,010,199	2,877,770	4,132,429	144%
COSTS AND EXPENSES				
Franchise fees and taxes	3,280,802	1,399,196	1,881,606	134%
Advertising and promotion	1,015,883	274,435	741,448	270%
Outside services	817,318	225,503	591,815	262%
Salaries and other employee benefits	240,161	144,899	95,262	66%
Rent	186,914	144,714	42,200	29%
Communications and utilities	90,039	77,768	12,271	16%
Taxes and licenses	46,308	1,590	44,718	2812%
Depreciation and amortization	43,022	34,409	8,613	25%
Bandwidth and co-location costs	9,800	9,483	317	3%
Repairs and maintenance	5,568	28,186	(22,618)	-80%
Others	67,232	12,199	55,033	451%
Total Costs and Expenses	5,803,047	2,352,382	3,450,665	147%
Operating Income	₱1,207,152	₱525,388	₱681,764	130%

Consolidated Revenue

For the nine months ended September 30, 2023, consolidated revenue increased by 190% or ₱10,480.1 million from ₱5,502.7 million of 2022 to ₱15,982.8 million. The increase was mainly due to increase in revenue from the retail, casino and property segments of the Group, net of the decrease in revenues from network and licenses segment.

Retail

ABLE and its subsidiaries, and TGXI recognized revenue in the first three quarters of 2023 amounting to ₱15,369.7 million, an increase of 211% or ₱10,421.6 million. This was mainly due to an increase in retail business operations and new licenses obtained from PAGCOR.

As of September 30, 2023, there were 141 sites in operation with full capacity.

In January 2022, ABLE received a new PAGCOR license to start a new business product "BingoPlus", a traditional bingo on a technology platform.

In February 2023, DigiPlus has launched a new brand for its sports betting operations, ArenaPlus.

Casino

BCGLC and GCLWC revenue increased by 25% or ₱60.3 million from ₱242.6 million in the first three quarters of 2022 to ₱302.9 million in the first three quarters of 2023. The increase was mainly due to increase in foot traffic and operating capacity.

Network and Licenses

There was a decrease in network and licenses revenue from ₱265.0 million to ₱255.2 million in the first three quarters of 2023 as compared to 2022. The decrease amounted to ₱9.8 million or 4%. The decline was attributable to: 1) non-renewal of CEZA licensees and lower revenues reported by existing licensees; and 2) terminations of locators or discontinuance of their operations.

Property

Revenue from leases increased by 17% mainly due to escalation of rates in 2023. The revenue from property segment was generated from the lease of Binondo Suites and other properties in Cagayan Province.

Consolidated Costs and Expenses

Total costs and expenses increased by 166% or ₱8,476.2 million in the first three quarters of 2023 as compared to 2022. This was mainly due to increase in franchise fees and taxes brought about by new games and licenses, advertising and promotions, outside services, salaries and wages, and rent expense.

CONSOLIDATED EBITDA AND NET INCOME

Details of EBITDA and net income are as follows:

<i>Amounts in thousands</i>	For nine months ended			% Change
	September 30			
	2023	2022	Inc/(Dec)	
Revenues	₱15,982,788	₱5,502,715	₱10,480,073	190%
Costs and expenses (excluding depreciation and amortization)	(13,467,585)	(4,989,093)	8,478,492	170%
EBITDA*	2,515,203	513,622	2,001,581	390%
Depreciation and amortization	(126,824)	(129,115)	(2,291)	-2%
Finance expense	(94,761)	(159,119)	(64,358)	-40%
Equity in net loss of joint venture	(26,292)	(47,469)	(21,177)	-45%
Foreign exchange gain (loss)	(4,829)	(3,226)	1,603	50%
Finance income	23,705	17,696	6,009	34%
Provision for expected credit losses	(89,673)	-	89,673	100%
Provision for tax	(7,076)	(2,846)	4,230	149%
Other expenses - net	(77,405)	(8,992)	68,413	761%
Net income after tax	2,112,047	180,551	1,931,496	1070%
Minority interest	29,388	8,183	21,205	259%
Net income attributable to Parent Company	₱2,082,659	₱172,368	₱1,910,291	1108%

<i>Amounts in thousands</i>	For three months ended		Inc/(Dec)	% Change
	2023	2022		
Revenues	₱7,010,199	₱2,877,770	₱4,132,429	144%
Costs and expenses (excluding depreciation and amortization)	(5,760,025)	(2,317,973)	3,442,052	148%
EBITDA*	1,250,174	559,797	690,377	123%
Depreciation and amortization	(43,022)	(34,409)	8,613	25%
Finance expense	(53,177)	(73,577)	(20,400)	-28%
Equity in net loss of joint venture	(9,262)	(19,482)	(10,220)	-52%
Foreign exchange gain (loss)	(4,373)	(1,575)	2,798	178%
Finance income	12,436	17,650	(5,214)	-30%
Provision for expected credit losses	(89,673)	-	89,673	100%
Provision for tax	(7,076)	(2,846)	4,230	149%
Other expenses - net	(40,317)	(7,905)	32,412	410%
Net income after tax	1,015,709	437,653	578,057	132%
Minority interest	8,474	8,862	(388)	-4%
Net income attributable to Parent Company	₱1,007,235	₱ 428,791	₱578,444	135%

*EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-recurring expense such as impairment loss. The Group evaluates performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRSs and may not be comparable to similarly titled measures presented by other entities.

The Group's consolidated net income improved from ₱180.6 million in the first three quarters of 2022 to ₱2,112.0 million in the first three quarters of 2023 or 1,070% increase. EBITDA also improved from ₱513.6 million in the first three quarters of 2022 to ₱2,515.0 million in the same period of 2023. This was mainly due to significant increase in revenue from retail segment, net of costs and expenses related to franchise and taxes, advertising, manpower and retail business for re-opening of sites.

Financial Position

On a consolidated basis, the financial position of DigiPlus and its subsidiaries continue to be on solid ground.

As at September 30, 2023, our total assets stood at ₱26.4 billion, an increase of ₱5.5 billion or 26% as compared to the total assets as of December 31, 2022 amounting to ₱20.9 billion. The increase was attributable to increase in cash, receivables, prepaid expenses, property and equipment and other noncurrent assets. The increase is mainly due to construction of studios and head office, and renovation of land-based sites.

Cash and cash equivalents increased by ₱2,485.1 million or 183% mainly due to cash flows generated from the operations, issuance of shares, and loan drawdowns from banks. This is net of the loan repayments during the period.

Receivables and lease receivables increased by ₱61.3 million or 4% mainly due to outstanding player deposits made through payment channels which are usually collected within 1 to 3 working days from actual date of deposit. Prepaid and other current assets also increased by 178% mainly due to increase in prepaid expenses such as advertising and marketing, taxes and licenses, insurance and increase in advances to existing suppliers.

Property and equipment increased by 109% or ₱1,172.6 million, mainly due to renovations of land-based sites and acquisition of office equipment, net of straight-line depreciation and amortization during the period.

Goodwill amounting to ₱1.3 billion were from the business acquisition of the Group which includes share and land-based site acquisitions.

Other noncurrent assets include advances to suppliers, cash performance bonds, rental deposits and other assets. Other noncurrent assets increased by 96% or ₱1,031.0 million due to deferred project costs and outstanding advances to various contractors.

The total liabilities as of September 30, 2023 and December 31, 2022 amounted to ₱9.4 billion and ₱7.9 billion, respectively. The increase was mainly due to growth in business volume during the period, partially offset by the net settlement of the Group's outstanding loans.

Cash Flows

Cash balance as of September 30, 2023 and December 31, 2022 amounted to ₱3.8 billion and ₱1.4 billion, respectively. The increase was mainly due to net cash provided by operating and financing activities amounting to ₱2,398.8 million and ₱408.5 million, respectively, net of cash flows used in investing activities amounting to ₱2,330.4 million in the first three quarters of 2023.

The Company and its subsidiaries:

- a) Have no known trends or any demands, commitments, events or uncertainties that will result in or that are likely to result in the liquidity increasing or decreasing in any material way;
- b) Have no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) Have no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period;
- d) Have not breached any loans, leases or other indebtedness or financing agreement; and
- e) Have no material commitment for capital expenditure, aside from those already discussed.

FUTURE PLANS

The Company will continue to execute on its strategic transformation agenda in line with its vision to become a leading digital entertainment group in the Philippines, harnessing technologies to unlock new forms of entertainment for Filipinos that can be accessed anytime and anywhere.

The Company will implement initiatives to cement its leadership in digital gaming by offering new and innovative digital offerings, leveraging the expertise and technological and operational infrastructure it has established from BingoPlus. It is ramping up ArenaPlus and broadening its target market by diversifying its product offerings to cater to different demographics and lifestyle preferences. At the same time, the Company will introduce new specialty games into both the BingoPlus and ArenaPlus platforms.

In addition, the Company aims to optimize its user engagement and increase user retention through seamless and tailored experiences across its digital ecosystem. To achieve this, the Company will continue to implement aggressive marketing efforts as well as utilize big data technologies.

PART II – OTHER INFORMATION

There is no significant information that needs to be reported under this section not previously reported in a report on SEC Form 17-C.

SIGNATURES

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

DIGIPLUS INTERACTIVE CORP.

By:



TSUI KIN MING
President

November 6, 2023



WILFREDO M. PIELAGO
Chief Financial Officer / Treasurer

November 6, 2023

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2023 and December 31, 2022

(All amounts in thousands Philippine Peso)

	Notes	2023*	2022**
ASSETS			
Current assets			
Cash and cash equivalents		3,841,576	1,356,481
Receivables, net		1,125,126	1,086,372
Current portion of lease receivables		70,686	64,618
Due from related parties		161,479	157,156
Prepaid expenses and other current assets		1,217,375	437,992
Total current assets		6,416,242	3,102,619
Non-current assets			
Receivables, net of current portion		441,820	425,308
Lease receivables, net of current portion		142,924	142,924
Investments and advances, net		2,747,093	2,773,385
Financial assets at fair value through other comprehensive income (FVOCI)		67,359	78,513
Property and equipment, net	3	2,249,232	1,076,596
Investment properties		10,942,553	10,942,553
Goodwill		1,329,092	1,329,092
Other noncurrent assets		2,108,267	1,077,315
Total noncurrent assets		20,028,340	17,845,686
Total assets		26,444,582	20,948,305
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities		5,008,875	2,454,359
Short-term loans payable	4	24,500	116,739
Current portion of:			
Long-term loans payable	4	920,901	3,160,901
Lease liabilities		314,356	260,511
Income tax payable		2,362	343
Total current liabilities		6,270,994	5,992,853
Non-current liabilities			
Long-term loans payable, net of current portion	4	972,052	-
Lease liabilities, net of current portion		608,957	369,952
Retirement benefits liability		53,077	53,077
Customer deposits, net of current portion		79,561	81,516
Deferred tax liabilities		1,444,183	1,444,183
Total noncurrent liabilities		3,157,830	1,948,728
Total liabilities		9,428,824	7,941,581
Equity			
Capital stock		4,785,307	4,094,107
Additional paid-in capital		6,245,301	5,090,997
Treasury shares		(431,598)	(431,598)
Retirement benefits reserve		20,502	20,502
Fair value reserve		488,681	499,835
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		43,149	(19,488)
Retained earnings		5,409,673	3,327,014
Equity attributable to equity holders of the Parent Company		16,558,915	12,579,269
Non-controlling interests		456,843	427,455
Total equity	5	17,015,758	13,006,724
Total liabilities and equity		26,444,582	20,948,305

*Unaudited

**Audited

(The notes are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Interim Condensed Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2023 and 2022

(All amounts in thousands Philippine Peso, except Earnings per Share Figures)

	Notes	Nine Months Ended September 30*		Three Months Ended September 30*	
		2023	2022	2023	2022
Revenues					
Retail games	6	15,369,694	4,948,116	6,799,872	2,675,027
Rental income		302,925	242,604	102,924	103,398
Service and hosting fees		255,190	265,021	90,008	85,476
Revenue from leases		54,979	46,974	17,395	13,869
		15,982,788	5,502,715	7,010,199	2,877,770
Cost and operating expenses					
	8	(13,594,409)	(5,118,208)	(5,803,047)	(2,352,382)
Operating profit		2,388,379	384,507	1,207,152	525,388
Other expenses and losses, net					
Finance expense	4	(94,761)	(159,119)	(53,177)	(73,577)
Equity in net loss of joint venture		(26,292)	(47,469)	(9,262)	(19,482)
Foreign exchange loss - net		(4,829)	(3,226)	(4,373)	(1,575)
Finance income		23,705	17,696	12,436	17,650
Provision for expected credit losses		(89,673)	-	(89,673)	-
Other expense - net		(77,406)	(8,992)	(40,318)	(7,905)
		(269,256)	(201,110)	(184,367)	(84,889)
Profit before income tax		2,119,123	183,397	1,022,785	440,499
Provision for income tax		(7,076)	(2,846)	(7,076)	(2,846)
Profit for the period		2,112,047	180,551	1,015,709	437,653
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Revaluation gain (loss) - FVOCI		(11,154)	8,183	(1,531)	8,183
		(11,154)	8,183	(1,531)	8,183
Total comprehensive income for the period		2,100,893	188,734	1,014,178	445,836
Profit for the period attributable to:					
Equity holders of the Parent Company		2,082,659	172,368	1,007,235	428,791
Non-controlling interests		29,388	8,183	8,474	8,862
		2,112,047	180,551	1,015,709	437,653
Total comprehensive income attributable to:					
Equity holders of the Parent Company		2,071,505	180,551	1,005,704	436,974
Non-controlling interests		29,388	8,183	8,474	8,862
		2,100,893	188,734	1,014,178	445,836
Earnings per share					
	5				
Basic		0.5536	0.0671	0.2615	0.1429
Diluted		0.5413	0.0671	0.2531	0.1429

*Unaudited

(The notes are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Interim Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(All amounts in thousands Philippine Peso)

	Equity attributable to equity holders of the Parent Company											Non-controlling interest	Total equity
	Capital stock		Additional paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total			
	Common	Preferred											
Balances at December 31, 2021	2,444,107	1,650,000	4,276,691	(1,703,951)	24,244	(52,546)	(2,100)	(19,488)	2,726,309	9,343,266	341,303	9,684,569	
Comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	172,368	172,368	8,183	180,551	
Other comprehensive income for the period	-	-	-	-	-	8,967	-	-	-	8,967	-	8,967	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	172,368	181,335	8,183	189,518	
Reclassification of shares	1,650,000	(1,650,000)	-	-	-	-	-	-	-	-	-	-	
Issuance of treasury shares, net of issuance costs	-	-	814,306	1,272,353	-	-	-	-	-	2,086,659	-	2,086,659	
Balances at September 30, 2022	4,094,107	-	5,090,997	(431,598)	24,244	(43,579)	(2,100)	(19,488)	2,898,677	11,611,260	349,486	11,960,746	

	Equity attributable to equity holders of the Parent Company											Non-controlling interest	Total equity
	Capital stock		Additional paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total			
	Common	Preferred											
Balances at December 31, 2022	4,094,107	-	5,090,997	(431,598)	20,502	499,835	(2,100)	(19,488)	3,327,014	12,579,269	427,455	13,006,724	
Comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	2,082,659	2,082,659	29,388	2,112,047	
Other comprehensive income for the period	-	-	-	-	-	(11,154)	-	-	-	(11,154)	-	(11,154)	
Total comprehensive income for the period	-	-	-	-	-	(11,154)	-	-	2,082,659	2,071,505	29,388	2,100,893	
Issuance of shares	691,200	-	1,161,216	-	-	-	-	-	-	1,852,416	-	1,852,416	
Share issuance costs	-	-	(6,912)	-	-	-	-	-	-	(6,912)	-	(6,912)	
Stock option reserves during the period	-	-	-	-	-	-	-	62,637	-	62,637	-	62,637	
Balances at September 30, 2023	4,785,307	-	6,245,301	(431,598)	20,502	488,681	(2,100)	43,149	5,409,673	16,558,915	456,843	17,015,758	

*Unaudited

(The notes are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Interim Condensed Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022
(All amounts in thousands Philippine Peso)

	Notes	2023*	2022*
Cash flows from operating activities			
Income before income tax		2,112,047	183,395
Adjustments for:			
Depreciation and amortization		126,824	129,115
Finance expense		94,761	159,119
Equity in net loss of joint venture and associates		26,292	47,469
Unrealized foreign exchange loss (gain)		(94)	3,226
Reserve for employee stock options		62,637	-
Interest income		(23,705)	(17,696)
Operating income before working capital changes		2,398,763	504,629
Increase in:			
Receivables		(65,657)	(87,053)
Prepaid expenses and other current assets		(779,383)	(216,104)
Increase (decrease) in:			
Trade payables and other current liabilities		2,836,587	661,666
Customer deposits		(1,955)	(9,454)
Net cash generated from operations		4,388,355	853,685
Income tax paid		(5,057)	(5,618)
Interest received		23,705	252
Net cash provided by operating activities		4,407,002	848,319
Cash flows for investing activities			
Additions to:			
Property and equipment		(1,299,460)	(73,778)
Investment and advances		-	(316,541)
Increase (decrease) in other noncurrent assets		(1,030,952)	48,345
Net cash used in investing activities		(2,330,412)	(341,974)
Cash flows from financing activities			
Proceeds from:			
Issuance of common shares	5	1,852,416	-
Loans payable	4	1,775,000	-
Issuance of treasury shares	5	-	1,765,409
Payments for:			
Loans payable	4	(3,117,239)	(791,484)
Interest		(94,761)	(129,599)
Share issuance costs	5	(6,912)	-
Net cash provided by financing activities		408,504	844,326
Net increase in cash and cash equivalents		2,485,095	1,350,671
Cash and cash equivalents at beginning of period		1,356,481	416,524
Cash and cash equivalents at end of period		3,841,576	1,767,195

*Unaudited

(The notes are integral part of these financial statements)

DigiPlus Interactive Corp. and Subsidiaries (formerly Leisure & Resorts World Corporation and Subsidiaries)

Notes to the Interim Condensed Consolidated Financial Statements

As at September 30, 2023 and December 31, 2022

And for the nine months ended September 30, 2023 and 2022

(In the notes, all amounts are shown in thousands Philippine Peso unless otherwise stated)

Note 1 - Corporate information

DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation) (the Parent Company or “DigiPlus”) was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. The accompanying interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the “Group” and individually as “Group entities”) and the Group’s interest in joint venture and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Parent Company’s primary purpose is to purchase, acquire, own, use, improve, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as, but not limited to resorts, golf courses, clubhouses and sport facilities, hotels and gaming facilities, including but not limited to bingo parlors with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith.

On February 28, 2023, the Securities and Exchange Commission approved the change of the corporate name of the Parent Company from “Leisure & Resorts World Corporation” to “DigiPlus Interactive Corp.” In view of the foregoing, in March 2023, the Company changed its Stock Symbol from “LR” to “PLUS”.

In addition, the SEC approved the Parent Company’s change of business address from Pasig City to Taguig City. The Group’s registered office address is Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation and presentation

The interim condensed consolidated financial statements have been prepared on a historical cost convention basis, except for:

- Certain financial assets carried at FVOCI;
- Investment properties carried at fair value

The interim condensed consolidated financial statements are presented in Philippine Peso, the Group’s functional and presentation currency. All values are rounded to the nearest thousands (000), except when otherwise indicated. The interim condensed consolidated financial statements have been prepared based on the accounting policies disclosed in the most recent audited annual consolidated financial statements.

Statement of compliance

The interim condensed consolidated financial statements for the nine months ended September 30, 2023 have been prepared in accordance with PAS 34, Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022.

2.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended December 31, 2022 except for the new PFRS, amended PFRS, improvements to PFRS and interpretations which were adopted beginning January 1, 2023. The nature and the impact of each new standard and interpretation that have been issued but are not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

- PAS 1: Classification of Liabilities as Current or Non-current
- PAS 1 and PFRS Practice Statement 2: Making Materiality Judgments - Disclosure of Accounting Policies
- PAS 8: Definition of Accounting Estimates
- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- PFRS 17, Insurance Contracts
- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2023 that are expected to have a material impact on the Group's financial statements.

2.3 Basis of consolidation

Subsidiaries

The interim condensed consolidated financial statements include the financial statements of the Group as at September 30, 2023 with comparative audited figures as at December 31, 2022 and unaudited statements of comprehensive income for the periods ended September 30, 2023 and 2022.

The Group controls an investee if and only if the Group has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

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

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

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of a subsidiary

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Group surrenders control to a related party within the group it ultimately belongs, the difference between the consideration received and the fair value of the subsidiary at divestment date, is recognized as other charges to equity.

The interim condensed consolidated financial statements include the financial statements of the Group and the following subsidiaries as at September 30, 2023 and December 31, 2022:

Subsidiaries	Percentage of ownership	Country of incorporation
AB Leisure Exponent, Inc. (ABLE) and subsidiaries	100	Philippines
AB Leisure Global, Inc. (ABLGI)	100	Philippines
LR Land Developers, Inc. (LRLDI)	100	Philippines
Prime Investment Korea, Inc. (PIKI)*	100	Philippines
Total Gamezone Xtreme Incorporated (TGXI)	100	Philippines
Blue Chip Gaming and Leisure Corporation (BCGLC)	100	Philippines
Gold Coast Leisure World Corporation (GCLWC)	100	Philippines
LR Data Center and Solutions Inc. (LRDCSI)	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)	69.68	Philippines
First Cagayan Converge Data Center, Inc. (FCCDCI)	57.81	Philippines
Bingo Bonanza (HK) Limited (BBL)**	60	Hong Kong

*Non-operating subsidiary

**Deregistered

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interest (NCI)

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of total comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position, separately from Group's equity attributable to equity holders of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so results in a deficit NCI balance.

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on September 30, 1995. Its primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

ABLE offers traditional and electronic bingo games on its bingo halls across the country. Classified under non-essential businesses, all ABLE's bingo halls were temporarily closed on March 16, 2020. On June 5, 2020, PAGCOR issued a memorandum allowing the resumption of operations of gaming sites within MGCQ areas at 50% capacity.

Bingo halls located in areas under GCQ areas were allowed to operate at 30% operating capacity. In 2021, with the government easing the quarantine restrictions, ABLE resumed its sites' operations. In January 2022, PAGCOR granted ABLE with an online traditional bingo license for its new application BingoPlus.

ABLE's registered office address is located at 5th Floor Units 536-544 Bldg. D SM Megamall, EDSA Brgy. Wack-wack, Mandaluyong City.

The interim condensed consolidated financial statements also include the following indirect subsidiaries owned through ABLE as at September 30, 2023 and December 31, 2022:

Subsidiaries	Percentage of Ownership		Country of incorporation
	2023	2022	
Alabang Numbers & Gaming Corporation	100	100	Philippines
Allpoint Leisure Corporation	100	100	Philippines
Alpha One Amusement and Recreation Corp.	100	100	Philippines
Big Time Gaming Corporation	100	100	Philippines
Bingo Extravaganza, Inc.	100	100	Philippines
Bingo Gallery, Inc.	100	100	Philippines
Bingo Heaven Inc.*	100	100	Philippines
Bingo Palace Corporation	100	100	Philippines
Cebu Entertainment Gallery, Inc.	100	100	Philippines
Fiesta Gaming and Entertainment Corporation*	100	100	Philippines
First Leisure & Game Co., Inc.	100	100	Philippines
Galleria Bingo Corporation	100	100	Philippines
Gameexperience Entertainment Corp.	100	100	Philippines
Grand Polaris Gaming Co., Inc.	100	100	Philippines
G-One Gaming & Technology, Inc.	100	100	Philippines
Highland Gaming Corporation	100	100	Philippines
Iloilo Bingo Corporation	100	100	Philippines
Metro Gaming Entertainment Gallery, Inc.	100	100	Philippines
Rizal Gaming Corporation	100	100	Philippines
SG Amusement and Recreation Corp.	100	100	Philippines
South Bingo Corporation	100	100	Philippines
South Entertainment Gallery Incorporated	100	100	Philippines
Topmost Gaming Corp.	100	100	Philippines
Topnotch Bingo Trend, Inc. (Topnotch)	100	100	Philippines
One Bingo Pavilion Inc.	100	100	Philippines
Worldwide Links Leisure and Gaming Corporation	100	100	Philippines
Bingo Dinero Corporation (Bingo Dinero)	100	100	Philippines
Manila Bingo Corporation	100	95	Philippines
One Bingo Place, Incorporated	95	80	Philippines
Bingo Zone, Inc.*	95	95	Philippines
Isarog Gaming Corporation	90	90	Philippines
Summit Bingo, Inc.	60	60	Philippines
Negrense Entertainment Gallery, Inc.	55	55	Philippines

*Non-operating subsidiaries.

The indirect subsidiaries' primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

ABLGI

ABLGI, a wholly-owned subsidiary, was registered with the SEC on October 20, 2009. Its primary purpose is to acquire, own, use, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises such as but not limited to resorts, golf courses, clubhouses and sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. ABLGI started its operations on January 1, 2013.

ABLGI's registered office address is located at 35th Floor, Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

The interim condensed consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at September 30, 2023 and December 31, 2022:

<u>Subsidiaries</u>	<u>Percentage of Ownership</u>	<u>Country of incorporation</u>
AB Leisure Asia Holdings Inc. (ABLAHI)	100	Philippines
AB Leisure Holdings Philippines Corp (ABLHPC)	100	Philippines
G-L Real Estate JV Corporation (GL-JV)	100	Philippines
G-Boracay Land Holdings Inc. (GBLHI)	100	Philippines
G-Boracay Alpha Holdings Inc. (GBAHI)	100	Philippines
Gamemaster Integrated Inc. (formerly G-Boracay Beta Holdings Inc. (GBBHI))	100	Philippines
DigiLive Inc. (formerly G-Boracay Gamma Holdings Inc. (GBGHI))	100	Philippines

The indirect subsidiaries' primary purpose is the same as ABLGI. These indirect subsidiaries were incorporated in 2017 for a future project. The land for such project was acquired in 2017 at a cost of P4,759,548,749.

LRLDI

On December 10, 2007, the Parent Group incorporated LRLDI as its wholly-owned subsidiary. It is engaged in realty development and lease of properties. LRLDI started its operations in 2010.

LRLDI's registered office address is located at Cyberpark Building, Brgy. Visitacion, Sta. Ana, Cagayan.

The community quarantines brought about by the pandemic significantly impacted the LRLDI's operations in 2021 and 2020. The Parent Company is providing the necessary operating and financial support to LRLDI to enable it to continue in the normal course of business.

PIKI

PIKI was registered with the SEC on November 9, 2012. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. On July 3, 2013, PIKI obtained a Grant of Authority from PAGCOR for the privilege and authority to bring in pre-registered non-Philippine junket players (with passports bearing Philippine arrival dates no later than five (5) days prior to the initial entry in the Gaming Rooms) to play the designated junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. On March 22, 2013, the Parent Group acquired 100% of PIKI's outstanding capital stock. PIKI started its operations on July 26, 2013.

PIKI was licensed by PAGCOR to operate a junket within PAGCOR's Casino Filipino-Midas. Junket operations have been suspended at the start of the ECQ. In November 2021, PIKI ceased its operations.

TGXI

TGXI was registered with the SEC on June 27, 2014 primarily to engage in general amusement, gaming operations and recreation enterprises. PAGCOR granted TGXI the privilege to establish, install, maintain, and operate PAGCOR eGames Station (PeGS). PeGS is a gaming facility that offers virtual casino games. TGXI started commercial operations on July 16, 2014.

TGXI operates PeGS in several locations across the country. Its operations were suspended on March 16, 2020 until June 16, 2020. Relative to PAGCOR's memorandum on June 5, 2020, TGXI was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. In 2021, with the government easing the quarantine restrictions, TGXI resumed its sites' operations.

TGXI's principal office is at 35/F, Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

BCGLC

BCGLC was registered with the SEC on February 26, 2009. Its primary purpose is to provide investment, management counsel and to act as agent or representative for business enterprises engaged in gaming, recreation and leisure activities. On October 20, 2009, BCGLC (lessor), as the authorized representative of Munich Management Limited (a foreign corporation duly organized and registered in British Virgin Islands), entered into a contract of lease with PAGCOR (lessee), for the use of slot machines and gaming facilities.

On July 24, 2015, BCGLC incorporated Gold Coast Leisure World Corp. (GCLWC) as its wholly owned subsidiary. Its primary purpose is to purchase, acquire, own, lease (except financial leasing), sell and convey real properties such as lands, buildings, factories, and warehouses and machineries, equipment, and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, share of its capital stock, debentures and other evidences of indebtedness, or other securities as may be deemed expedient, for any business or property acquired by the corporation.

BCGLC operates several PAGCOR VIP clubs. Operations of the PAGCOR VIP clubs were suspended from March 16, 2020 to June 15, 2020 due to the mandated community quarantine of the Philippine government. Relative to PAGCOR's memorandum on June 5, 2020, BCGLC was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. Its operations resumed on June 16, 2020.

BCGLC's registered office address is at King's Royal Hotel and Leisure Park, Olongapo Gapan Road, Macabacle, Bacolor, Pampanga.

LRDCSI

LRDCSI was registered with SEC on May 20, 2016 and started its operation in October 2017. LRDCSI is a technology Group engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunications companies at wholesale rates, bundling said services and then reselling the services at retail rates. The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by the LRDCSI.

LRDCSI's registered office address is located at 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

FCLRC

FCLRC was incorporated on April 26, 2000 and is a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. FCLRC has an existing License Agreement with the Cagayan Economic Zone Authority (CEZA) to develop, operate and conduct internet and gaming enterprises and facilities in the CSEZFP. Pursuant to the License Agreement, CEZA issued the “CEZA Master Licensor Certificate” certifying that FCLRC is duly authorized to regulate and monitor, on behalf of CEZA, all activities pertaining to the licensing and operation of interactive games.

As Master Licensor in CEZA, FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Since COVID-19 impacted the operations of the CEZA licensees, FCLRC’s sub-license fee also decrease due to discontinuance of the operations of its locators/licensees.

FCLRC’s registered office address is located at Guest House, CEZA Complex, Casambalangan, Sta. Ana, Cagayan.

FCCDCI

On March 1, 2007, FCLRC and IP Converge Data Center Corp. (IPCDCC) entered into a Shareholders Agreement (Joint Venture) to engage in the business of information technology such as, but not limited to IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution to the licensed locators of FCLRC, as well as the CEZA. The Joint Venture shall likewise invest in building, upgrading and maintaining the IP communications infrastructure that connects CEZA to the global internet. This includes fiber optic networks, wireless radio stations, telco-grade internet data center, network operations center, and network hubs/access points. This investment is made by FCLRC in relation to the Master Development Plan for Tourism Area in CSEZFP and the Development of Information Technology (IT) Facilities and Telecommunications (Master Development Plan) (Note 5).

FCCDCI was incorporated and registered with the SEC on November 14, 2007, and started commercial operations on January 1, 2008. FCLRC owns 60% of FCCDCI and the remaining 40% is owned by IPCDCC.

On May 15, 2012, IPCDCC entered into a Deed of Assignment of Subscription Rights with IP Ventures, Inc. (“IPVI” a third party Group) whereby IPCDCC assigned all the rights, interests and participation to IPVI. On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, DigiPlus obtained a 57.81% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

FCCDCI provides advanced information technology infrastructure services for businesses such as colocation, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of FCCDCI terminated or have not renewed its contract. In addition, FCCDCI granted discounts to some of its customers in April and May 2020.

FCCDCI’s registered office address is at Centro Municipality of Sta. Ana, Cagayan Economic Zone, Cagayan Province.

BBL

On March 15, 2010, the Parent Group incorporated BBL as its 60%-owned subsidiary. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. BBL was incorporated under the Companies Ordinance of Hong Kong and started its operations in March 2012. It is currently non-operational and in the process of liquidation.

Transactions eliminated on consolidation

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated. Unrealized gains from transactions with the equity accounted investees are eliminated against the investment to the extent of the Group's interest in investee. Unrealized losses are eliminated in the same way as unrealized gains, to the extent that there is no evidence of impairment.

Note 3 - Property and equipment, net

During the nine months ended September 30, 2023, the Group acquired assets totaling P1,299,460. This includes renovation of land-based sites, construction of new head office and purchase of office and other equipment and machines.

Note 4 - Loans payable

Short-term loans

Short term loans as at September 30, 2023 and December 31, 2022, are as follows:

	Ref	2023	2022
Classic Finance (CFI)	a	23,500	116,739
Asia United Bank (AUB)	h	1,000	-
		24,500	116,739

Long-term loans

Long term loans as at September 30, 2023 and December 31, 2022, are as follows:

	Ref	2023		2022	
		Current portion	Non-current portion	Current portion	Non-current portion
BDO	c	-	-	2,250,000	-
Chip Leader	d	710,901	-	910,901	-
AUB	h	210,000	972,052	-	-
		920,901	972,052	3,160,901	-

- a. In March 2020, LRLDI entered into a short-term loan agreement with a local finance company, CFI, for working capital requirements. The loan amounting to P70,000 is subject to an interest rate of 8% and shall be payable in one year. In consideration of the loan, LRLDI assigned its receivable due from TCAMI and pledged 20,777 shares of stock of DFNN, which is owned by the Parent Company, for a total amount of P112,631.

In 2021, prior to the maturity of the loan, CFI granted LRLDI a twelve-month extension and LRLDI obtained an additional loan amounting to P76,500 with an interest rate of 8% and maturity date of one year.

In 2022, CFI further granted LRLDI with a twelve-month extension for the two loans which are maturing in March 2023.

In May 2023, LRLDI partially settled the loan amounting to P93,239. CFI also further granted LRLDI with a twelve-month extension for the outstanding balance of the loan maturing in March 2023 amounting to P23,500.

- b. In January 2023, ABLE entered into 6-month short-term credit facility agreement with BDO amounting to P43,750 with maturity date of July 2023 with interest of 7.75%, subject to repricing. The Group paid the loan balance in full during the third quarter of 2023.
- c. On November 29, 2017, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) with BDO to partially finance the equity investment which GL-JV has undertaken to use for the purpose of acquiring land in Boracay. The loan amounted to P2,500,000, which is payable in full on the final repayment date in November 2022. Interest rate approximates 5.66% per annum and is subject to change depending on the higher of (a) three (3) month Philippine Dealing System Treasury Reference Rate (PDST-R2) plus applicable spread of 2.5% divided by 0.95 or (b) 28-day Time Deposit Facility Rate plus applicable spread of 1% divided by 0.95. Interest is payable on a quarterly basis.

Among the provisions of the agreement, ABLGI is mandated to establish two bank accounts, a DSRA and a Debt Service Payment Account (DSPA). Both accounts are to be maintained at a certain level of funding to facilitate ABLGI's loan and interest payments to BDO.

In the event that funding in the DSPA is insufficient to cover payments of interest, BDO is authorized to directly debit the DSRA to maintain the required funding level. ABLGI is required to pay a front-end fee equivalent to zero-point seventy-five percent (0.75%) of the total amount of loan. Transaction costs that are directly attributable on the issuance of loan amounted to P44,025 which were amortized over the life of the loan.

In consideration of the commitment of BDO to fund the ABLGI's equity investment, ABLGI, GL-JV, ABLAHI and ABLHPC has assigned to BDO its respective rights, titles and interest to all monies standing in the DSRA and DSPA, and other bank accounts created for this particular purpose, project receivables (collectively termed as "Assigned Collaterals"), as well as the proceeds, products, fruits of the aforementioned Assigned Collaterals. The Group has classified its cash included under the DSRA and DSPA as "Cash in bank - restricted" account under other current assets in the consolidated statements of financial position as of December 31, 2022 amounting to P42,245 presented as other non-current assets.

As part of the loan agreement with BDO, ABLGI is required to comply with affirmative financial ratios of debt-to-equity ratio of 2:1. ABLGI is in compliance with the debt-to-equity covenant as at December 31, 2022.

In addition, the loan is guaranteed by the following entities, GL-JV, ABLAHI, ABLHPC, Parent Company, ABLE, TGXI, PIKI, BCGLC and FCLRC.

The loan is likewise secured by project agreements, chattels and real assets owned by either one of the parties to the agreement. Mortgaged properties and mortgaged shares are as follows:

Mortgaged property		Carrying amount
Land		8,835,516
Building		142,063

Mortgaged shares	Shareholder	No of shares	Carrying amount
TGXI	Parent Company	930	93,000

On December 3, 2020, BDO granted an extension period of 60 days on the maturity date of the loan under the “Bayanihan to Recover As One Act”. As a result, the Group was able to secure an extension of the loan maturity to January 30, 2023. The Group paid the loan balance in full in January 2023.

- d. In February 2020, LRLDI entered into a loan agreement with Chip Leader Holdings Corporation (CLHC) to finance its operational and capital expenses. The loan amounting to US\$10,000,000 or P480,230 shall be payable in March 2023. Annual interest rate is at 12% subject to change depending on the prevailing financial and monetary conditions.

The loan is secured by land owned by LRLDI located in Cagayan with fair value as at September 30, 2023 and December 31, 2022 amounting to P1,572,885.

In 2021, CLHC provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of March 1, 2021. On June 1, 2021, CLHC extended an additional loan to the Company amounting to US\$6,320,000 or P355,980 with annual interest rate of 10% on the unpaid principal amount and with maturity date same as the original loan. The additional loan is secured by the above-mentioned properties owned by the LRLDI.

In February 2023, LRLDI partially settled the loan amounting to P200,000.

In March 2023, CLHC further granted LRLDI with a twelve-month extension for the outstanding balance of the loan maturing in March 2024.

- e. In December 2017, BCGLC obtained a long-term loan facility from AUB to partially finance its capital expenditures and to pay advances from related parties used for expansion projects. The maximum loanable amount is P500,000 available in lump sum or staggered releases. The loan is payable in thirty-six (36) equal monthly payments based on initial drawdown. Annual interest rate is the higher of (a) the sum of one-year PDST-R2 plus a spread of 3.0% or (b) 5.875% floor rate, subject to annual repricing. Interest is payable monthly based on the carrying amount of the loan. The loan is secured by (a) Comprehensive Surety Agreement by the Parent Company, (b) 60% ownership in BCGLC’s shares of stocks, and (c) Assignment of accounts wherein BCGLC is mandated to establish two bank accounts, Revenues, Proceeds, and Disbursement Account (RPDA) and DSRA. The RPDA is established to accommodate the revenues, proceeds and disbursement related to the loan availed. The DSRA is to be maintained at a certain level of funding equivalent to one (1) month of amortization. BCGLC has no financial covenants to maintain. Initial drawdown was made in December 2017 amounting to P350,000. Additional drawdown with the remaining loanable amounting to P150,000 was made in April 2018.

On February 1, 2019, the BCGLGC entered into restructuring agreement with AUB for the extension of the maturity period of the loans subject to amendment of the terms of principal repayment an interest payment, which will be repaid quarterly.

On May 27, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which modifies the principal installment payments to have a balloon payment upon maturity but retains the original maturity dates.

In 2022, BCGLC paid the loan balance as at December 31, 2021 of P190,324 in full.

- f. In 2015, the Parent Company entered into a term-loan facility with AUB amounting to P650,000 to facilitate the financing of the acquisition of TGXI. The loan facility is composed of long term and short-term loans. The loan is payable in 60 equal consecutive monthly installments on its respective repayment dates beginning June 12, 2015 until May 12, 2020. Annual interest rate is approximately 6.18%. On February 1, 2019, the Parent Company entered into a Restructuring Agreement with AUB to extend the maturity period of its long-term loan to 2021 and interest rate.

The loan is secured by a chattel mortgage over DigiPlus' shares of stocks held by ABLE and stockholders. As a part of the loan agreement with AUB, the Group is required to comply with affirmative financial ratios such as debt-to-equity and debt service coverage ratio. In 2020, The Group breached the required debt service coverage ratio and management consequently presented the loan as current liability in the statements of financial position.

On May 30, 2021, the Group restructured the loan agreement with an interest rate of 6.58% and extended maturity date to November 2022. The group settled the short-term loan balance of P139,000 and the long-term loan balance of P67,080 in November 2022.

- g. ABLE entered into short-term loan agreement with UCPB with an original maturity date of January 2021. The loan is unsecured and is interest bearing with interest rate ranging from 6.70% to 7.00%. In 2021, ABLE secured an extension from the bank which extended the maturity date of the loan to January 2022. The group paid the loan in full in January 2022.
- h. In April 2023, ABLE entered into a term-loan facility with AUB amounting to P3,000,000 available for multiple drawdowns to finance both capital and general corporate expenditures. The loan is payable in 9 consecutive quarterly installments on its respective repayment dates beginning at the end of the 4th quarter from the initial drawdown date. Total transaction costs incurred for the avilment of the loan amounted to P38,180. The loan is subject to interest rate calculated as the higher of (i) sum of benchmark rate and 2.25% divided by 0.95, or (ii) floor rate of 7% divided by 0.95, payable on a quarterly basis and is subject to annual repricing.

The loan contains restrictive covenants which include, among others, maintenance of debt-to-equity ratio not exceeding 2.0x and a minimum debt service coverage ratio of 1.10x which shall be tested annually based on the consolidated audited financial statements of the Group.

The loan is secured by land owned by G-L Real Estate JV Corporation located in Boracay with fair value amounting to P8,835,614 as at September 30, 2023 and December 31, 2022. Initial drawdown was made in April 2023 amounting to P1,200,000. The loan is presented net of debt issue cost.

On the same date, ABLE entered into a loan line with AUB amounting to P250,000 to finance general working capital requirements. The loan is payable up to ninety days from date of drawdown. The group partially settled the short-term loan balance totaling P249,000 during the third quarter of 2023.

Interest expense related to the loans for the nine months ended September 30, 2023 and 2022 amounted to P94,761 and P159,119, respectively.

Note 5 - Equity

Equity as at September 30, 2023 and December 31, 2022 is as follows:

	September 30, 2023		December 31, 2022	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	7,000,000	7,000,000,000	5,000,000	5,000,000,000
Balance at beginning of period	4,094,107	4,094,106,666	2,444,107	2,444,106,666
Issuance of common shares	691,200	691,200,000	-	-
Conversion of preferred shares to common shares	-	-	1,650,000	1,650,000,000
Balance at end of period	4,785,307	4,785,306,666	4,094,107	4,094,106,666

Capital Stock

Pursuant to the registration statement rendered effective by the SEC on February 6, 1958 and permit to sell issued by the SEC dated February 6, 1958 - 15,000 common shares of the Parent Company were registered and may be offered for sale at an offer price of P1.33 per common share.

On June 18, 2013, the SEC approved the increase in the Parent Company's authorized capital stock from P1,600,000 to P5,000,000 divided into 2,500,000 common shares and 2,500,000 preferred shares with each class having a par value of P1 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications as may be fixed by the BOD at their issuance.

The preferred shares have a coupon rate of 8.5% per annum and are paid semi-annually. These preferred shares are cumulative, non-voting and non-participating. Twenty (20) preferred shares will entitle each investor to one warrant. Each warrant, if exercised at a price of P15 or the average weighted trading price for the three months prior (whichever is lower) will be converted to one common share. This option will be exercisable starting on the fifth year until the eighth year.

On January 11, 2019, the Parent Company's BOD and stockholders approved the issuance of up to 1,300,147 common shares from the unissued capital stock through a private placement at a price based on a premium over the DigiPlus' shares closing price on November 29, 2018.

In March and April 2019, 1,217,647 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Parent Company with its investors. Transactions costs related to the share issuance amounting to P16,604 are recognized as deduction to additional paid-in capital.

On June 15, 2021 and July 30, 2021, the BOD and stockholders of Parent Company, respectively, approved the reclassification of DigiPlus' 1.5 million preferred shares into common shares.

On May 20, 2022, the SEC approved the amendment of the Articles of Incorporation reflecting this reclassification. On November 22, 2021 and January 7, 2022, the BOD and stockholders respectively approved the reclassification of the remaining 1.0 billion preferred shares into common shares. On May 26, 2022, the SEC approved the amendment of the Articles of Incorporation reflecting this further reclassification.

On March 7, 2022, the BOD approved and authorized the issuance of 1,272,352,512 common shares at an issue price of P1.65 per share to various subscribers. Pursuant to the Subscription Agreements, the payment of the subscription price to DigiPlus shall be fully paid by the subscribers within 90 days from signing of their respective Subscription Agreements, which will fall on June 9, 2022. On May 10, 2022,

the Board approved the extension of the deadline to pay up to August 9, 2022. On August 8, 2022, the Parent Company received the full payment of the subscription amount from all the private placement subscribers. The 1,272,352,512 subscribed shares were issued from the 1,650,000,000 treasury shares. Transaction costs related to share issuances amounting to P12,723 are recognized as deduction to additional paid-in capital.

On September 15, 2022, the BOD of the Parent Company approved the increase of the Company's authorized capital stock from P5 billion to P7 billion. On November 24, 2022, the amendment was approved by the stockholders. On September 12, 2023, the SEC approved the increase in authorized capital stock and the issuance of 691.2 million shares at P2.68 per share to its subscribers. Transaction costs related to share issuances amounting to P6,912 are recognized as deduction to additional paid-in capital.

As of September 30, 2023 and December 31, 2022, the Parent Company has 1,824 and 1,821 common stockholders, respectively.

Declaration of cash dividends

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2023 and 2022.

As at September 30, 2023 and December 31, 2022, unpaid dividends, included under "Trade payables and other current liabilities" account in the interim consolidated statements of financial position, amounted to P175,387.

Treasury Shares

Details of treasury shares as at September 30, 2023 and December 31, 2022 are as follows:

<i>Number of shares</i>	Parent Company Treasury Shares		Parent Company Shares held by ABLE	
	2023	2022	2023	2022
Balance at beginning of period	377,647,488	1,650,000,000	21,567,000	21,567,000
Issuance of shares	-	(1,272,352,512)	-	-
Balance at end of period	377,647,488	377,647,488	21,567,000	21,567,000

<i>Amount</i>	2023	2022	2023	2022
	Balance at beginning of period	377,647	1,650,000	53,951
Issuance of shares	-	(1,272,353)	-	-
Balance at end of period	377,647	377,647	53,951	53,951

Earnings per share

Basic/diluted earnings per share for the nine months ended September 30 is computed as follows:

	2023	2022
Net income attributable to equity holders of the Parent Company (a)	2,082,659	172,368
Number of shares		
Weighted average number of shares outstanding for the purpose of basic earnings per share (b)	3,762,033	2,568,823
Effect of diluted share options	85,349	-
Weighted average number of shares outstanding for the purpose of diluted earnings per share (c)	3,847,382	3,716,459
Basic earnings per share (a/b)	0.5536	0.0671
Diluted earnings per share (a/c)	0.5413	0.0671

Stock option plan

On January 31, 2023, the BOD of the Parent Company approved the employee stock options plan of the Group. On March 27, 2023, the same was approved by the stockholders. For the nine-month ended September 30, 2023, the Group recognized stock option expense amounting to P62,637.

Note 6 - Gaming licenses to operate bingo games

Revenue from retail games for the nine-month ended September 30 are as follows:

	2023	2022
Bingo games	9,773,086	4,029,427
Electronic games	5,596,608	918,689
	15,369,694	4,948,116

a. Bingo games

Revenue from Bingo games is composed of revenue from the online traditional bingo, traditional bingo games, electronic bingo games and new rapid bingo system.

Bingo Plus

DigiPlus is granted the country's first Online Traditional Bingo (OTB) license by PAGCOR under its subsidiary, AB Leisure Exponent Inc. (ABLE) and launched its OTB game under the gaming brand "BingoPlus". Bingo Plus was developed by a third party service provider. This innovative game transforms the way traditional bingo is played by combining the excitement of the old and the convenience of new technology via online platforms. BingoPlus can be accessed via website and mobile application.

ABLE remits to PAGCOR its share of 15% on Gross Gaming Revenue (GGR), where GGR is equal to Gross Bets less Total Payouts, or a monthly Minimum Guaranteed Fee (MGF) of P100 million, whichever is higher, including the 5% franchise tax on PAGCOR share. On August 15, 2023, PAGCOR issued a memorandum on the Regulatory Framework for the Fees and Rates on Gaming Site Operations. Effective August 2023, ABLE remits 20% PAGCOR share on GGR from OTB.

In addition, the cost for services of PAGCOR's Third Party Audit Provider equivalent to 10% of the PAGCOR share net of franchise tax is also remitted by the gaming operator to PAGCOR.

Operation of traditional bingo games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct traditional bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from September 2020 to September 2023 are subject to renewal after one (1) to two (2) years upon mutual agreement of both parties. In September 2023, the Licenses were renewed and are valid until September 2025.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee until July 2023. Effective August 2023, PAGCOR share is calculated at 20% of GGR.

Operation of electronic bingo games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct electronic bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from February 2017 to December 2023 are subject to renewal after one (1) to two (2) years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 50% of its revenue less payouts as franchise fee until July 2023. Effective August 2023, PAGCOR share is calculated at 42.5% of GGR.

Operation of New Rapid Bingo System (NRBS)

On September 27, 2005, PAGCOR granted ABLE the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of NRBS operations and the use of the prescribed NRBS card format. ABLE pays PAGCOR 15% of its gross sales (total amount wagered or bets) from the NRBS operations, which shall be remitted twice weekly, until July 2023. Effective August 2023, PAGCOR share is calculated at 20% of GGR.

Distribution and sale of pull-tabs or break-open cards

On August 3, 2005, PAGCOR granted ABLE the authority to distribute and sell pull-tabs or break-open cards in all of the branches of ABLE and its subsidiaries. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price which shall be remitted to PAGCOR by ABLE upon draw-down of cards from the supplier, regardless of quantity of cards sold. Effective August 2023, PAGCOR share is calculated at 20% of GGR.

b. Electronic games

PAGCOR awarded DigiPlus the authority to operate and conduct electronic games, as well as the sports betting aspect thereof. The Licenses for various periods ranging from December 2017 to August 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties. In August 2023, the Licenses were renewed and are valid until August 2025.

The Group pays PAGCOR 25%-47.5% of its revenue as franchise fee until July 2023. Effective August 2023, PAGCOR share is calculated at 22.5%-41.25% of GGR.

Note 7 - License agreement

CEZA is authorized under Section 6f of R.A 7922, "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefore, and for Other Purposes", to operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sport facilities, such as horse racing, gambling casinos, golf courses, and others, under priorities and standards set by CEZA in CSEZFP.

On February 2, 2001, FCLRC and CEZA entered into a license agreement authorizing FCLRC to set up a network operation/hub with its internet server including web sites, gaming software, application programs, administrative software, hardware, internet, as well as telecommunication connections, collection and payment system and toll-free telephone operations, all in connection with the development, operation and conduct of internet and gaming enterprises and facilities in CSEZFP. In line with this mandate, FCLRC was also authorized and licensed to conduct interactive games as defined in the license agreement.

Subsequent to the signing of the license agreement, FCLRC and CEZA signed a supplemental agreement which provides for the following:

1. Appointment of FCLRC as Master Licensor for internet gaming activities and shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive games in CSEZFP;
2. FCLRC is authorized to assist CEZA in its functions as a regulator for interactive gaming activities on behalf of CEZA in accordance with Part 5 of CSEZFP Interactive Gaming Rules and Regulations;
3. The authorization of FCLRC as Master Licensor shall be exclusive for twenty-five years starting from November 7, 2006 or until 2031;
4. FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, FCLRC is authorized to collect from sub-licenses an annual fixed amount for the first year of operations and thereafter, from sportsbook operators. The amount collected from sublicenses is recognized by FCLRC as unearned fees and recognize the revenue over time upon provision of the access to the hosting platform.
5. FCLRC must pay CEZA, on a monthly basis to commence upon the start of actual operations of FCLRC, an amount equivalent to one percent (1%) of the monthly gross winnings payable not later than the seventh (7th) day of the subsequent month. Starting on the sixth (6th) year after the start of FCLRC's operation, FCLRC shall pay a minimum guaranteed amount of \$250.

FCLRC is entitled to tax incentives under Section 4c of RA No. 7922 (CEZA law). No taxes, local, and national, shall be imposed on business establishments operating within the CSEZFP. In lieu of paying taxes, FCLRC shall pay and remit to the national government and local government units five percent (5%) of locators' gross income less allowable deductions.

FCLRC proposed a Master Development Plan in keeping its authority under the license agreement. The Master Development Plan proposed by FCLRC will accordingly create a self-sustaining industrial zone and mixed-use new township in the CSEZFP with tourism and leisure as the lead sector to be developed. The Master Development Plan envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

- Phase I supposedly completed in 2009 after authorization of the CEZA BOD which includes telecommunication connectivity via microwave radio; upgrading of the existing internet data center; conversion of the CEZA Complex into a gaming facility; upgrading of the San Vicente Naval Airport; and Construction of a new CEZA Administration Office. Phase 1 was completed in January 2011.

In August 2007, FCLRC and CEZA entered into an agreement with A.G. Pazon & Associates and CAMJ Construction Corporation, both third parties, to start the development of the Cagayan Business Park (CBP), part of Phase I of the Master Development Plan. The proposed CBP has a total lot area development of 90,005 square meters. The site development plan includes the construction of buildings with a total floor area of 2,400 square meters. The project also includes the construction of an administration building, commercial center, cable center, sub-station and parking spaces. It also includes the installation of an underground power/communication cabling system and an overhead water tank. The development of the CBP was completed in January 2011.

Another infrastructure required in Phase I of the Master Development Plan is the rehabilitation of the San Vicente Naval Airport (the Airport). On September 1, 2006, FCLRC entered into a contract for the airstrip rehabilitation with the same contractors for the CBP to undertake the expansion, paving and overlaying of the runway of the airport and the provision of basic airport amenities. The rehabilitation of the San Vicente Naval Airport was completed on December 8, 2006.

As an initial project to establish the internet and telecommunication infrastructure, FCLRC entered into an Agreement with IPCDCC on March 1, 2007, incorporating FCCDCI. The parties shall infuse the necessary capital to fund the required infrastructure requirements of the Master Development Plan.

- Phase II shall be completed after three (3) years of completion of Phase I and shall include the telecommunication connectivity via fiber optic; redundant telecommunication connectivity; and construction of a leisure and resort complex.
- Phase III shall be completed three (3) years after completion of Phase II and shall include the implementation of the Comprehensive Feasibility Study that will provide a complete telecommunication infrastructure for the whole of the CSEZFP; and development of a beach front property into a leisure and gaming facility.

On September 15, 2006, the parties have extended the term of the license agreement from two (2) years to twenty-five (25) years from the date of approval by the CEZA BOD of the Master Development Plan. The 25 years extension of the authority of FCLRC as Master Licensor commenced on November 7, 2006 and will end on November 7, 2031.

On December 11, 2008 the parties have agreed to extend the deadline of FCLRC's payment of CEZA's share on the sub-licensee fee from "7th day of the following month" to "27th day of the following month", and to reduce the interest rate for the delay in remittance of the said CEZA's share from 18% to 12% per annum.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following:

- CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming;
- CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements;
- To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; and
- All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

FCCDCI and LRDCSI provide advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually, and require a security deposit equivalent to one to two months of current service or recurring fees. The security deposit is forfeited in favor of FCCDCI and LRDCSI in the event the customer pre-terminates the agreement without cause or when FCCDCI and LRDCSI exercise its right to terminate the agreement.

Note 8 - Costs and operating expenses

Cost and operating expenses for the nine months ended September 30 consist of:

	2023	2022
Franchise fees and taxes	7,774,774	2,960,832
Advertising and promotion	2,178,553	377,611
Outside services	1,757,549	364,894
Salaries and other benefits	683,553	416,937
Rent	532,471	383,943
Communications and utilities	244,019	201,624
Taxes and licenses	133,791	41,499
Depreciation and amortization	126,824	129,115
Bandwidth and co-location costs	25,768	84,016
Repairs and maintenance	21,820	44,881
Others	115,287	112,856
	13,594,409	5,118,208

Note 9 - Segment information

For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

The Group operates in four (4) reportable business segments namely: the retail group, network and license group, casino group and property group, and only one (1) reportable geographical segment which is the Philippines. The description of the reportable segments are as follows:

Retail

The retail segment consists largely of venues providing amusements and recreation to the public in such forms as, but not limited to, traditional, electronic, rapid bingo games and online traditional bingo gaming. And with the acquisition of TGXI in July 2014, this business segment now currently includes a PeGS offering online casino games. Multiple sites include Bingo Halls located in large popular malls, while Bingo Boutiques and eGames Stations are situated in strategic commercial establishments across the country.

Network and license

The network and license segment's primary activity are licensing of operators engaged in interactive gaming, as well as the establishment and setup of all the gaming infrastructures required in connection with the development, operation and conduct of internet server, telecommunication network, gaming enterprises, and other systems facilities.

Casino

The casino group is involved in arcade leasing.

Property

The property segment consists of an economic interest in one of the integrated resort operators in the Entertainment City and an investment in a joint venture property development project engaged in building a world-class Business Process Outsourcing center with offices for various locators.

Analysis of financial information by business segment as at and for the nine months ended September 30, 2023 is as follows:

	Retail Group	Network and License Group	Casino Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	15,369,237	282,705	302,435	28,411	-	-	15,982,788
Cost and operating expenses	(12,717,140)	(183,313)	(217,539)	(54,339)	(295,254)	-	(13,467,585)
EBITDA	2,652,097	99,392	84,896	(25,928)	(295,254)	-	2,515,203
Depreciation and amortization	(39,668)	(11,500)	(73,014)	(815)	(1,827)	-	(126,824)
Finance expense	(60,725)	-	-	(34,036)	-	-	(94,761)
Equity in net losses of a joint venture	-	-	-	-	(26,292)	-	(26,292)
Finance income	7,054	24	33	16,522	72	-	23,705
Foreign exchange gain (loss), net	(4,889)	(65)	125	-	-	-	(4,829)
Provision for expected credit losses	-	-	(89,673)	-	-	-	(89,673)
Other expenses, net	(8,747)	(101)	(6,161)	(46)	(62,351)	-	(77,406)
Income tax	-	(5,254)	(1,822)	-	-	-	(7,076)
Profit for the period	2,545,123	82,496	(85,616)	(44,303)	(385,652)	-	2,112,047
Other information							
Total assets	9,691,841	1,234,276	2,088,222	13,216,118	6,425,224	(6,211,099)	26,444,582
Total liabilities	6,423,378	2,229,437	2,595,163	7,627,383	247,863	(9,694,400)	9,428,824
Capital expenditures	428,674	286,887	359,565	279	534	-	1,075,939

Analysis of financial information by business segment as at December 31, 2022 and for the nine months ended September 30, 2022 is as follows:

	Retail Group	Network and License Group	Casino Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	4,944,022	280,792	242,514	35,387	-	-	5,502,715
Cost and operating expenses	(4,349,948)	(230,370)	(168,138)	(39,881)	(200,757)	-	(4,989,093)
EBITDA	594,074	50,423	74,376	(4,494)	(200,757)	-	513,622
Depreciation and amortization	(33,806)	(14,886)	(78,058)	(378)	(1,986)	-	(129,115)
Finance expense	(39,441)	(59)	(9,164)	(102,257)	(8,198)	-	(159,119)
Equity in net losses of a joint venture	-	-	-	-	(47,469)	-	(47,469)
Finance income	179	9	14	17,445	49	-	17,696
Foreign exchange gain (loss), net	(2,003)	(110)	(1,114)	1	-	-	(3,226)
Other expenses, net	(6,758)	(3,504)	(239)	(1,304)	(32)	-	(11,838)
Loss for the period	512,245	31,872	(14,186)	(90,987)	(258,394)	-	180,551
Other information							
Total assets	2,644,296	2,504,368	1,623,276	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,517,178	2,825,142	1,804,411	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	21,269	1,410	-	-	-	-	22,679

There were no intersegment sales recognized among reportable segments for the nine months ended September 30, 2023 and 2022. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-recurring expenses such as impairment loss. The Group evaluates performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRSs and may not be comparable to similarly titled measures presented by other entities.

Note 10 - Contingencies

The Group currently has several tax assessments and legal cases. The Group's estimate of the probable costs for the resolution of these assessments has been developed in consultation with management as well as outside legal counsel handling these matters and is based on an analysis of potential results. The Group currently does not believe that these tax assessments and legal cases will have a material adverse effect on its consolidated statement of financial position and consolidated statement of financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Note 11 - Financial risk and capital management objectives and policies

11.1 Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- *Credit risk*
- *Liquidity risk*
- *Market risk*

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital

The main purpose of the Group's dealings in financial instruments is to fund their respective operations and capital expenditures. The Group is not actively engaged in the trading of financial assets for speculative purposes nor does it write options.

The BOD of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The Executive Committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The BOD has a Risk Oversight Committee which is responsible for overseeing and managing the risks that the Group may encounter. The BOD develops proper strategies and measures to avoid or at least minimize such risk incorporating the Group's established risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Group's Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the Group's financial statements and financial reporting process and the Group's systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the Group's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance by the Group with legal and regulatory requirements, including the Group's disclosure control and procedures; e) evaluation of management's process to assess and manage the Group's enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also prepare the reports required to be included in the Group's annual report. The results of procedures performed by Internal Audit are reported to the Audit Committee. On the other hand, the Audit Committee reports all the issues identified over the financial reporting of the Group to the BOD on a regular basis.

11.2 Credit risk

Credit risk represents the risk of loss the Group would incur if customers and counterparties fail to perform their contractual obligations. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk. Further, the Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Financial information on the Group's maximum exposure to credit risk as at September 30, 2023 and December 31, 2022, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	September 30, 2023	December 31, 2022
Cash and cash equivalents	3,765,191	1,285,179
Receivables, net	1,566,946	1,511,680
Advances	1,509,553	1,251,083
Lease receivables	213,610	207,542
Rental deposits	474,265	454,558
Cash performance bonds	440,027	394,427
Performance cash deposits	33,700	32,450
Due from related parties	161,479	157,156
	8,164,771	5,294,075
FVOCI	67,359	78,513
	8,232,130	5,372,588

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P76,385 and P71,302 as at September 30, 2023 and December 31, 2022, respectively.

Cash and cash equivalents

The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained with reputable banks only.

Receivables and advances

Majority of the Group's credit risk on receivables is attributed to its internet gaming licensing activities influenced mainly by the individual characteristics of each customer and non-interest-bearing advances made to entities with similar operations. The demographics of the Group's customer base, including the default risk of the industry and regions in which customers operate, has an influence on credit risk.

The BOD has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Group's review includes the requirements of updated credit application documents, credit verifications through the use of no negative record requests and list of blacklisted accounts, and analyses of financial performance to ensure credit capacity. The status of each account is first checked before advances are approved.

Most of the Group's customers have been transacting with the Group for several years, and losses have occurred from time to time. Results of credit reviews are grouped and summarized according to credit characteristics, such as aging profiles and credit violations.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group has recognized allowance for impairment losses on receivables and advances amounting to P831,175 and P741,502 as at September 30, 2023 and December 31, 2022, respectively.

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

Rental deposits

The management prefers well known business establishments in the selection of location for bingo operations to ensure profitable operations and recovery of the rental and other deposits upon termination of the lease agreements.

Cash performance bonds/performance cash deposits and betting credit funds

The Group's exposure to credit risk is negligible as PAGCOR has sufficient funds to settle these upon the expiration of the respective license agreements.

Financial assets at FVOCI

The Group's exposure to credit risk is negligible as this pertains to the Group's investment in DFNN's shares that are listed on the PSE.

Due from related parties

The Group limits its exposure to credit risk by only financing the operations of related parties that have viable operations and likewise engaged in gaming amusement activities. The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

Aging analysis

Set out below is the aging of financial assets as at September 30, 2023 and December 31, 2022:

	September 30, 2023					ECL	Total
	Current	30 days	60 days	90 days and above			
Cash and cash equivalents	3,765,191	-	-	-	-	-	3,765,191
Receivables, current portion, net	878,663	7,084	1,915	917,777	(680,313)	-	1,125,126
Receivables, non-current portion, net	1,835	1,835	3,669	434,481	-	-	441,820
Advances	1,660,415	-	-	-	(150,862)	-	1,509,553
Lease receivables	2,084	104	208	211,214	-	-	213,610
Rental deposits	474,265	-	-	-	-	-	474,265
Cash performance bonds	440,027	-	-	-	-	-	440,027
Performance cash deposits	33,700	-	-	-	-	-	33,700
Due from related parties	161,479	-	-	-	-	-	161,479
Financial assets at FVOCI	67,359	-	-	-	-	-	67,359
	7,485,018	9,023	5,792	1,563,472	(831,175)	-	8,232,130

	December 31, 2022					ECL	Total
	Current	30 days	60 days	90 days and above			
Cash and cash equivalents	1,285,179	-	-	-	-	-	1,285,179
Receivables, current portion, net	1,677,012	-	-	-	(590,640)	-	1,086,372
Receivables, non-current portion, net	425,308	-	-	-	-	-	425,308
Advances	1,401,945	-	-	-	(150,862)	-	1,251,083
Lease receivables	207,542	-	-	-	-	-	207,542
Rental deposits	454,558	-	-	-	-	-	454,558
Cash performance bonds	394,427	-	-	-	-	-	394,427
Performance cash deposits	32,450	-	-	-	-	-	32,450
Due from related parties	157,156	-	-	-	-	-	157,156
Financial assets at FVOCI	78,513	-	-	-	-	-	78,513
	6,114,090	-	-	-	(741,502)	-	5,372,588

Credit risk under general and simplified approach

	September 30, 2023				Simplified approach	Total
	General Approach					
	Stage 1	Stage 2	Stage 3			
Cash and cash equivalents	3,765,191	-	-	-	-	3,765,191
Receivables, current portion, net	-	-	-	1,125,126	-	1,125,126
Receivables, non-current portion, net	-	-	-	441,820	-	441,820
Advances	1,509,553	-	-	-	-	1,509,553
Lease receivables	-	-	-	213,610	-	213,610
Rental deposits	474,265	-	-	-	-	474,265
Cash performance bonds	440,027	-	-	-	-	440,027
Performance cash deposits	33,700	-	-	-	-	33,700
Due from related parties	161,479	-	-	-	-	161,479
Financial assets at FVOCI	67,359	-	-	-	-	67,359
	6,451,574	-	-	1,780,556	-	8,232,130

December 31, 2022					
	General Approach			Simplified approach	Total
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalents	1,285,179	-	-	-	1,285,179
Receivables, current portion, net	-	-	-	1,086,372	1,086,372
Receivables, non-current portion, net	-	-	-	425,308	425,308
Advances	1,251,083	-	-	-	1,251,083
Lease receivables	-	-	-	207,542	207,542
Rental deposits	454,558	-	-	-	454,558
Cash performance bonds	394,427	-	-	-	394,427
Performance cash deposits	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	78,513	-	-	-	78,513
	3,653,366	-	-	1,719,222	5,372,588

Simplified approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix) as of September 30, 2023 and December 31, 2022:

	September 30, 2023					Total
	Days past due				Credit impaired	
	Current	<30 days	30-90 days	More than 90 days		
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	882,581	9,023	5,793	883,159	680,313	2,460,869
Expected credit loss	-	-	-	-	(680,313)	(680,313)
	882,581	9,023	5,793	883,159	-	1,780,556

	December 31, 2022					Total
	Days past due				Credit impaired	
	Current	<30 days	30-90 days	More than 90 days		
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	649,608	33,412	9,170	1,027,032	590,640	2,309,862
Expected credit loss	-	-	-	-	(590,640)	(590,640)
	649,608	33,412	9,170	1,027,032	-	1,719,222

11.3 Liquidity risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury and cash management functions of the Group are centralized. Management has placed controls and procedures to closely monitor the Group's existing obligations. Additionally, the Group has also been negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan to ensure that sufficient cash is maintained to cover working capital requirements.

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As at September 30, 2023 and December 31, 2022,

there are no commitments under the line of credit. As at September 30, 2023 and December 31, 2022, there were no amounts drawn against the line of credit. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	September 30, 2023				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	3,795,572	3,795,572	3,795,572	-	-
Short-term and long-term loans payable	1,917,453	1,935,401	735,401	210,000	990,000
Lease liabilities	923,313	923,313	372,989	128,737	421,587
Deposits	79,561	79,561	-	-	79,561
	6,715,899	6,733,847	4,903,962	338,737	1,491,148

	December 31, 2022				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	2,230,107	2,230,107	2,230,107	-	-
Short-term and long-term loans payable	3,277,640	3,277,640	3,277,640	-	-
Lease liabilities	630,463	630,463	128,737	128,737	372,989
Deposits	86,916	86,916	-	-	86,916
	6,225,126	6,225,126	5,636,484	128,737	459,905

Trade and other payables exclude payable to government agencies and contract liabilities as at September 30, 2023 amounting to P45,479 and P1,167,824, respectively, and as at December 31, 2022 amounting to P57,724 and 166,528, respectively.

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from its operations and through drawdowns from its loan facility.

The Group management has been addressing its existing obligations by negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan.

To further improve the results of operations and address the cashflow requirements, a new business line was launched in January 2022. On September 15, 2022, the BOD of the Parent Company approved the increase of the Company's authorized capital stock from P5 billion to P7 billion. On November 24, 2022, the amendment was approved by the stockholders. As of September 30, 2023, the application for the increase in authorized capital stock has been approved by the Philippine SEC.

11.4 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in prices, interest rates, currency exchange rates and equity price risk.

The Group minimizes its exposure to risks in changes in rental rates by entering into contracts with lessors with fixed rent commitment for the contract duration.

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in U.S. dollar (\$). In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Group ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances.

Interest rate risk

The Group's exposure to changes in interest rates relate primarily to the Group's short-term and long-term debt obligations.

Management is tasked to minimize interest rate risk through having a mix of variable and fixed interest rates on its loans. Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on PSDT-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2023 and 2022.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Equity price risk

Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated financial position as financial asset at FVOCI.

Fair values

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

Cash/Receivables/Due from Related Parties/Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits/Short-term Loans Payable

The carrying amounts of cash, receivables, due from related parties, trade and other payables, due to a related party and short-term loans payable approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds, performance cash deposits and betting credit funds and deposits approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

Non-current receivable

The fair value is based on the discounted value of future cash flows using the applicable risk-free rates. The fair value is under Level 3 of the fair value hierarchy.

Long-term loans payable

Long-term loans are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date. The carrying amount approximates fair value since the interest rates are repriced frequently. These are classified as current liabilities when they become payable within a year.

Financial assets at FVOCI

The fair value of the FVOCI is based on the quoted market price of the investment in equity as at September 30, 2023 and December 31, 2022. The fair value is under Level 1 of the fair value hierarchy.

11.5 Capital management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

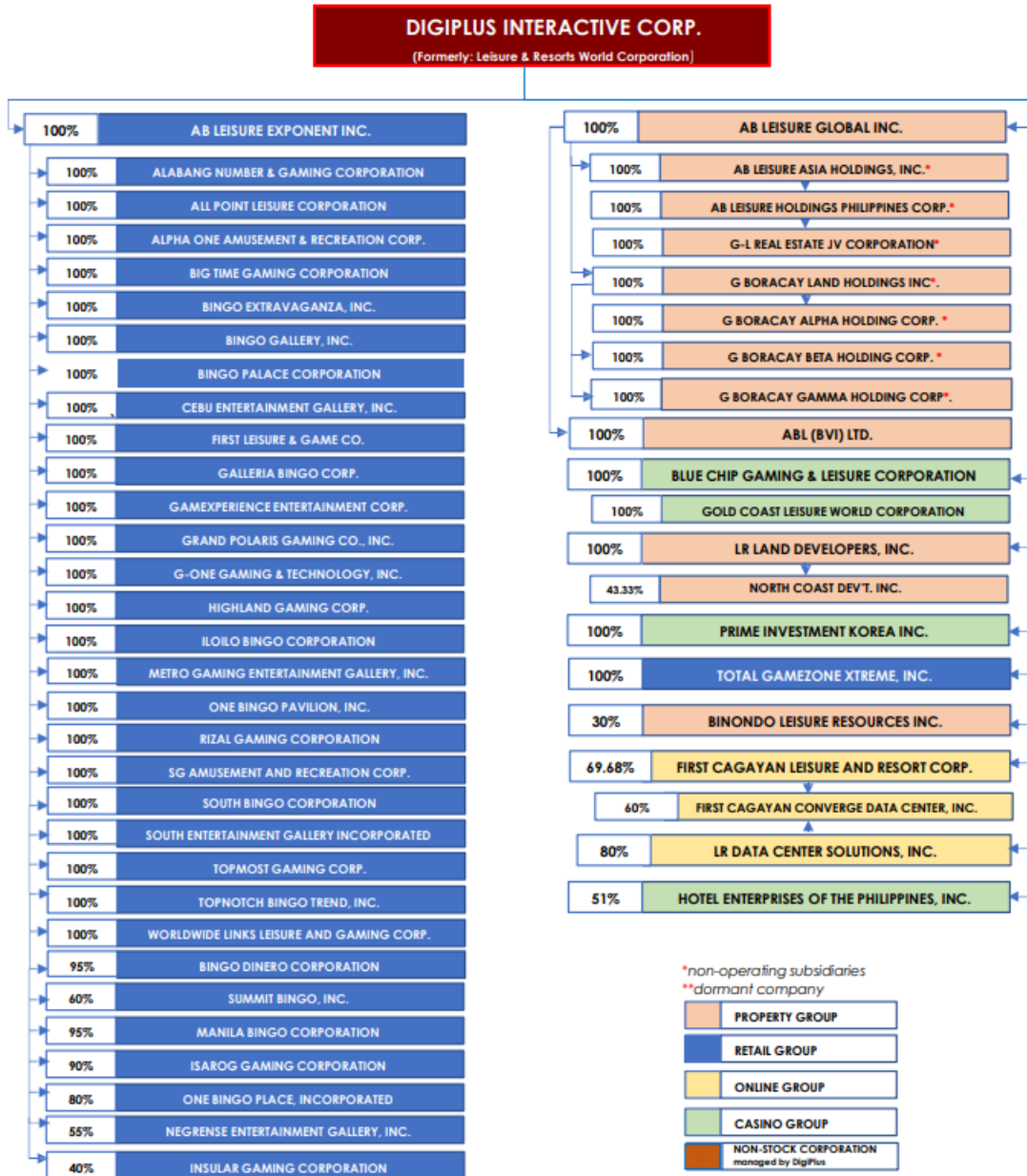
The BOD monitors the return on capital, which the Group defines as income before income tax divided by total average shareholders' equity.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at September 30, 2023 and December 31, 2022.

The Group has a business continuity plan in place to mitigate the loss of revenues as well as to lower the risks involved with its customers and clients. The Group ensures strict compliance with the safety protocols required by PAGCOR and all related government agencies when operations resumed in June 2020, so the playing public may gain confidence in playing within the Group's premises. Costs and expenses were also strictly monitored. The Group has been doing cost saving strategies in the prior year such as negotiating with lessors on the waiver or discount on rentals fees, negotiating with the bank for lower interest rates, reducing personnel cost as operations are still in reduced capacity, among others. As the COVID-19 pandemic has yet to come to an end, the Group will continuously review and revise the Group's business strategies.

DigiPlus Interactive Corp. and Subsidiaries (formerly Leisure & Resorts World Corporation)

Map of Conglomerate



DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Schedule of Financial Soundness Indicators
(As at September 30, 2023 and December 31, 2022 and
for the nine months ended September 30, 2023 and 2022)

(All amounts in Philippine Peso)

Key Performance Indicator	Formula	2023	2022
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.02	0.52
Acid Test Ratio	$\frac{\text{Cash and cash equivalents} + \text{Receivables, net} + \text{Due from related parties}}{\text{Current Liabilities}}$	0.83	0.44
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	0.55	0.61
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Stockholders' Equity}}$	1.55	1.61
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Stockholders' Equity}}$	14.1%	1.7%
Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	8.9%	0.9%
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Average Total Liabilities}}$	26%	3.6%
Interest Coverage Ratio	$\frac{\text{Income Before Interest, Tax \& Depreciation}}{\text{Interest Expense}}$	2,540%	296.4%
Net Book Value Per Share	$\frac{\text{Stockholders' Equity}}{\text{Shares Outstanding}}$	3.86	3.2
Basic Earnings Per Share	$\frac{\text{Income Attributable to Ordinary Stockholders of the Parent Company}}{\text{Weighted Average Shares Outstanding}}$	0.5536	0.0671
Net Profit Margin	$\frac{\text{Net income}}{\text{Revenue}}$	13.21%	3.28%