COVER SHEET

0	0	1	-	3	1	7	4				

SEC Registration Number

D I G I P L U S   I N T E R A C T I V E   C O R P .

(Company's Full Name)

E c o p r i m e   B l d g .   3 2 n d   S t .   c o r n e r

9 t h   A v e .   B o n i f a c i o   G l o b a l   C i t y

T a g u i g   C i t y

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

Carol V. Padilla

(Contract Person)

8634-2598

(Company Telephone Number)

1	2		3	1

Month *Day*

(Fiscal Year)

2	0	-	I	S

(Form Type)

0	7		2	8

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [/] Definitive Information Statement

2. Name of Registrant as specified in its Charter: **DIGIPLUS INTERACTIVE CORP.**

3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

4. SEC Identification Number: **13174**

5. BIR Tax Identification Code: **108-278-000**

6. Address of Principal Office: **Ecoprime Bldg., 32nd St. corner 9th Ave, Bonifacio Global City, Taguig City**

7. Registrant's telephone number, including area code: **(632) 8634-5099**

8. Date, time and place of the meeting of security holders:

Date	-	28 July 2023
Time	-	2:00 p.m.
Place	-	Ecoprime Bldg., 32nd St. corner 9th Ave. BGC, Taguig City Zoom Teleconference at the provided link below: https://us06web.zoom.us/j/89403446013?pwd=SVllTm1yK1FFbkRDZFJOYXA1TWlJZz09

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **6 July 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding and amount of Debt Outstanding
Common Stock, PhP1.00, par value	**3,176,459,178 / Not applicable**
Preferred Shares, PhP1.00, par value	**0 / Not applicable**

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

   ___/___ Yes   ______ No

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   PHILIPPINE STOCK EXCHANGE, Common shares

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders ("ASM") of **DigiPlus Interactive Corp.** (the "Corporation") will be held on **Friday, 28 July 2023,** at **2:00 p.m.** The meeting will be conducted virtually via Zoom Teleconference with the following details:

Link: https://us06web.zoom.us/j/89403446013?pwd=SVllTm1yK1FFbkRDZFJOYXA1TWlJZz09
Meeting ID: 894 0344 6013
Meeting Password: 734353

The agenda of the meeting will be as follows:

1. Call to Order
2. Determination of Quorum
3. Approval of the Minutes of the Annual Meeting held on July 29, 2022
4. Management Report
5. Approval of Annual Report and Audited Financial Statements for the fiscal year 2022
6. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting
7. Nomination and Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on June 28, 2023 will be entitled to notice and vote thereat.

The conduct of the annual stockholders' meeting will be via Zoom Teleconference, and stockholders may attend the meeting by registering on or before 1:00 p.m. on 28 July 2023. Due to the limitations of available technology, voting will not be possible during the Teleconference, but participants may send in questions or remarks via Zoom chat, and vote through the submission of their respective signed proxy forms with the specific votes per item in the agenda that is subject to the shareholders' approval.

If you wish to cast your votes as a stockholder, you may vote remotely or *in absentia*, or through proxy. Voting by remote communication or *in absentia,* may be done by sending your respective votes by e-mail to investorrelations@digiplus.com.ph on or before 12:00 p.m. on 20 July 2023. The procedures for attendance and voting during the 2023 ASM will be posted in the Company's website at https://digiplus.com.ph/annual-stockholders-meeting/.

Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 57 of the Revised Corporation Code. Validation of the proxies shall be held on July 20, 2023 at the office of the Corporation's transfer agent, Stock Transfer Services, Inc., Unit 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. **WE ARE NOT SOLICITING PROXIES.**

To facilitate your registration of attendance, please have available some form of government-issued identification such as passport or driver's license.

Thank you.

Taguig City. June 1, 2023.

FOR THE BOARD

CAROL V. PADILLA
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

(a) Date - July 28, 2023
Time - 2:00 p.m.
Place - 26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City
Principal Office - 26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City

(b) Online Zoom Teleconference link for participation:

Link: https://us06web.zoom.us/j/89403446013?pwd=SVllTm1yK1FFbkRDZFJOYXA1TWlJZz09
Meeting ID: 894 0344 6013
Meeting Password: 734353

(c) Approximate date on which the Information Statement is first to be sent or given to security holders: July 6, 2023

Item 2. Dissenter's Right of Appraisal: The appraisal right is generally available in the instances stated in Section 80 of the Revised Corporation Code as follows:

(1) In any case amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence.

(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

(3) In case of merger or consolidation; and,

(4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

In the foregoing instances, any stockholder of the registrant may exercise his right of appraisal right in the manner provided below:

(a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(b) The dissenting stockholder shall make a written demand on the registrant for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.

(c) If the proposed corporate action is implemented or effected, the registrant shall pay to such dissenting stockholder upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demand thereof, provided the registrant has unrestricted retained earnings; and

(d) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the registrant.

In the present meeting, there are no matters to be acted upon which may give rise to any stockholder's exercise of his right of appraisal under Sec. 80 of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon: There are no matters to be acted upon which a director, or officer of the registrant, each nominee for election as a director or each associate of any of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

(a) Number of Shares Outstanding and entitled to be voted at the meeting: 3,716,459,178 common stock (as of May 31, 2023)

Number of votes to which each share is entitled: One (1) vote per share

(b) All stockholders of record as of June 28, 2023 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) Manner of Voting: Each stockholder of record as of June 28, 2023 shall have the right to vote in person or by proxy the number of shares of stock held in his name. In the election of directors, each stockholder entitled to vote, may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, voting may be done by sending your respective votes by e-mail to investorrelations@digiplus.com.ph on or before 12:00 p.m. on 20 July 2023. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum.

Complete information on the Requirements and Procedure for the Voting and Participation in the 2023 ASM via remote participation or voting *in absentia*, as well as on how to join the Zoom Teleconference for the 2023 ASM will be posted in the Company's website at www.digiplus.com.ph.

The Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval under the agenda will be flashed on the screen.

No proxy solicitation is being made.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 29 May 2023:

Title of Class (As of June 6, 2022)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Shares Held	Percent-age Held
Common	**PCD Nominee Corporation (Filipino)** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Filipino	® 1,110,992,058	29.89%
Common	**PCD Nominee Corporation (Non-Filipino)** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Foreign	® 970,434,031	26.11%

Common	**Sagathy Holdings, Inc.** 8th Flr., STI Holdings Center, 6764 Ayala Avenue, Makati City Stockholder	Eusebio H. Tanco	Filipino	® 340,000,000	9.15%
Common	**Euphonious Holdings, Inc.** 8th Flr., STI Holdings Center, 6764 Ayala Avenue, Makati City Stockholder	Eusebio H. Tanco	Filipino	® 230,000,000	6.19%
Common	**Catchy Solution Limited** Suites 103, 106 and 107 Premier Bldg., Victoria, Mahe, Republic of Seychelles	Luen, Zhu de Andrew	Foreign	® 225,000,000	6.05%
Common	**Leisure Advantage Inc.** 26th Flr., West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	Brandon C. Chan	Filipino	® 187,352,512	5.04%

* PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository and is the registered owner of the shares in the books of the Stock Transfer Service, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.

(2) Security Ownership of Management as of 29 May 2023:

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	609,634,029	620,066,509	16.68
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0.1
Jose Raulito E. Paras	Filipino	305	0	305	0
Rafael Jasper S. Vicencio	Filipino	39,409	0	39,409	0
Tsui Kin Ming	Chinese	304	0	304	0
Mardomeo N. Raymundo Jr.	Filipino	304	0	304	0
Ramon D. Dizon	Filipino	304	0	304	0
Renato G. Nunez	Filipino	2	0	2	0
Timoteo B. Aquino	Filipino	6	0	6	0

Kristine Margaret R. Delos Reyes	Filipino	0	0	0	0
Carol V. Padilla	Filipino	0	0	0	0
Analen A. Hernandez	Filipino	0	0	0	0
Wilfredo M. Pielago	Filipino	0	0	0	0
Total		14,264,314	609,634,029	623,898,343	16.78

(3) Voting Trust Holders of 5% or More

No person holds more than five percent (5%) of a class under voting trust or similar arrangement.

(4) Change in Control

There has been no change in control of the Corporation since the beginning of 2012 and the Corporation is not aware of any existing, pending, or potential transaction which may result in such a change in control.

(e) Below is the summary list of foreign ownership as of May 29, 2023, the nationality, the number of shareholders, the number of common shares held and the percentage of common shares held by each:

Nationality	No. of Shareholders	No. of Shares Held	% To Total
American	10	141,117	0.00%
British	1	13,619	0.00%
Chinese	71	2,878,952	0.08%
Filipino	1,730	2,397,954,153	64.52%
German	1	1,064	0.00%
Spanish	2	19,442	0.00%
Others	5	1,315,450,831	35.4%

Common shares are composed of 64.52% Filipino and 35.48% Foreign.

Item 5. Directors and Executive Officers

(a) Legal Proceedings

To the best of the registrant's knowledge and belief, and except as otherwise disclosed, there are no material pending legal proceedings in any court or administrative agency of the Government to which any of the directors and executive officers of the registrant is a party.

b) Directors and Executive Officers

1. Directors and Executive Officers

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Eusebio H. Tanco *(Director; July 29, 2011 to present)*	73	Asian Terminals Inc. PhilhealthCare Inc. Philippine Life Financial Assurance STI Education Systems Holdings, Inc. STI Education Services Group, Inc. iACADEMY Maestro Holdings, Inc. (formerly STI Investments, Inc.) Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc.) STI West Negros University Philippine First Insurance Co., Inc. Global Resources for Outsourced Workers, Inc. Mactan Electric Company International Hardwood & Veneer Corp. Cement Center Inc. United Coconut Chemicals, Inc. Manila Bay Spinning Mills, Inc. M. B. Paseo Grow Vite, Inc. Philippine Racing Club Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) First Optima Realty Corp. Marbay Homes Inc. Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) Classic Finance, Inc. Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) Delos Santos – STI College Total Consolidated Asset Management, Inc. Eujo Phils., Inc. Prime Power Holdings Corporation Venture Securities, Inc. Philplans First, Inc. Prudent Resources, Inc. AB Leisure Exponent, Inc. First Cagayan Converge Data Center, Inc. LR Land Developers, Inc. LR Data Center and Solutions, Inc. AB Leisure Global, Inc. and Subsidiaries Blue Chip Gaming and Leisure, Inc. Gold Coast Leisure and World Corporation Total Gamezone Xtreme, Inc. Prime Investment Korea, Inc. ***(All-Director)***	*Filipino*	sian Terminals Inc. *(President)* STI Education Systems Holdings, Inc. *(Chairman)* Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc. *(Chairman)* iACADEMY *(Chairman)* STI West Negros University *(Director)* Mactan Electric Company *(Chairman)* International Hardwood & Veneer Corp. *(President)* Cement Center Inc. *(President)* First Optima Realty Corp. *(President)* Marbay Homes Inc. *(President)* Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) *(President)* Delos Santos – STI College *(Chairman)* Grow Vite, Inc. *(Chairman)* Venture Securities, Inc.*(Chairman)* Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) *(President)* Philippine First Insurance Co., Inc. *(Chairman and President)* Global Resources for Outsourced Workers, Inc. *(President)* Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) *(President)* Eujo Phils., Inc. *(President)* Total Consolidated Asset Management, Inc. *(President)* Prime Power Holdings Corporation *(Chairman and President)* Classic Finance Inc. *(CEO)* Prudent Resources, Inc. *(Chairman and President)*

Willy N. Ocier *(Director, July 31, 2009 to present)*	66	Pacific Online Systems Corporation Philippine Global Communications Inc. Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. Tagaytay Highlands International Golf Club, Inc. ***(All-Director)*** Belle Corporation ***(Chairman)***	*Filipino*	Pacific Online Systems Corporation Philippine Global Communications Inc. *(Chairman and President)* Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. *(Chairman)* Belle Corporation *(Chairman)* *(Co-Vice Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)*
Renato G. Nuñez *(Director, June 11, 2019 to present)* *(Director, September 30, 2005 to February 16, 2012)*	54	All British Cars, Inc. Coventry Motors Corporation Philippine Realty and Holdings Corp. Total Consolidated Asset Management, Inc. Leisure Advantage, Inc. CATS Motor Inc. Techzone Philippines Corp. Techglobal Data Center Inc. PhilRealty Property Management Corp. First Cagayan Leisure and Resort Corporation ***(All-Director)***	*Filipino*	All British Cars, Inc. *(Director)* Coventry Motors Corporation *(Director)* Cats Motors, Inc. *(President)* Philippine Realty and Holdings Corp. *(Director)* Total Consolidated Asset Management, Inc. *(Director)* Leisure Advantage, Inc. *(Director)* Techglobal Data Center, Inc. *(President)* Techzone Philippines, Inc. *(President)*
Mardomeo Raymundo Jr. *(Director, August 28, 2020 to present)*	49	Marina Square Properties, Inc. New Coast Hotel, Inc. CTF Properties (Philippines), Inc. CTF Hotel and Entertainment, Inc. ***(All – Director)***	*Filipino*	Salvador Llanillo & Bernardo Law Offices *(Partner)*
Rafael Jasper S. Vicencio	46	AB Leisure Exponent, Inc. Alabang Number & Gaming Corporation Allpoint Leisure Corporation Alpha One Amusement & Recreation Corp. Big Time Gaming Corporation Bingo Extravaganza, Inc. Bingo Gallery, Inc. Bingo Palace Corporation Cebu Entertainment Gallery Inc. First Leisure & Game Co., Inc. Galleria Bingo Corp. Gamexperience Entertainment Corp. Grand Polaris Gaming Co., Inc. G-One Gaming & Technology Inc. Highland Gaming Corp. Iloilo Bingo Corp. Metro Gaming Entertainment Gallery Inc. One Bingo Pavilion, Inc. Rizal Gaming Corporation SG Amusement and Recreation Corp. South Bingo Corporation South Entertainment Gallery Incorporated Topmost Gaming Corp. Topnotch Bingo Trend Inc. Worldwide Links Leisure and Gaming Corp. Bingo Dinero Corporation Summit Bingo, Inc.	*Filipino*	AB Leisure Exponent, Inc. Alabang Number & Gaming Corporation Allpoint Leisure Corporation Alpha One Amusement & Recreation Corp. Big Time Gaming Corporation Bingo Extravaganza, Inc. Bingo Gallery, Inc. Bingo Palace Corporation Cebu Entertainment Gallery Inc. First Leisure & Game Co., Inc. Galleria Bingo Corp. Gamexperience Entertainment Corp. Grand Polaris Gaming Co., Inc. G-One Gaming & Technology Inc. Highland Gaming Corp. Iloilo Bingo Corp. Metro Gaming Entertainment Gallery Inc. One Bingo Pavilion, Inc. Rizal Gaming Corporation SG Amusement and Recreation Corp. South Bingo Corporation South Entertainment Gallery Incorporated Topmost Gaming Corp. Topnotch Bingo Trend Inc. Worldwide Links Leisure and Gaming Corp. Bingo Dinero Corporation Summit Bingo, Inc.

		Manila Bingo Corporation Total Gamezone Xtreme Inc.		Manila Bingo Corporation Total Gamezone Xtreme Inc.
Tsui Kin Ming	52	None	*Chinese*	Jimei International Ltd. MegStar International *(All – Chief Financial Officer)*
Timoteo B. Aquino	59	Dynamic Care Corporation	*Filipino*	Tagle-Chua Cruz & Aquino Law Firm *(Partner)* San Beda University, College of Law *(Professor/Lecturer)* San Beda College Alabang School of Law *(Professor/Lecturer)* University of Asia and the Pacific School of Law and Governance, Institute of Law *(Professor/Lecturer)* Lyceum of the Philippines University College of Law *(Professor/Lecturer)* De La Salle Lipa, College of Law *(Professor/Lecturer)* Far Eastern University, Institute of Law *(Professor/Lecturer)*
Ramon D. Dizon	62	Megalink, Inc. *(Independent Director)* PAL Holdings Inc. *(Independent Director)*	*Filipino*	SGV & Co. *(Retired Senior Partner, Head of Transaction Advisory and Risk Advisory Services)* Monde Nissin Corporation *(Senior Consultant)*
Jose Raulito E. Paras	50	Benguet Corporation Manila Mining Corporation Zeus Holdings, Inc.	*Filipino*	Andres Padernal & Paras Law Offices *(Founding Partner)* Philippine Dispute Resolution Center, Inc. *(Commercial Arbitrator)*

All of the independent directors possess all the qualifications and none of the disqualifications as independent directors under SRC Rule 38 from the time of their election as such independent directors. Mr. Ramon Dizon was granted an exemptive relief by the Securities and Exchange Commission in its letter dated 8 September 2022, to serve as an Independent Director for the remainder of the term in 2022.

The following are the executive officers:

Mr. Eusebio H. Tanco – Chairman (please see discussion on directors)

Mr. Tsui Kin Ming – President (please see discussion on directors)

Atty. Carol V. Padilla – Corporate Secretary

Atty. Carol V. Padilla serves as the Company's Corporate Secretary. Previously, Atty. Padilla was the Assistant Director for Legal and Corporate Affairs of Millennium Pan-Asia Hotel and Resort Inc. She handled compliance with regulatory requirements of PAGCOR and SEC, supervised managing and protecting the intellectual properties of the company such as trademark applications, copyright, and patents, among others, and performed corporate housekeeping services. Atty. Padilla brings a wealth of experience and skills to help DigiPlus Interactive Corp. ("DigiPlus") achieve new heights. Atty. Padilla attended college in Ateneo de Manila University and was a consistent dean's lister. She graduated with a degree in Bachelor of Arts, major in Psychology, and later earned her Juris Doctor degree from Ateneo de Manila University School of Law.

Atty. Kristine Margaret R. Delos Reyes – Compliance Officer

Atty. Kristine Margaret Delos Reyes is the Company's Compliance Officer. She received multiple awards from her participation in international and local competitions on international law. She holds a vast experience in performing regulatory compliance for PAGCOR, PSE, SEC, LGU and other government bodies. Atty. Delos Reyes is proficient in M&A, corporate housekeeping, cross border and international business transactions, special projects, fundraising, bond issuance, initial public offering, contract review and negotiations, intellectual property, due diligence, and development of integrated resorts and casinos in the Philippines. She obtained her extensive legal practice from Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA), specializing on litigation before regular courts of law, administrative agencies, and quasi-judicial tribunals. Prior to joining DigiPlus, she was the Chief Legal Officer and Senior Vice President for Legal and Compliance Department for various gaming companies, such as, Fortunegate Holdings Philippines, Inc.; Millennium Pan-Asia Hotel and Resort Inc.; and, Stotsenberg Leisure Park & Hotel Corporation. She was also the Senior Vice President for Legal and Corporate Affairs and the Human Resources and Administration Departments of E!xcite Gaming and Entertainment, Inc. and Starcap Management, Inc., as well as the Assistant Vice President and Director for Legal Special Projects and Contracts of Resorts World Manila. Atty. Delos Reyes was a dean's lister from De La Salle University, Manila, graduating Bachelor of Science in Commerce, major in Legal Management. She holds a Juris Doctor degree from Ateneo de Manila University School of Law.

Wilfredo M. Pielago - Treasurer

Mr. Wilfredo M. Pielago is a Certified Public Accountant with a vast work experience in the field of finance, investment and portfolio management, business, asset and assurance advisory. His career advanced from being the Senior Finance Manager to becoming the Chief Financial Officer and Treasurer of PNB Holdings Corporation, a subsidiary of Philippine National Bank. He was also formerly the Vice President of Finance – Controller of Eton Properties Philippines Inc., and Assistant Vice President of Investments Portfolio of SM Investments Corporation. Mr. Pielago's extensive repertoire has successfully led companies in bridging the gap between finance and investment.

Mr. Pielago earned his Bachelor Degree from the Technological Institute of the Philippines, Manila. He completed his certifications from the Institute of Internal Auditor – USA, Institute of Financial Consultants – Canada. He also passed the Certified Risk Analyst Program from the American Academy of Financial Management.

Nominees for Directorship: The Nomination Committee of the Board of Directors of the registrant has determined that the following nominees for the Board of Directors, including the independent directors, to be elected at this Annual Meeting, possess all the qualifications and have none of the disqualifications for directorship set out in the registrant's Manual on Corporate Governance as well as the Guidelines on the Nomination and Election of Independent Directors set forth in SRC Rule 38 as provided in Article II Section 6 of Registrant's Amended By-Laws dated November 28, 2003. The Chairman of the Nomination Committee is Mr. Eusebio H. Tanco and the members are Mr. Rafael Jasper S. Vicencio and Atty. Timoteo B. Aquino.

Name	Age (as of 2022 ASM)	Citizenship
1. Eusebio H. Tanco	73	Filipino
2. Tsui Kin Ming	52	Chinese
3. Jose Raulito E. Paras	50	Filipino
4. Willy N. Ocier	66	Filipino
5. Mardomeo Raymundo Jr.	49	Filipino
6. Rafael Jasper S. Vicencio	46	Filipino
7. Renato G. Nuñez	54	Filipino
8. Ramon D. Dizon (Independent Director)	62	Filipino
9. Timoteo B. Aquino (Independent Director)	59	Filipino

Nomination of Independent Directors: Mr. Ramon D. Dizon and Atty. Timoteo Aquino, both incumbent independent directors of the registrant, were nominated by Mr. Rafael Jasper S. Vicencio.

Mr. Rafael Jasper S. Vicencio, who recommended the nomination of the independent directors have no relationship to the respective nominees.

The curriculum vitae of the directors nominated for re-election are described in the discussion on "Directors and Executive Officers."

2. Significant Employees

   Although DigiPlus has relied on and will continue to rely on, the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, DigiPlus believes that it does not depend on the services of a particular employee and that there is no employee that the resignation or loss of whom would have a material adverse impact on its business.

3. Family Relationships

   There are no family relationships known to DigiPlus.

4. Involvement in Certain Legal Proceedings

   To the best of the registrant's knowledge and belief, and except as otherwise disclosed, there are no pending material legal proceedings against the directors and officers known to DigiPlus.

   As of May 31, 2023, to the best of the Company's knowledge, there are no other occurrences of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer of the Company:

   a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

   b) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

   c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self- regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions:

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market. There were no transactions or proposed transactions during the last two (2) years to which the registrant or its subsidiaries, in which a director, executive officer, or stockholders owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

For transactions with related parties pertaining to those consummated with its subsidiaries and other related parties, please refer to Note 20 of Notes to the Consolidated Financial Statements for the year 2022.

6. Director's Disagreement with Registrant Leading to Directors' Resignation or Declining to stand for re-election: No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Data as to all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly during the last two completed calendar years and the ensuing calendar year to the Company's President and five other most highly compensated executive officers.

Name and Principal Position	**Year**	**Compensation**	**Bonuses**	**Other Annual Compensation**
		Estimated	Estimated	Estimated
Tsui Kin Ming, President				
Wilfredo Pielago, Chief Financial Officer				
Celeste Jovenir, VP – Investor Relations & Corporate Communications				
Felbin Peter A. Soto, VP of Brand Marketing				
John Cornejo, Chief Technology Officer / Chief Development Officer				
Rosalyn D. Batay, Internal Audit Head				
All above-named Officers as a group	2023	P25,256,000.00	P3,040,663.00	None
All other officers as a group unnamed	2023	None	None	None

Tsui Kin Ming, President				
Wilfredo Pielago, Chief Financial Officer				
Dominic Villanueva, Chief Human Resource Officer				
Felbin Peter A. Soto, VP of Brand Marketing				
John Cornejo, Chief Technology Officer / Chief Development Officer				
Atty. Rosalyn D. Batay, Internal Audit Head				
All above-named Officers as a group	2022	P31,056,000.00	None	None
All other officers as a group unnamed	2022	None	None	None

Ngam Bun Cheung, President				
John Cornejo, AVP FCCDCI				

Teh Teng Yeong, Marketing Head				
Celina Lim, Treasurer ABLGI				
Paul Chin, Business Unit Head				
Atty. Kristine Margaret Delos Reyes, Head, Legal & Compliance				
All above-named Officers as a group	2021	P26,414,861.54	None	P2,848,669.24 (Benefits)
All other officers as a group unnamed	2021	None	None	None

(2) Compensation of Directors

Members of the Board of Directors are elected for a term of one year. Except for the Company's President and Vice-President, all other directors receive no compensation except director's per diem of ₽50,000 per meeting, per diem of ₽30,000 per meeting for members of the executive committee, and per diem of ₽20,000 per meeting for audit, compensation, and nominating committees.

Cash bonus of P500,000 were given to each director in 2017.

Total payments to non-salaried directors amounted to ₽3,490,000 in 2021 and ₽6,920,000 in 2020.

(3) Employment Contracts and Termination of Employment and Change in Control Arrangements

There are no agreements or employment contract in relation to change of control arrangements existing between the Company and any of its directors or executive officers.

There are no arrangements for compensation to be received by these named executive officers from DigiPlus in the event of a change in control of DigiPlus.

(4) Outstanding Warrants and Options

The Company has no outstanding warrants and options.

Board Evaluation and Assessment

To ensure board effectiveness and optimal performance, the Board conducts annual performance evaluations of the Board of Directors, its individual members and board committees. Through the self-assessment and evaluation process, directors identify areas for improvement, such as:

1. Diversity of the board composition;
2. The frequency and conduct of meetings;
3. The timeliness and completeness of materials and information provided to them;
4. Directors' access to Management;
5. Orientation for new directors and continuing education and training for existing directors.

The criteria for Board self-assessment are:

1. Collective Board Rating
   a. Board Composition
   b. Board Meetings and Participation
2. Individual Self-Assessment
   a. Individual Performance
   b. Attendance of Board and Committee Meetings
3. Board Committees Rating
   a. Executive Committee
   b. Corporate Governance Committee
   c. Audit Committee

d. Compensation Committee
e. Nomination Committee
f. Risk Oversight Committee
g. Related-Party Transaction Committee

Certain Relationships and Related Transactions

The transactions with related parties for the year ended December 31, 2022 are discussed in the Company's 2022 Audited Financial Statements attached to this Information Statement (please refer to Note 12 on Related Party Disclosures, page 16 of the Parent AFS). The transaction price for Related Party Transactions are negotiated on an arm's length basis. All material RPT with a transaction value that reaches ten percent (10%) of the Company's total assets are subject to the review and approved for fairness by the RPT Committee.

Item 7. Independent Public Accountants

On the annual stockholders' meeting held on 28 July 2018, SGV & Co. was appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2018. In compliance with SRC Rule 68 as Amended, Paragraph 3(b)(ix), the handling audit partner is rotated every five (5) years and in case there will be a re-engagement of the same signing partner, a two-year cooling off period shall be observed.

On the annual stockholders' meeting held on 26 July 2019 and 28 August 2020, SGV & Co., was re-appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2020.

On the annual stockholders' meeting held on July 30, 2021, SGV & Co. was re-appointed as the external auditors, with Ms. Gaile A. Macapinlac as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2021.

There were no disagreements with independent accountants on accounting and financial disclosures.

On the annual stockholders' meeting held on July 29, 2022, Isla Lipana & Co., the Philippine member firm of PwC global network ("PwC Philippines") was appointed as the external auditors, with Mr. Pocholo C. Domondon as the partner-in charge.

For the ensuing Year 2023 audit, the recommended independent public accountant for the approval of the stockholders will be PwC Philippines, with Mr. Pocholo Domondon as certifying Audit Partner.

Representatives of the Independent Public Accountant for the current year (PwC Philippines) are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Chairman of the Audit Committee is Mr. Ramon D. Dizon and the members are Atty. Timoteo B. Aquino and Atty. Jose Raulito E. Paras.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting dated July 29, 2022 shall be submitted to the stockholders for approval. The stockholders shall approve/ratify the Annual Report and the Audited Financial Statements for fiscal year 2022 and the actions taken by the Board of Directors and Officers since the last annual meeting of the stockholders as follows:

1. Approval of change of bank signatories
2. Update of SSS, HDMF, and Philhealth signatories
3. Authority to renew business permit for FY2023

The minutes of the 2022 Annual Stockholders' Meeting, which is attached hereto and available on the Company's website, contain the following information:

1. A description of the voting and vote tabulation procedures used in the previous meeting;
2. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;
3. The matters discussed and resolutions reached;
4. A record of the voting results for each agenda item;
5. A list of directors, officers, and stockholders who attended the meeting.

In addition, the details and rules on voting and vote tabulation procedures used in the previous meeting are uploaded via the Definitive Information Statement which may be viewed in PSE EDGE and in DigiPlus' company website. Stockholders had the option to send in their votes directly to DigiPlus' Investor Relations Department, through a broker, or via proxy. The different voting forms were uploaded in the Company's website and disseminated to the brokers of record of STSI as well. DigiPlus forwarded all the votes received to STSI, its stock transfer agent. STSI then validated all votes and proxies, and sent back to DigiPlus the final result of all validated votes. These voting results were then presented during the previous stockholders' meeting.

The stockholders were informed through the Notice of ASM, all ASM disclosure-related statements, and the Company's website that they can send in their questions to DigiPlus' Investor Relations email (investorrelations@lrwc.com.ph) anytime prior to the ASM.

In addition to the minutes of the previous ASM stating the above information as required under Section 49 of the Revised Corporation Code, a video record of the meeting itself is uploaded in the Company's website.

Item 16. Matters Not Required to be Submitted

There are no matters not required to be submitted to a vote of security holders.

Item 18. Other Proposed Actions

There are no other proposed actions to be taken on matters other than those provided in the preceding items.

Item 19. Voting Procedures

(a) Vote required for Approval or Election

With respect to the election of directors, candidates who receive the highest number of affirmative votes will be declared elected.

With respect to: (i) the approval of the reports stated in Item 15 above; (ii) approval of appointment of external auditor of the Company; (iii) approval of the directors; and (iv) all other matters subject to vote, except in cases when the law provides otherwise, the affirmative vote of majority of the outstanding capital stock entitled to vote is required to approve such matters.

(b) Method by which votes will be counted

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the registrant, which vote may be given personally or by attorney authorized in writing. The instrument authorizing as attorney or proxy to act shall be exhibited to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Revised Corporation Code.

Unless required by law, or demanded by a stockholder present in person or proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, in his name or by his proxy if there be such proxy, and shall state the number of shares voted by him. In any and all matters requiring the vote of the stockholders, it is the Company's Corporate Secretary who shall be authorized to count the votes to be cast.

The details of registration and voting process can be found below. If assistance with the ASM Zoom meeting is needed and/or there is any other ASM-related query, stockholders may contact the company at investorrelations@digiplus.com.ph.

(c) *Voting in Absentia.*

Stockholders may vote through email. The Voting Form can be downloaded in this link. All agenda items indicated in the Notice of the Annual Stockholders' Meeting will be set out in the electronic voting form and the Stockholder may vote as follows:

i. A Stockholder has the option to vote "Yes", "No", or "Abstain" (check correspondingly on "Yes", "No", or "Abstain"). The vote is considered cast for all the Stockholder's shares.

ii. Once the Stockholder has finished voting on the Agenda items, he/she can email the form to investorrelations@digiplus.com.ph. The deadline for the submission of votes via e-mail is 12:00 P.M. (noon) of 20 July 2023. All forms delivered past the deadline will not be counted.

iii. Votes cast in absentia will have equal effect as votes cast by proxy.

iv. The Office of the Corporate Secretary will count and tabulate the votes cast in absentia together with the votes cast by proxy. An independent third party will validate the voting results. The Corporate Secretary shall report the results of voting during the Meeting.

(d) *Voting Requirements.*

The following are needed to be submitted together with the voting form:

i. For individual Stockholders:
   1. A scanned copy of the front and back portions of the Stockholder's valid government-issued photo ID, preferably with residential address. This must be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, and Senior Citizen ID.
   2. Valid and active e-mail address; and
   3. Valid and active contact number (landline or mobile number).

ii. For Stockholders with Joint accounts:
   1. In addition to the above requirements, a scanned copy of an authorization letter signed by all Stockholders on who among them is authorized to cast the votes must also be submitted. This must also be in a digital, JPG format with a file size no larger than 2MB.

iii. For Stockholders under Broker accounts:
   1. A scanned copy of the broker's certificate on the Stockholder's number of shareholdings. This must also be in a digital, JPG format with a file size no larger than 2MB;
   2. A scanned copy of the front and back portions of the Stockholder's valid government-issued photo ID, preferably with residential address. This must also be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig

ID and Senior Citizen ID;
3. Valid and active email address; and
4. Valid and active contact number (landline or mobile number).

iv. For corporate Stockholders:
1. A scanned copy of a Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the Corporation. This must be in a digital, JPG format with a file size no larger than 2MB;
2. A scanned copy of the front and back portions of the valid government-issued photo ID of the Stockholder's representative, preferably with residential address. This must be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, and Senior Citizen ID;
3. Valid and active email address of the Stockholder's representative; and
4. Valid and active contact number of the Stockholder's representative (landline or mobile number).

(e) *Email Voting Procedure.*

Stockholders who opted to vote through email will need to send an email with subject "Voting on DigiPlus 2023 ASM" and attach all the aforementioned documents and then send it to investorrelations@digiplus.com.ph. Stockholders who participated in the voting are deemed to have agreed on the Data Privacy Agreement. Aside from the aforementioned documents, the email content shall contain the following details:

i. Complete Name
ii. Residential Address
iii. Email Address
iv. Telephone / Mobile Number

For any clarifications on the registration or on the Voting in Absentia procedure, please contact DigiPlus Investor Relations Office at telephone numbers 8637-5291 to 93 or through email at investorrelations@digiplus.com.ph.

Determination of Quorum for the ASM by Remote Communication

Stockholders who wish to be recognized in the determination of the existence of a quorum at the ASM are requested to notify DigiPlus of their votes in the Meeting by proxy on or before 12:00 P.M. (noon) of 20 July 2023, or by remote communication through e-mail to investorrelations@digiplus.com.ph on or before 12:00 P.M. (noon) of 20 July 2023.

Only those Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted by proxy, will be included in determining the existence of a quorum.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 15 June 2023.

LEISURE & RESORTS WORLD CORPORATION
Issuer

By:

CAROL V. PADILLA
Corporate Secretary

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business Development

Primary Purpose

DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (hereinafter referred to as (the "Company" or "DigiPlus" or "the Registrant") was incorporated on October 10, 1957. As part of the corporate restructuring of the Company in 1996, the Company's primary purpose was amended in 1999 to engage in realty development focusing on leisure business. However, for several years, it had minimal operations and functioned as a holding company.

In October 1999, the Board of Directors (BOD) of the Company approved the Share Exchange Agreements ("Agreements") with the shareholders of AB Leisure Exponent, Inc. (ABLE), operator of a number of bingo parlors, for the acquisition of the entire outstanding capital stock of ABLE in exchange for 750 million new shares of the Company valued at ₱750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On September 19, 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock to ₱2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at ₱1 par value, a total of 750 million common shares with aggregate par value of ₱750.0 million have been subscribed and fully paid for through the assignment in favor of the Company of 500,000 common shares of ABLE representing the entire outstanding capital stock thereof by ABLE shareholders. This subscription and payment in ABLE shares was an implementation of the duly executed Agreements between the Company and ABLE's shareholders. Initially, 236,626,466 shares were approved by SEC for release to previous ABLE shareholders. The remaining shares corresponding to 513,373,534 were principally held in escrow with a local commercial bank. In 2003, the stockholders of the Parent Company approved the decrease in authorized capital stock from 2.5 billion shares to 1.6 billion shares at ₱1 par value per share. Accordingly, the Company's issued capital stock decreased from ₱ 1,162,678,120 to ₱744,114,784. This equity restructuring resulted in a reduction of ₱ 418,563,336 in the Company's deficit as at January 1, 2004 and reduced shares held in escrow to ₱328,559,059. In 2007 and 2008, SEC approved the release of 322,616,462 shares held in escrow. The remaining shares totaling 5,942,597 were finally approved for release on October 10, 2011.

On March 11, 2011, the BOD authorized the issuance, through private placement, of ₱150 million shares from its unissued capital stock at a price of ₱7.50 per share. The newly issued shares were subscribed by third parties. Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements on March 24, 2011, while the remaining seventy five percent (75%) was settled on May 15, 2011. The issuance of these shares was filed with SEC on May 2011 and was approved and ratified by the stockholders on July 29, 2011. As a result of this issuance, the total issued and outstanding stocks of the registrant as at December 31, 2011 increased to 999,877,094 shares.

In 2013, the Parent Company issued ₱1.65 billion preferred shares through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares have a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, the Parent Company has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by the Parent Company. A nil-paid, detachable warrant was issued to the investor/s for every twenty (20) preferred shares. Each warrant shall entitle the investor/s to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or DigiPlus' weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

On November 26, 2018, the BOD proposed to issue up to 1,300,147,488 common shares to investors from the unissued capital stock of the Company. The Company will apply for confirmation of an exempt transaction from the Securities and Exchange Commission pursuant to Section 10.1 (c) of the Securities Regulation Code as an isolated transaction where the shares shall be issued from the unissued capital stock. The proposed shares to be issued shall be common shares which shall have the same features as the existing common shares outstanding including voting rights and dividend rights. The Board also approved to hold a Special Stockholders' Meeting on January 11, 2019 to seek the shareholders' approval for the proposed private placement.

On December 3, 2018, the Board approved a private placement from its unissued capital stock (Newly Issued Shares) at a price based on a premium over the closing price of the shares of the Company on November 29, 2018. The proceeds of the proposed private placement will be used to refinance some of the company's existing obligations and for general corporate purposes.

On January 11, 2019, the Stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of the Company on November 29, 2018 and approved the grant of authority to the Board to implement the private placement including but not limited to the determination of the issue price and the subscriber or subscribers to the shares to be issued.

In March and April 2019, 1,217,647,488 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Company with its investors. The proceeds from the issuance of will be used to refinance the Company's existing obligations, for expansion programs and working capital requirements.

On June 15, 2021 and July 30, 2021, the BOD and stockholders of DigiPlus' respectively approved the reclassification of DigiPlus' 1.65 million preferred shares into common shares. 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 20 and 26, 2022, the SEC approved the amendments of the Articles of Incorporation.

On March 7, 2022, the BOD approved and authorized the issuance of 1,272,352,512 common shares at an issue price of ₱1.65 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 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.

On September 15, 2022, the BOD approved the amendment of the Parent Company's Articles of Incorporation to change the: (a) name of the Parent Company to "Digiplus Interactive Corp."; and (b) business address of the Parent Company from Pasig City to Taguig City. On the same date; the BOD further approved the: (a) issuance of 691,200,000 common shares to various subscribers at ₱1.70 per share or 5% above the 30-day volume-weighted average price prior to stockholders' meeting; and (b) increase in authorized capital stock from ₱5 billion to ₱7 billion."

On February 28, 2023, the Securities and Exchange Commission approved the change of corporate name of the Company from "Leisure & Resorts World Corporation" to "DigiPlus Interactive Corp."

In view of the foregoing, the Company has changed its stock symbol from "LR" to "PLUS".

Subsidiaries

AB Leisure Exponent, Inc. (ABLE)

On March 31, 1995, ABLE was registered with the SEC. The primary purpose of ABLE and its subsidiaries is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic, pull tabs and rapid bingo games. Doing business as Bingo Bonanza Corporation, ABLE has established itself as the pioneer in professional bingo gaming in the Philippines. It has thirty (30) subsidiaries including two (2) bingo parlors operated by minority owned affiliates. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and subsidiaries/affiliates the authority to operate bingo games pursuant to PD 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.

Total Gamezone Xtreme, Inc. (TGXI)

On July 21, 2014, the Company entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter's 100% stake in TGXI. TGXI is the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) e-games stations.

On November 9, 2020, the Company's BOD approved the increase in the authorized capital stock from ₱500,000,000 to ₱1,000,000,000 divided into 10,000,000 shares with par value of ₱100 each. The SEC approved the increase on January 5, 2021.

As of December 31, 2022, TGXI is a wholly owned subsidiary of DigiPlus with 3,429,995 shares and paid up subscription in the amount of ₱249,999,500, with par value of ₱100 per share.

Blue Chip Gaming and Leisure Corporation (BCGLC)

On October 9, 2009, BCGLC was registered with Philippine SEC. 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 April 27, 2011, DigiPlus purchased 26,250 shares of BCGLC representing 70% of BCGLC's outstanding capital stock. The purchase was ratified by DigiPlus' BOD on May 24, 2011. On December 1, 2015, DigiPlus purchased the remaining 30% or 11,250 shares from BCGLC's minority stockholders.

On July 24, 2015, BCGLC incorporated a subsidiary, Gold Coast Leisure World Corp. (GCLWC) with authorized capital stock of ₱15,000,000 divided into 150,000 shares with par value of ₱100 per share, of which ₱3,750,000 has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained an Enterprise Registration with the Subic Bay Metropolitan Authority in 2016.

On December 17, 2015, BCGLC received a letter from PAGCOR, informing that its BOD approved and confirmed the assignment in favor of BCGLC of the Contracts of Lease over four PAGCOR VIP Clubs at: (1) Venezia at Subic Bay Freeport Zone, Subic Zambales with Palmgold International Limited; (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.

On January 18, 2016, BCGLC assigned the VIP Club at Venezia at Subic Bay Freeport Zone to its subsidiary, GCLWC.

On January 28, 2016, the Amended Contracts of Lease of three (3) VIP Clubs, namely Pan Pacific, Paseo Premier Hotel and Apo View Hotel were executed under the name of BCGLC, while the other VIP Club, Venezia at Subic Bay Freeport Zone was under the name of GCLWC.

Prime Investment Korea, Inc. (PIKI)

On March 22, 2013, DigiPlus purchased 10,000,000 shares of PIKI representing 100% ownership at a price of ₱1,000,000. The purchase was ratified by DigiPlus' BOD on June 10, 2013. The acquisition is in line with the Group's goal to expand and venture in other forms of gaming.

PIKI started its commercial operations on July 26, 2013. Together with Philippine Amusement and Gaming Corporation (PAGCOR), PIKI executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City.

In 2020, PIKI ceased its operations.

Hotel Enterprises of the Philippines, Inc. (HEPI)

On November 11, 2012, DigiPlus executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. ("Eco Leisure") and HEPI for the acquisition of 51% of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. DigiPlus' total investment in HEPI, paid in cash, is ₱750.0 million. DigiPlus and Eco Leisure executed a Shareholders' Agreement to embody their mutual agreements and covenants concerning the sale and purchase of HEPI's shares, respective rights and obligations while certain covenants and conditions have not been fully complied by the parties under the Investment Agreement.

On December 26, 2012, HEPI filed an application for the amendment of its Articles of Incorporation to extend its corporate life, which application, however, was disallowed by the Corporate Registration and Monitoring Department (CRMD) of the Securities and Exchange Commission (SEC). In compliance with the rules of procedure of the SEC, HEPI appealed the SEC-CRMD's decision before the SEC En Banc via a Memorandum on Appeal.

On October 1, 2013, the SEC En Banc denied HEPI's appeal and affirmed the SEC-CRMD's denial of HEPI's application. On October 22 , 2013, HEPI filed a Petition for Review (Petition) with the Court of Appeals seeking the reversal of the SEC Decision citing, among others, the following grounds: (a) HEPI's failure to file the application for the amendment of its articles of incorporation is due to justifiable reasons similar to cases where the SEC has allowed the filing, and eventually approved, application for extension of corporate term notwithstanding its expiration; (b) there is substantial evidence of HEPI's clear and unequivocal intention to continue with its corporate existence; (c) there are practical and socio-economic considerations in favor of allowing the extension of HEPI's corporate term; and (d) recent developments relating to the corporate term negate the rationale behind the SEC's strict application of the rules.

The Office of the Solicitor General (OSG) filed its Comment dated January 28, 2014 to the

Petition on behalf of the respondents essentially reiterating the arguments of the SEC En Banc in denying HEPI's Memorandum on Appeal. HEPI filed its Reply to the Comment on February 25, 2014.

On July 25, 2014, HEPI filed its Memorandum. The OSG filed its manifestation that it is adopting its Commend dated 28 January 2014 as its Memorandum.

On December 2, 2014, the Court of Appeals issued a Decision finding for HEPI and directing the SEC to give due course to HEPI's application for amendment of articles of incorporation to extend its corporate term.

On March 10, 2016, the BOD approved the amendment of HEPI's Articles of Incorporation particularly on: (a) Article II Primary Purpose, (b) Article IV extending the term of the corporate existence of the HEPI to another fifty (50) years from July 30, 2012, (c) Article VI decreasing the number of the BOD to 7, and (d) Article XI adding new provisions governing the issuance and transfer of shares of the corporation.

First Cagayan Leisure & Resort Corporation (FCLRC)

On April 26, 2000, FCLRC was incorporated. DigiPlus acquired 35% of the outstanding capital stock of FCLRC by purchasing 43,750 shares with a par value of ₱100 per share on September 20, 2005. 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 Cagayan Special Economic Zone Free Port (CSEZFP). Pursuant to the License Agreement, FCLRC was 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. On March 3, 2006, DigiPlus' BOD approved the additional investment of 40,000 shares in FCLRC for an aggregate amount of ₱32 million. This additional subscription to FCLRC's shares brought DigiPlus' total investment to 83,750 shares representing 50.75% of the issued and outstanding capital stock. On April 3, 2006, the BOD approved the acquisition of 31,250 shares (prior to issuance of the additional subscription) of FCLRC, from one of its shareholders, Joanna Heights, Inc., for an aggregate amount of ₱25 million on the same terms as the earlier additional subscription. The acquisition was completed upon execution of the Deed of Assignment of Rights on September 27, 2006. With this acquisition, DigiPlus now holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC.

LR Data Center and Solutions, Inc. (LRDCSI)

On May 20, 2016, LRDCSI was registered with SEC primarily to engage in information technology and communication and to own, develop, produce, design, integrate, install, sell buy, rent, establish, manage, audit, rehabilitate, operate, lease except financial leasing or otherwise dispose of and generally deal in and with systems, facilities, equipment, devices and services involving the processing, movement, monitoring and retrieval of information including but not limited to data, voice, image, video, audio, tone or any form or kind of communication whatsoever, such as but not limited to Internet Protocol (IP) Systems products and their improvements, provide services related thereto, such as value added services (VAS), voice over internet protocol (VOIP), internet merchant payment processing and payment solution, premium dial up access services, IP-wide area network services, software development and applications, data center services, co-location services, bandwidth, disaster recovery services and managed services and such allied undertakings, and as a consequence and as may be necessary useful and convenient in the premises, carry on and undertake such activities which may be reasonably and conveniently carried on in connection with or incidental to above purpose, or calculated, directly or indirectly, to enhance the value of or render profitable, any of the Corporation's property or rights.

The Company is 80% owned by DigiPlus.

The Company started its commercial operations on October 1, 2017.

First Cagayan Converge Data Center, Inc. (FCCDCI)

On November 14, 2007, FCLRC and IP Converge Data Center Corporation (IPCDCC), a wholly owned subsidiary of listed firm IPVG Corp., formed a joint venture corporation with the name First Cagayan Converge Data Center Inc. The joint venture corporation was formed 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.

FCCDCI commenced its commercial operations on January 1, 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

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 with a par and issue value of ₱1 for a total consideration of ₱16.4 million to LRDCSI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, DigiPlus obtained a 57.808% 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.

AB Leisure Global, Inc. (ABLGI)

On October 20, 2009, SEC approved the incorporation of another wholly owned subsidiary, AB Leisure Global Inc. (ABLGI), whose 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 sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. The authorized capital stock of ABLGI is ₱5,000,000, divided into 50,000 shares with par value of ₱100 per share, of which ₱1,250,000 has been subscribed and ₱312,500 has been paid up. On May 6, 2013, the Company's BOD approved the increase in the authorized capital stock from ₱5,000,000 to ₱2,000,000,000 divided into 20,000,000 with par value of ₱100 per share. The SEC approved the increase in February 2014. As of December 31, 2013, DigiPlus has subscribed and paid ₱1,450,000,000.

In 2014, DigiPlus subscribed and paid additional ₱98,750,000 bringing its total investment to ₱1,550,000,000.

In 2017, ABLGI incorporated 7 subsidiaries (direct and indirect) including its land holding company for the Boracay project.

On November 27, 2017, the BOD authorized ABLGI to avail a loan facility with BDO Unibank, Inc. and approved the terms and transactions contemplated by the Omnibus Loan and Security Agreement by and among ABLGI as borrower, share mortgagor, mortgagor and assignor, ABLGI subsidiaries as sureties, share mortgagors, mortgagors and assignors, DigiPlus as share mortgagor, mortgagor and surety, ABLE, TGXI, PIKI, BCGLC and FCLRC as sureties, BDO Unibank, Inc. as lender, and BDO Unibank, Inc. - Trust and Investments Group as security trustee. The loan was paid in full in January 2023.

LR Land Developers, Inc. (LRLDI)

On December 11, 2007, the SEC approved the incorporation of a wholly owned subsidiary, Northern Philippines Land and Property Development Inc. (NPLPDI), whose primary purpose is to engage in the business of purchasing, leasing, owning, using, improving, developing, subdividing, selling, mortgaging exchanging, leasing, and holding for investment or otherwise, real estates of all kinds and build or cause to be built on any such land owned, held or occupied for management or disposition buildings, houses, or other structures with their appurtenances. On March 3, 2008, SEC approved the amendment to the Articles of Incorporation changing its name to LR Land Developers, Inc.

On April 16, 2012, Techzone Philippines, Inc. (TPI) was incorporated, a 50% owned associate of LRLDI, which is engaged in the acquisition, lease, donation, etc. of real estate of all kinds. TPI started its commercial operations in 2016.

On November 4, 2019, the Company sold the 50% interest of TPI shares for the selling price of ₱1,750,000,000.

Binondo Leisure Resources, Inc. (BLRI)

On February 11, 2003 BLRI was incorporated and subsequently amended on July 2, 2003. On July 25, 2003, the Company signed a Memorandum of Agreement (MOA) with BLRI. In accordance with the MOA, the Company acquired a 30% interest in BLRI through the assignment of shares. The MOA also indicated that the Company would subscribe to 200,000 preferred shares of BLRI with a par value of ₱100. On May 13, 2004, the SEC approved BLRI's application for the increase in its authorized capital stock from ₱5,000,000 divided into 50,000 common shares with par value of ₱100 per share, to ₱50,000,000 divided into 200,000 common shares and 300,000 preferred shares both with par value of ₱100 per share.

On June 4, 2018, the BOD approved the declaration of cash dividend equivalent to ₱0.0425 per share payable to all preferred stockholders of record as of June 20, 2018. On July 19, 2019, the BOD approved the declaration of cash dividend equivalent to ₱0.0942 per share payable to all preferred stockholders of record as of August 2, 2019.
On October 24, 2019, the BOD approved the declaration of cash dividend equivalent to ₱0.0471 per share payable to all preferred stockholders of record as of December 31, 2019.

There were no cash dividends declared by the BOD to common stockholders of the Company in 2022 and 2021.

Products, Games and Distribution Methods

AB Leisure Exponent, Inc. (ABLE)

ABLE is the pioneer in professional bingo gaming in the Philippines, is a 100% subsidiary of the Company.

As one of the leading icons of the industry, DigiPlus is aggressive in innovations and improvement of its products and services. One of the most recent notable achievements would be BingoPlus. It is the first platform in the country which offers traditional Bingo on technology platform. The technology platform, bingoplus.com, was launched in January 2022 and had quickly become a community favorite.

ABLE initially launched the E-bingo games (EBG) in 2002 with only 20 machines. As of December 31, 2022, 9,619 machines were installed in 123 affiliated bingo parlors.

Traditional Bingo continues to thrive by implementing game variations, including among others, Quick Shot, Circle 8, Instant Bingo Bonanza, Player's Choice, and X Game.

In August 2005, ABLE introduced Rapid Bingo with 14 terminals in 14 bingo parlors. As of December 31, 2022, a total of 138 Rapid Bingo terminals were installed in 121 bingo parlors.

ABLE also introduced Pull Tabs in the latter part of 2005 and continues to market said product to all its operational bingo parlors and other non-affiliated establishments.

As of June 1, 2023, ABLE and its subsidiaries/affiliates own 117 bingo parlors nationwide. Most of these bingo parlors are in major shopping malls in Metro Manila and in key provincial cities. Enumerated below is a list of bingo branches, subsidiaries/affiliates, its locations, date of organization and ABLE's equity interest:

Company-Owned Bingo Parlors			
		Location	
		1	Building 1, Sta. Lucia East Grand Mall, Marcos Highway cor. Imelda Avenue, Cainta Rizal
		2	2nd Floor Ph-1, Sta. Lucia East Grand Mall, Felix Ave., Cainta Rizal
		3	SM Southmall , Almanza Uno, Las Piñas City
		4	Building A, SM Megamall, J. Vargas Street, EDSA, Mandaluyong City
		5	Makati Cinema Square, Pasong Tamo , San Lorenzo Village, Makati City
		6	Farmers Plaza, Araneta Center, Cubao, Quezon City
		7	J.S Resuello Commercial Bldg., Kareenan St., Roxas Boulevard, San Carlos, Pangasinan
		8	J.S Ramos Real Estate & Lessor, Poblacion Area & Zone 1, Bayambang, Pangasinan
		9	SM Southmall, Almanza, Las Pinas City
		10	Building 2, Stall No.9-10 Plaza De Oro Arcade J. Luna Ext., Sto.

			Cristo, Tarlac City
Bingo Parlors Owned Through Subsidiaries/Equity			
	Date of Organization	**Location**	
Alabang Numbers & Gaming Corp., 100%	11/18/1997	1	V- Central Mall, Molino Blvd. cor. Molino Rd. Bacoor City, Cavite
All Point Leisure Corporation, 100%	7/16/1997	2	4th Floor SM Centerpoint, Araneta Ave. cor. Magsaysay Blvd., Sta. Mesa, Quezon City
Alpha One Amusement and Recreation Corp., 100%	5/23/2013	3	G/F and 2/F Romero Building, 1337 Balintawak Market, EDSA, Quezon City
Big Time Gaming Corporation, 100%	3/27/2006	4	QY Plaza, 233 Tomas Morato Ave., South Triangle, Quezon City
		5	Robinson's Supermarket, Ema Town Center, El Camino Real Sto. Niño, Brgy. Camalig, Meycauayan City, Bulacan
		6	Madison Square, Alabang -Zapote Road. Las Piñas City
		7	2nd Floor Bocobo Commercial Center, # 1253 J. Bocobo St., cor. Padre Faura St., Ermita Manila
		8	G/F A.S. Commercial Building, Falcon Street, Brgy. Poblacion 5, Sta. Cruz, Laguna
		9	SOGO HOTEL , Distrito 1, Purok 7, Maharlika Highway, San Juan ACCFA, Cabanatuan City
		10	Puregold-San Mateo, Brgy. Banaba, San Mateo, Rizal
		11	ICON Hotel, # 967 EDSA Corner West Avenue Quezon City
		12	2/F ParkMall, Ouano Avenue, Southpoint, Tipolo, Mandaue City, Cebu
		13	Skye One Commercial Building, Quezon Avenue, Brgy. San Isidro, Angono Rizal
		14	G/F Roben Theatre, C.M Recto Ave., Brgy. 313, Zone 31 Sta. Cruz Manila
		15	G/F JEA Building 2, E. Lopez St. cor. Jalandoni St., Iloilo City
		16	Insular Square Mall, J.P. Rizal Street, Brgy.Tabok, Mandaue City
		17	Lucky China Town Mall, # 293 Lachambre St., Binondo Manila
		18	Robinson's Mall GenSan, G/F Robinson Mall, J. Catolico Sr. Avenue Lagao, General Santos City
		19	Syquio Business Centre, Maharlika Highway, Brgy. Daan Sarile, Cabanatuan City

		20	Blue Horizon Bldg., Alaminos-Sual Road, Alaminos City, Pangasinan
		21	G/F Dizon Bldg., # 243 Entiero St., Brgy. Sto.Cristo, Angeles City
		22	Sir Thomas Square, Matalino St., Cor. Matatag St., Diliman, Quezon City
		23	No.14 Tanjuatco Bldg., Plaza Aldea Tanay Rizal
		24	Robinsons Place-Las Piñas, Alabang-Zapote Road, Talon Uno, Las Piñas City
		25	ATDRMAM Bldg., National Road, Kumintang Ibaba, Batangas City
Bingo Dinero Corporation, 100%	8/19/1998	26	SM City-Cebu, Mabolo, Cebu City
Bingo Extravaganza Inc., 100%	1/11/1999	27	SM City-Sucat, Dr. A. Santos Avenue, Sucat , Parañaque City
		28	SM City Bicutan, Bicutan, Parañaque City
		29	Tonies Mart Puerto Princesa City, Palawan
		30	2/F LG Bldg., Afan Salvador Street, Guimba , Nueva Ecija
		31	Josephines Hotel, #424 Diversion Rd., Sta. Rosa Bayombong, Nueva Viscaya
Bingo Gallery, Inc., 100%	10/16/1998	32	Lianas Shopping Mall, Caruncho Avenue, Pasig City
		33	SM City- Cagayan de Oro, Masterson's Avenue, Brgy. Canitoan, Cagayan de Oro City
		34	Lower Ground Floor Robinson Metro East, Marcos Highway, Pasig City
		35	678 Commercial Complex Molino Boulevard, Bayanan City of Bacoor, Cavite
Bingo Palace Corporation, 100%	8/19/1998	36	Robinson Place-Manila, Ermita, Manila
		37	SM Mall of Asia, Bay Boulevard, Pasay City
		38	Congressional Town Center, Congressional Avenue, Quezon City
		39	G/F Robinsons Luisita, MacArthur Highway, Brgy. San Miguel, Hacienda Luisita, Tarlac City
		40	G/F Sicangco Bldg., Brgy. San Rafael, Tarlac City
		41	Manly Bldg., McArthur Highway Dalandanan, Valenzuela City
		42	Puregold-Novaliches, #1018 Brgy. Sta. Monica, Quirino Highway , Novaliches ,Quezon City
		43	Imall-Camarin, Kiko Road, Camarin, Caloocan City

		44	GD PLAZA-Guiguinto, #8002 McArthur Highway, Brgy. Ilang-Ilang, Guiguinto Bulacan
Cebu Entertainment Gallery, Inc., 100%	9/7/1998	45	Elizabeth Mall, Leon Kilat St., Cebu City
First Leisure and Game Co., Inc., 100%	12/9/1997	46	Lopue's Art District Bldg., Lacson Street, Mandalagan, Bacolod City
		47	Gustilo Town Center Provincial Road corner National Highway Manapla, Negros Occidental
		48	Gaisano Grand City Mall, Araneta St., Brgy. Singcang Airport, Bacolod City
		49	Lower Ground Floor, Gaisano Capital Cagba, Brgy. Tugbo, Masbate City
		50	Centro Mall, Lopez Avenue, Brgy. Batong Malake, Los Baños, Laguna
		51	1/F and 2/F Door No. 5 Rosalie Building, Gaisano Grand Fiesta Mall, Cebu South Road, Brgy. Tabunok , Talisay City, Cebu
		52	2/F Felcris Centrale, Quimpo Blvd., Brgy. 40-D, Davao City
		53	Gaisano Grand - Digos, G/F unit 8 & 9 , Quezon Avenue Digos City, Davao Del Sur
		54	G/F Doors 107 and 108, JLF Parkway Building A. Pichon Cor. Quirino Sts., Davao City
		55	SM Lanang Premier, Jose P. Laurel Ave., Brgy. San Antonio Agdao, Davao City
		56	Chimes Mall, Brgy. 27 C, Gov. Sales St. cor. Sta. Ana Avenue, Davao City
		57	City Mall-Mandalagan, Lacson St., cor. G. M. Cordova Ave., Mandalagan, Bacolod City
Gamexperience Entertainment Corp, 100%	5/21/2013	58	G/F Greenhills Town Center, Granada St., Corner Valencia St., Brgy. Valencia, Quezon City
		59	Pueblo Verde, Mactan Economic Zone-II-SEZ, Brgy. Basak, Lapu-lapu City
		60	Gaisano Grand Mall-Mactan, Basak-Marigondon Road Cor. Ibabao-Gisi-Agus Road, Lapu-lapu City, Cebu
		61	Mactan Marina Mall, MEPZ 1, Ibo Lapu-Lapu City, Cebu
G-One Gaming and Technology, Inc., 100%	4/6/1998	62	3/F SM City-Bacoor, Tirona Highway corner E. Aguinaldo Highway, City of Bacoor Cavite
Grand Polaris Gaming	5/24/2013	63	SM City-Cauayan ,San Fermin, National Highway, City of Cauayan

Co., Inc. 100%			Isabela
		64	G/F Blocks 7 & 8 Roxas Boulevard, Sergio Osmeña Avenue, Roxas Isabela
Highland Gaming Corporation, 100%	6/6/2000	65	Baguio Center Mall, Magsaysay Avenue, Baguio City
		66	SM City-Baguio, Luneta Hills, Upper Session Road, Baguio City
Iloilo Bingo Corporation, 100%	12/1/1999	67	SM City Iloilo, Iloilo City
Isarog Gaming Corporation, 90%	4/24/1998	68	SM City- Naga, Brgy. Triangulo, Naga City
		69	ALDP Plaza Mall, Roxas Avenue, Brgy. Triangulo, Naga City
Manila Bingo Corporation, 95%	9/24/1997	70	SM City Fairview, Quirino Highway Fairview, Quezon City
Metro Gaming Entertainment Gallery, Inc., 100%	6/24/1998	71	SM Supercenter Molino, Molino Road, Bacoor City, Cavite
		72	5th Floor, 168 Shopping Mall, Soler St., Divisoria, Manila
		73	Pasay City Mall and Public Market Taft Ave. cor. Arnaiz Avenue, Pasay City
		74	RSAM Bldg., Nasugbu, Batangas
		75	Starmall-San Jose Del Monte Quirino Highway and Francisco Drive, Northwinds City, San Jose Del Monte City, Bulacan
		76	Metro Towne Center ,2020 Marcos Alvarez Ave., Talon 5, Las Piñas City
Negrense Entertainment Gallery, Inc. 55%	4/24/2012	77	Lee Plaza, IT Park, J. Romero Road, Brgy. Bagacay, Dumaguete City
		78	G/F City Mall Dumaguete , Veterans Ave.,National Highway, Daro Dumaguete City
		79	G/F City Mall Golden Field-Bacolod West Side, Araneta Ave., Bacolod City
One Bingo Place, Inc., 80%	5/3/2000	80	SM City Manila, Arroceros St., Manila
One Bingo Pavillion, Inc. 100%	1/28/2013	81	Puregold-San Pedro, Old National Highway cor. Magsaysay Blvd., Brgy. San Antonio, San Pedro Laguna
		82	Sky 1 Building, McArthur Hi-Way, Bantay Ilocos Sur
		83	Bldg 537, Rizal Highway Subic Bay Freeport Zone Zambales
		84	S and R Centre De Venecia Ave., Nalsian Calasiao, Pangasinan
Rizal Gaming Corporation, 100%	11/12/1998	85	G/F Robinsons Place-Cainta, Ortigas Avenue, Extension Brgy. Sto. Domingo Cainta Rizal
		86	3/F Robinsons Place-Cainta, Ortigas Avenue, Extension Brgy.

			Sto. Domingo Cainta Rizal
		87	ITSP Bldg., Ortigas Ave. Extension Brgy. San Isidro Taytay Rizal
		88	Graceland Plaza-Marikina, J.P. Rizal Street Brgy. Lamuan, Malanday, Marikina City
		89	Hollywood Suites and Resort McArthur Highway, Ibayo Marilao, Bulacan
		90	(RMR Square) Graceland Plaza-Tandang Sora, Tandang Sora Avenue, Quezon City
		91	Ardi Commercial Complex, A. Bonifacio Ave. Parola Cainta Rizal
SG Amusement and Recreation Corp., 100%	8/24/2005	92	G/F Wilson Square Commercial Center, Wilson corner P. Guevarra Streets, San Juan City
		93	San Juan commercial Building, F. Blumentritt cor. F. Manalo Sts. Brgy. Kabayanan, San Juan City
		94	SM Land Anza Bldg. Makati Ave. Cor Anza St., Bel -Air, Makati City
		95	3/F Ayala Circuit Mall, A.P. Reyes Avenue, Brgy. Carmona Makati City
South Bingo Corporation, 100%	12/10/1997	96	SM City Davao, Quimpo Blvd., Davao City
		97	Victory Town Center, Lemery Batangas
South Entertainment Gallery, Inc., 100%	12/13/2000	98	SM City-San Fernando, Brgy. San Jose,San Fernando City, Pampanga
		99	SM City Tarlac, MacArthur Highway Brgy. San Roque, Tarlac City
		100	Robinsons Place Calasiao, Bayombong Road and De Venecia Highway, Calasiao, Pangasinan
Summit Bingo, Inc., 60%	1/19/1999	101	New Street Building, McArthur Highway, Balibago, Angeles City, Pampanga
Topnotch Bingo Trend, Inc. 100%	6/1/2009	102	G/F Metropoint Mall, Edsa Taft, Pasay City
		103	SM City- Batangas, Brgy. Pallocan West, Batangas City
		104	SM City-Rosario, Gen. Trias Drive, Tejeros Convention, Rosario Cavite
		105	SM City- Rosales (formerly SM Supercenter -Rosales) Carmen East, Rosales, Pangasinan
		106	SM City-Marikina, Barangay Calumpang, Marikina City
		107	SM City Clark, Clark Field, Angeles City, Pampanga
		108	SM City-Lipa, Lipa City Batangas
		109	SM San Lazaro, Tayuman Manila
		110	SM City-Taytay Brgy. Dolores, Manila East Taytay Rizal

		111	94 Timog Ave., Brgy. Sacred Heart, Quezon City
TOPMOST GAMING CORP. 100%	01/13/1998	112	2/F SM City- Novaliches Quirino Highway, Novaliches Quezon City
		113	Fortune Plaza, MacArthur Highway, Balagtas, Bulacan
		114	Sapphire Building, Govic Avenue, Paulien Dirita, Iba, Zambales
Worldwide Links Leisure and Gaming Corp., 100%	12/8/2011	115	Silver City, Frontera Drive cor. Julia Vargas Ave., Pasig City
		116	2nd Floor SGC Bldg, 172 C. Raymundo Avenue, Brgy. Maybunga, Pasig City

Bingo Parlor Owned Through An Affiliate/Equity:			
	Date of Organization	**Location**	
Insular Gaming Corporation, 40%	12/13/2000	1	G/F and Mezzanine, Berd's Bldg. Gen. Aguinaldo cor. B.S. Ong Sts., Iligan City

Total Gamezone Xtreme, Inc. (TGXI)

TGXI is the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) eGames stations. The company continues to expand its operations through rebranding of existing PAGCOR e-Games Station (PeGS), setting up new gaming venues in new locations, and acquiring existing branches from other operators.

PeGS outlets act as a medium where one can play in an online casino with players from other virtual stations. The total amount of bets placed in these online games is monitored by a centralized server run by the platform provider.

As of June 1, 2023, TGXI has 31 branches with a total 798 terminals.

Branch	**Location**	
BANAWE	1	2/F 238 Banawe Center, Banawe St., Manresa, Quezon City
BF PARANAQUE 2	2	G/F R.F. Lopez Bldg., #6 N. Lopez Ave., Lopez Village, Brgy. San Isidro, Parañaque City
BIÑAN-2	3	2nd Floor SM Building, Barangay San Antonio, Biñan, Laguna
BINANGONAN	4	2nd Floor, ECG Building, National Road, Pantok, Binangonan, Rizal
CAINTA 4	5	2nd Flr. Saunterfield Place, Km. 20 Ortigas Ave., Ext., Brgy. Sto. Niño, Cainta Rizal
CARMONA	6	Unit 5 Paseo De Carmona, Governor's Drive, Brgy. Maduya, Carmona Cavite
CUEVAS VILLE/ MOLINO 2	7	Units 10 & 11, Bldg. 3, Daanghari, Cuevasville Commercial Center, Molino IV, Bacoor, Cavite
DEL MONTE	8	716 Del Monte Ave., Brgy. Talayan, Quezon City
DON ANTONIO	9	2nd Floor, Don Antonio Sports Center, Block 17, Lot 5, Holy Spirit Drive, Brgy. Holy Spirit, Commonwealth Ave., Quezon City
GUIGUINTO	10	GD Plaza-Guiguinto, 2/F #8002 McArthur Highway, Brgy. Ilang-Ilang, Guiguinto, Bulacan
KARANGALAN	11	D'jet Commercial Bldg., Phase II-A, Lot C, NO.25-26, Imelda Ave.

		Karangalan Village, Pasig City
KATIPUNAN	12	Unit SF-206 Citigold Plaza,175 Katipunan Ave. cor. Boni Serrano Ave, Quezon City
KAWIT	13	2nd Floor Bautista Arcade, Tirona Highway, Binakayan, Kawit, Cavite
MABALACAT 2	14	Stall #19 Pineda Bldg..4, McArthur Highway,Mabiga, Mabalacat, Pampanga
MADISON	15	Unit 8, Ground Floor, Building B, Madison Square #4 Pioneer St., Mandaluyong City
MALABON	16	Unit G3 Francis Market, Gov. Pascual cor. M.H. del Pilar Sts.,Tinajeros Malabon City
MANGGAHAN 1	17	2nd Floor, MS1 Building, Governor's Drive, Bo. Manggahan, Gen. Trias, Cavite
MAYBUNGA	18	2nd Floor SGC Bldg, 172 C. Raymundo Avenue, Brgy. Maybunga, Pasig City
METRO TOWNE	19	Metro Towne Building, 2020 Marcos Alvarez Avenue, Talon V, Moonwalk, Las Piñas City
MEYCAUAYAN	20	665-A McArthur Highway, Brgy. Bancal Meycauayan, Bulacan
PACO	21	Unit 3, Topmark Bldg., 1763 Paz Mendoza Guazon St., Paco Manila
PASO DE BLAS 1	22	2nd Floor , LB Bldg., Paso De Blas cor. Quirino Highway, Malinta Valenzuela City
SAN JOSE DEL MONTE	23	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan
SAN MIGUEL	24	2nd Floor, Doña Amelia Bldg., Camias, San Miguel, Bulacan
SAN RAFAEL	25	141 Cagayan Valley Rd., Brgy. Sampaloc San Rafael Bulacan
SILANG	26	Brgy. Buho Silang, Cavite
SILVER CITY	27	Ground Floor, Silver City Bldg., Frontera Verde Drive cor. Doña Julia Vargas Ave., Brgy. Ugong Pasig City
STA MARIA	28	112-C Gov. Halili Ave., Brgy. Bagbaguin Sta. Maria, Bulacan
STARMALL EDSA	29	2nd Floor Starmall, EDSA cor. Shaw Blvd. Mandaluyong City
VALENZUELA 2	30	Ground Floor, Puregold Valenzuela, 419 McArthur Highway , Dalandanan Valenzuela
VISAYAS AVE	31	2/F, MSK Building, 241 Visayas Avenue, Tandang Sora, Quezon City

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC has a contract with the Philippine Amusement and Gaming Corporation (PAGCOR) in connection with the VIP Slot Arcade Operation (PAGCOR VIP Club) at Pan Pacific Hotel, Manila, Paseo Premier Hotel, Sta. Rosa, Apo View Hotel, Davao, and Kings Royal Hotel, Bacolor, Universal Park Manila and San Pedro Town Center. Pursuant to the said contract, BCGLC provides the gaming space, high end slot machines, furnitures, fixtures, equipment and systems for the operations of the aforesaid VIP Slot Arcades. The wholly-owned subsidiary of BCGLC, Gold Coast Leisure World Corporation has a contract with PAGCOR for the PAGCOR VIP Club in Venezia Hotel, Subic Bay Economic Zone and Freeport.

First Cagayan Leisure & Resort Corporation (FCLRC)

On February 3, 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 authority for FCLRC in the following capacity: (1) Appointment as Master Licensor for internet gaming activities and shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive gamines in CSEZFP; (2) Assist CEZA in its functions as regulator for interactive gaming activities on behalf of CEZA in accordance with CSEZFP Interactive Gaming Rules and Regulations; (3) The authorization as Master Licensor shall be exclusive for twenty-five (25) years starting from 2006 until 2031; (4) Authorized to collect a sub-license fee to two (2) percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, the Company is authorized to collect from sub-licenses, a monthly fixed amount equivalent to $10,000 from sportsbook operators; and (5) the Company must pay CEZA, on a monthly basis to commence upon the start of actual operations, an amount equivalent to one (1) percent of the monthly gross winnings payable not later than the twenty-first (21st) day of the subsequent month. Starting on the sixth (6th) year after the start of the Company's operation, it shall pay a minimum guaranteed amount of $250,000 per year.

FCLRC proposed a Master Development Plan in keeping its authority under the License Agreement. The Master Development Plan 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 as envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

Phase I: which shall be completed one (1) year after authorization of the CEZA BOD, 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 II: which shall be completed three (3) years from completion of Phase I, shall include the telecommunication connectivity via fiber optic, redundant telecommunication connectivity and construction of a leisure and resort complex;

Phase III: which shall be completed three (3) years from completion of Phase II, 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.

Previous years' developments significantly affected FCLRC's business and operations due to the issuance on September 1, 2016 by PAGCOR of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulation was adopted to regulate the issuance of licenses which provide and participate in offshore gaming services or online games of chance via the Internet.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) 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; (4) 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.

As at December 31, 2022 and 2021, there were 11 and 13 licensed locators, respectively.

First Cagayan Converge Data Center, Inc. (FCCDCI)

FCLRC and IP Converge Data Center Corporation (IPCDCC), a wholly-owned subsidiary of listed firm IPVG Corp., formed a joint venture corporation with the name First Cagayan Converge Data Center, Inc. which was incorporated on November 14, 2007 with FCLRC owning 60% of the outstanding capital stock. This joint venture corporation was formed 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 (VOIP), 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. These revenue streams include but are not limited to the following:

- connectivity using wide bandwidth capabilities
- physical housing of the server to host the Internet site, in a high security site
- high quality monitoring and maintenance services for the Internet infrastructure
- hosting services which include connection of servers and data networking equipment to the same monitoring and management system.
- a range of call center services
- a range of value added services for ongoing operation of the Internet Site and management of the Internet Casino Site
- office space
- administration services which includes facilities management, server management and network monitoring
- payment and receipt of gaming funds services telecommunication services
- physical security and monitored access
- off-site storage of back up materials in secure premises
- second level help desk service that includes provision of a single answering point for operational, performance, reporting and commercial issues
- value added services, such as website monitoring, traffic analysis, marketing analysis, telemarketing, and customer relationship management among others.

FCCDCI commenced its commercial operations on January 1, 2008 thus, FCLRC's statement of income includes its 60% equity in net earnings from FCCDCI.

In 2009, FCLRC and FCCDCI agreed to apply ₱3.75 million of FCLRC's cash dividend against the subscription payable to FCCDCI.

LR Data Center and Solutions, Inc. (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 online gaming operators. DigiPlus owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

AB Leisure Global, Inc. (ABLGI)

AB Leisure Global Inc. (ABLGI) and DigiPlus entered into various agreements with Belle Corporation (Belle), Premium Leisure and Amusement, Inc. (PLAI) and Belle Grande Resource Holdings, Inc. (Belle Grande) which secured for ABLGI a 30% share of Belle's and PLAI'S economic interests in the City of Dreams-Manila Integrated Resort and Casino located at Aseana Business Park, Paranaque City.

On November 4, 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with DigiPlus and ABLGI ("DigiPlus Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the DigiPlus Group a total of ₱5,090 million, with ₱1,018 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on March 31, 2017. ABLGI received ₱4,072 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to ₱3,762 million, and (2) ₱310 million, of which ₱111 million was a collection of the advances made to Belle while the remaining ₱200 million was lodged under "Other Income" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective March 31, 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	Incorporation Date	Nature of Business
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate/Leasing
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, DigiPlus signed an Omnibus Loan and Security Agreement with (OLSA) for P2,500 million with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and DigiPlus as Surety. As disclosed, the OLSA was executed to partially fund the acquisition of parcels of land for the planned resort development in Boracay. The loan was paid in full in January 2023.

LR Land Developers, Inc. (LRLDI)

In 2010, LRLDI entered into an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), both third parties and corporations incorporated in the Philippines, to finance the construction of the airport at Lal-lo, Cagayan. The terms and conditions of the agreement include the following: (1) LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum of P700 million. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction development of the airport; (2) LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share; (3) CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and (4) CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and FCLRC have significant operations within the CSEZFP which will benefit from the construction of the airport. The construction of the airport is expected to be finished by the first quarter of 2014 when all the documents needed by the Civil Aviation Authority of the Philippines are submitted.

The Group intends to convert portion of the advances into shares of stocks upon consolidation and issuance of land titles.

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

Competition

AB Leisure Exponent, Inc. (ABLE)

ABLE manages to stay on top of competition with its extensive network of bingo parlors, and by continuing the development and acquisition new parlors and game products.

Ever mindful of the growing major competitors such as OK Bet, Bingo Mania, Bingo Amusement Corporation, as well as small players and new entrants, ABLE sustains its market presence by aggressively offering huge jackpot payouts and launching new products to attract more players.

Total Gamezone Xtreme, Inc. (TGXI)

TGXI has successfully established its position as one of the major front runners among PeGS operators in the country through the acquisition of Digiwave Solutions, Inc (DSI) and by continuously increasing its number of PeGS gaming terminals. PEGS are open 24 hours a day, 7 days a week and are located all over Metro Manila and nearby areas.

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC and GCLWC are competitive with other game operators because of the expertise of its management team in the selection of top of the line & popular slot machines to cope with market demand. Also, the team is effectively managing the venues with appropriate marketing & promotions for the targeted audience.

First Cagayan Leisure & Resort Corporation (FCLRC)

Being the pioneer master licensor of Internet gaming in Southeast Asia, FCLRC is in the forefront in leading the Cagayan Free Port as the premiere Gaming licensing jurisdiction. Prior to September 2016, FCLRC virtually has no competition in the industry in the Southeast Asia region. FCLRC's main competitor now is PAGCOR that can issue Philippine Offshore Gaming Operator (POGO) licenses.

Major Suppliers

AB Leisure Exponent, Inc. (ABLE)

Currently, ABLE sources its bingo cards and supplies mainly from BK Systems Philippines, exclusive distributor of Bingo King, USA, one of the world's largest manufacturers and suppliers of bingo cards and bingo related products.

In 2002, ABLE entered into a Lease and Technical Assistance Agreement with NTT Philippines Solutions, Inc. (previously, FBM Gaming Arizona, Inc.), to provide the necessary equipment, systems, facilities and technical support for the conduct and operation of Electronic Bingo Games.

In 2005, ABLE entered into a Memorandum of Understanding with Intralot S.A. Integrated Lottery Systems and Services to supply state-of-the-art hardware/software machines, equipment and accessories for the operation and conduct of computerized "on-line" bingo system known as the Rapid Bingo.

In 2007, ABLE entered into a Lease and Services Agreement with D2R Limited to supply and lease gaming equipment and systems for the operation of the "Dingo Thunder Series System and Games".

In 2011, ABLE and Intralot S.A. Integrated Lottery Systems and Services amended its

Equipment Lease and Services Agreement which includes: (1) Assignment of parent company Intralot S.A. Integrated Lottery Systems and Services to Intralot, Inc. and (2) Extension of Equipment lease and Services Agreement from its original scheduled expiration in August 2010 to September 2015.

In 2013, ABLE and Intralot, Inc. entered into a new Equipment Lease and Services Agreement covering a new system and upgraded equipment, with a provision that the contract mentioned in the preceding paragraph automatically terminates on the date that the new Bingo System is ready to accept bets.

Also in 2013, ABLE entered into a System Lease and Technical Assistance Agreement with Gaming Arts, LLC to provide license to their Optima Bingo Software and to lease certain elements of Equipment (collectively the “System”) and to render technical support for the conduct and operation of the System.

In 2020, ABLE entered into a service agreement with Solid Leisure Solutions, Inc. to cover a new system for its traditional bingo in a technology platform and other electronic games.

Blue Chip Gaming and Leisure Corporation (BCGLC)

As of December 31, 2022, BGLC has 854 slot machines which are supplied by Aristocrat (Australia), IGT (USA), Scientific Gaming (USA), Konami (Japan), Jumbo (Taiwan) and Alfastreet (Slovenia). The PAGCOR VIP CLUBs only cater to its registered members.

Dependence if any to Major Customers

The Company and its subsidiaries are not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the company and its subsidiaries taken as a whole.

Patents, trademarks and licenses

AB Leisure Exponent, Inc. (ABLE)

PAGCOR granted ABLE and its subsidiaries/affiliates (the Group), the authority to operate bingo halls pursuant to Presidential Decree No. 1869 (P.D. 1869). In consideration for the Grants, the Group shall pay PAGCOR 20% of its gross cards sales, representing franchise fees and taxes, which shall be remitted to PAGCOR on weekly basis. Pursuant to P.D. 1869, the BIR Franchise Tax shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. The Group deposited cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants.

In 2008, PAGCOR approved and issued to its bingo grantees the Bingo Regulatory Order No. 2008-01 entitled “Modified Computation of the Five Percent (5%) Franchise Tax”. The regulation modified the basis for the computation of the BIR Franchise Tax being remitted to PAGCOR by the bingo grantees for their Traditional Bingo operations as follows: fifteen percent (15%) of its gross receipts from bingo card sales (representing PAGCOR share), and five percent (5%) of its gross revenue (i.e. gross sales less payouts), representing BIR franchise tax retroactive to January 1, 2008.

On June 13, 2000, PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) cards to complement its existing bingo game operations pursuant to Presidential Decree No. 1869. In consideration for the Grant, ABLE shall pay PAGCOR, upon withdrawal of Instant Charity Bingo Game II cards, the regulatory fee of 12.5% of the gross sales value of the cards sold/purchased. However, because of the poor sales performance, ABLE discontinued the distribution of the cards during 2005 and wrote off the unsold cards amounting to ₱10,197,124 in 2005. On February 2, 2007, ABLE received a letter from PAGCOR stating the conditions to continue the operations of ICBG2. On December 12, 2008, ABLE resumed commercial operations of ICBG2 scratch cards.

On May 8, 2001, PAGCOR granted the Group the authority to operate and conduct Electronic Bingo Games (E-bingo). In consideration for the Grants, ABLE shall pay PAGCOR 60% (representing 5% BIR franchise tax and 55% PAGCOR franchise fee) of their gross revenues from E-bingo operations. Starting May 1, 2010, ABLE shall remit to PAGCOR 52.5% of the gross revenues from E-bingo games to be distributed as follows: 5% representing BIR franchise tax and 47.5% as PAGCOR franchise fee.

On August 3, 2005, PAGCOR granted ABLE, the authority to distribute and sell pull-tabs or break-open cards in all branches and subsidiaries of ABLE. Distribution and sales of pull-tabs or break-open cards followed thereafter. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price, which will be remitted to PAGCOR upon draw-down of cards from the supplier regardless of quantity of cards sold.

On September 27, 2005, PAGCOR granted the Group, the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of the New Rapid Bingo System (NRBS) operations and the use of the prescribed NRBS card format. In consideration of the Grant, the Group shall pay PAGCOR 15%, representing franchise fees and taxes, of its gross sales from its conduct and operations.

On June 20, 2007, Philippine Congress passed Republic Act No. 9487, an act further amending P.D. 1869, otherwise known as the PAGCOR Charter. PAGCOR was granted from the expiration of its original term on July 11, 2008, another period of twenty-five (25) years, renewable for another twenty-five (25) years.

In September 2016, ABLE received notices from PAGCOR informing that the PAGCOR's BOD issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games of its 36 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, DigiPlus sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations. Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's BOD to recall the revocation to operate E-Bingo. 20 E-Bingo sites resumed its operations by virtue of the aforesaid approval. The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor the licenses of operators whose gaming sites are located inside malls, arcades and hotels and consider them exempted from distance requirements.

The PAGCOR's BOD allowed the resumption of E-Bingo operations until the respective expiration of the licenses of the sites which are renewable every two years. PAGCOR's BOD, GLDD and CLSD are still in the process of studying whether they will permanently maintain the exemption of malls, arcades and hotels from the distance requirements.

For all bingo venues, the Group has secured all other necessary licenses and permits at the local government level.

Total Gamezone Xtreme, Inc. (TGXI)

Due to the expiration of Intellectual Property Licensing and Management Agreement (IPLMA) license of Philweb Corporation last August 10, 2016, TGXI closed 3 of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's BOD issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, DigiPlus sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations. Subsequently, PAGCOR allowed the re-opening of 5 sites.

Blue Chip Gaming and Leisure Corporation (BCGLC)

To comply with the requirements of doing business in the Subic Special Economic Zone, the PAGCOR VIP Club at Venezia Hotel, Subic Bay Special Economic Zone with PAGCOR is with GCLWC, a wholly owned subsidiary of BCGLC.

Prime Investment Korea, Inc. (PIKI)

On July 26, 2013, PIKI and the PAGCOR executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

On September 13, 2013, the parties executed a Supplement Junket Agreement to offer supplementary services to enhance the existing junket gaming operations within PAGCOR's Casino Filipino-Midas. The Supplementary Services will allow PAGCOR and PIKI to tap into foreign gaming markets in order to attract foreign tourist arrivals in the Philippines.

The Supplementary Services shall include operating gaming tables equipped with high definition video cameras, VOIP facilities, internet data facilities, among others, which shall allow PIKI to broadcast PAGCOR-approved table gaming activities from within the gaming rooms to PAGCOR-approved locations outside the Casino Filipino-Midas.

In 2020, PIKI already ceased its operations.

Hotel Enterprises of the Philippines, Inc. (HEPI)

On December 8, 2011, HEPI and PAGCOR executed a Contract of Lease for the operation of a casino on the ground floor, second floor, and penthouse of Midas Hotel and Casino. The term of the lease is ten (10) years, renewable at the option of PAGCOR. In consideration of the lease, PAGCOR shall pay HEPI the amount of ₱9.36 million per month, payable within the first fifteen (15) days of the succeeding month.

Also on same date, HEPI and PAGCOR entered into a Marketing and Cooperation Agreement which shall be co-terminus with the Contract of Lease. Under the Marketing and Cooperation Agreement, HEPI shall formulate the marketing, advertising, and promotion of the casino while PAGCOR shall provide the necessary expertise for the day-to-day operation of the casino. HEPI and PAGCOR agreed to share in net monthly gaming revenues of the casino (total bets placed less payouts less 5% franchise tax) in the following proportion:

a) 65% to PAGCOR
b) 35% to HEPI

PAGCOR's ₱9.36 million expense (monthly rentals under this Contract of Lease) is deducted from the 35% share of HEPI and in addition, HEPI is required to devote another 5% of the net monthly gaming revenues (taken from HEPI's share) exclusively for advertising, publicity, marketing and promotional activities for the casino.

First Cagayan Leisure & Resort Corporation (FCLRC)

By virtue of CEZA Board Resolution No. 05-003-01, dated May 30, 2001, FCLRC was granted by CEZA the exclusive authority as Master Licensor of internet gaming games and facilities in the CSEZFP for a renewable period of 2 years. CEZA also authorized FCLRC to assist CEZA in its functions as a Regulator of interactive gaming activities. Said appointment of FCLRC as Master Licensor was extended for 25 years by CEZA under Board Resolution No. 09-002-06, dated September 15, 2006. The same resolution also granted FCLRC the authority to manage and operate the telecommunication facility in CSEZFP.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) 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; (4) 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.

Government Regulations

AB Leisure Exponent, Inc. (ABLE)

ABLE is the biggest contributor to the Company's gross revenue. Bingo Bonanza is the trade name used by ABLE in its traditional and electronic bingo gaming operations.

Prior to April 2013, ABLE and its subsidiaries have been paying only the 5% franchise tax due to the following legal guidelines provided to ABLE by PAGCOR in the previous years.

Effective November 1, 2005, Republic Act No. (R.A.) 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27 (c), excluded PAGCOR from the provision which identifies government-owned or controlled corporations or agencies exempted from the corporate income tax.

The management believes that ABLE's payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) was effectively equivalent to the payment of corporate income tax. Based on consultations with tax advisers, the management also believes that the collection of income tax in addition to the 5% Franchise Tax has no legal basis.

Pursuant to P.D. 1869, also known as PAGCOR Charter and as amended by R.A. 9487, the 5% Franchise Tax shall be in lieu of all kinds of taxes, incurred or otherwise, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. This exemption inures to the benefits of corporations, associations, agencies or otherwise, or individuals with whom PAGCOR has a contractual relationship in connection with the operations of casinos under the PAGCOR Franchise. Thus, the exemption referred to under PD 1869 is extended to its Bingo grantees/licensees.

In accordance with PAGCOR's directives, the Company continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it paid the 5% Franchise Tax.

In view of the above, management has not provided for provision for income tax in previous years up to the first quarter of 2013.

The applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated July 9, 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National

Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the second quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, for the third quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead. For the year ended 31 December 2017, provision for income tax amounted to P97.14 million.

In 2017, ABLE's business and operations were significantly affected by the signing of Executive Order (EO) No. 26 (Smoking Ban) which prohibits smoking within enclosed public places and public conveyances, except in "Designated Smoking Areas" fully compliant with the standards set in the EO.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings took effect in the first quarter of 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax in the first quarter of 2018.

First Cagayan Leisure & Resort Corporation (FCLRC)

As Master Licensor for interactive operations in the CSEZFP, 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 5% of their gross income less allowable deductions. Gross income shall refer to gross sales or gross revenues derived from business activity within the CSEZFP, net of sales discounts, sales returns and allowances and minus costs of sales or direct costs but before any deduction is made for administrative, marketing, selling and/or operating expenses or incidental losses during a given taxable period.

In the local scene, recent developments significantly affected FCLRC's business and operation from the last quarter of 2016 because of the issuance on 01 September 2016 by the Philippine Amusement and Gaming Corporation (PAGCOR) of the "Rules and Regulations for Philippine Offshore Gaming Corporations." The said PAGCOR Regulations was adopted to regulate the issuance of licenses to entities which provide and participate in offshore gaming services or online games of chance via the internet.

Blue Chip Gaming and Leisure Corporation (BCGLC)

Pursuant to Presidential Decree No. 1869, the Company shall pay PAGCOR equivalent to five (5%) of its gross revenues in relation to its sublease contract with PAGCOR. Such consideration shall represent the Bureau of Internal Revenue (BIR) Franchise Tax. The Franchise Tax shall be deducted by PAGCOR from its lease payments and shall be remitted to the BIR on behalf of the Company on a monthly basis.

Transactions with and/or Dependence on Related Parties

The Company's transaction with its subsidiaries and/or affiliates consist mainly of non-interest-bearing advances to and from subsidiaries and/or affiliates, officers, and employees which are subject to liquidation within 12 months from date granted or collectible in cash upon demand.

Research and Development

AB Leisure Exponent, Inc. (ABLE)

Development of other bingo games/variants does not require that much expenditure since most are only ideas developed by ABLE's marketing people. ABLE also participates in Bingo and related gaming trade shows to evaluate if new games offered may be introduced to its own operations. The expenses in attending these trade shows are not significant.

First Cagayan Converge Data Center Inc. (FCCDCI)

Telecommunication facilities and services of FCCDCI are continuously updated to the latest advances in hardware and software technology to ensure that FCCDCI's clients are provided with quality broadband and high-speed data services.

Cost and effects of compliance with environmental laws

All ABLE and affiliate bingo parlors have complied with the provisions of Smoking Ordinances issued by most local government units. All bingo parlors have made provisions in its playing area to accommodate smokers and non-smokers alike. Future expansions and parlor upgrades will incorporate enclosures and advanced air-purifying systems. Same goes with TGXI's PeGs and BCGLC's arcades.

FCLRC also complies with environmental laws being enforced by CEZA in the Cagayan Special Economic Zone and Free Port (CSEZFP).

Employees

DigiPlus has 152 and 153 employees in 2022 and 2021, respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,883 and 564, in 2022 and 2021, respectively while TGXI has 145 in 2022 and 74 in 2021. On the other hand, FCLRC has 14 in 2022 and 21 employees in 2021 whereas BCGLC has 40 and 46 employees in 2022 and 2021, respectively. LRLDI has 3 and 4 employees in 2022 and 2021, respectively. In 2022, the Company and its subsidiaries increased its workforce mainly due to reopening and sites and continuous business growth. The Company did not have major changes in their employment portfolios. Their employees are not subject to a collective bargaining agreement.

The Company does not have a stock option plan as part of its remuneration to all directors. 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.

Major Risks Involved in the Business

AB Leisure Exponent, Inc. (ABLE)

ABLE and its subsidiaries operate bingo parlors. By the nature of the business (gaming), there is a risk of possible non-renewal of business permits by the local governments. To counter this risk ABLE and subsidiaries obtained ordinances to do business from the respective local Sanggunian Mangbabatas. The business is located in high traffic areas, specifically in SM and Robinson malls, thus there is also risk of difficulty in finding similar high traffic areas should the lease contracts not be renewed upon expiration. ABLE has expanded to other locations so the effect of non-renewal of one or two leases will not have significant effect on ABLE's results of operations.

First Cagayan Leisure & Resort Corporation (FCLRC)

As revenues are dependent to locators whose business is internet gaming operations outside the Philippines, potential or future government regulations in countries where internet gaming operations is presently allowed, can be considered as a major business concern for FCLRC.

Item 2. Properties

The major assets of the Company and its subsidiaries are: land, building, furniture & fixtures, leasehold improvements, slot machines, bingo equipment and paraphernalia. FCLRC and LRLDI own parcels of land within and outside the vicinity of Cagayan Special Economic Zone Free Port.

ABLE and its subsidiaries lease bingo parlors ranging in size from 90 to 2,000 square meters located in major shopping malls in Metro Manila and in key provincial cities. Lease term ranges from one (1) to five (5) years. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties. All lease payment computations are based on a fixed rate per square meter of occupied space or on a certain percentage of bingo cards sales.

In 2017, ABLGI through its subsidiary acquired 23 hectares of land in Malay, Aklan for its future project.

Item 3. Legal Proceedings

Except for the following, there are no other legal proceedings to which the Company or any of its subsidiaries is a party:

A. AB LEISURE EXPONENT, INC.

1. AB Leisure Exponent, Inc. vs. Katheryn C. Baluyot
I.S. No. XV-14-INV-191-01517
Pasig City Prosecutor's Office

Case Summary:

AB Leisure Exponent, Inc. (ABLE) filed a criminal complaint for Qualified Theft before the Pasig City Prosecutor's Office against Katheryn Baluyot, the company's former cash flow custodian of the Treasury Department. The company alleged that on 16 May 2019, Katheryn took with intent to gain the amount of Php1,750,000 cash entrusted to her for deposit to the company's bank account.

It bears emphasizing that ABLE conducted an exhaustive investigation after the discovery of the missing Php1,750,000 which, in turn, led to the discovery of the anomalies relating to the theft of Php1,000,000 and Php1,300,000 on January 2019 and April 2019, respectively.

The investigating prosecutor dismissed the Complaint-Affidavit due to lack of direct evidence of the culpability of Katheryn. The company filed its Motion for Reconsideration. Ms. Baluyot filed an Opposition dated 4 March 2020. ABLE filed on 8 June 2020 its Reply to the Opposition.

On 19 March 2021, ABLE timely filed the Petition for Review dated 18 March 2021 before the Secretary of the Department of Justice (DOJ). ABLE filed an Appeal before the DOJ questioning the dismissal of the Complaint.

On 9 August 2022, ABLE filed its Motion to Withdraw Motion for Reconsideration.

B. AB LEISURE GLOBAL, INC.

1. Ramona Tumaca et al. vs. AB Leisure Global, Inc., et al.
   Civil Case No. 18-00825 - For Specific Performance
   Regional Trial Court Branch 147, Makati City

   Case Summary:

   This is a case for Specific Performance and Reconveyance of Property against LRWC subsidiaries in connection with a parcel of land denominated as Lot No. 7322 in Barangay Manoc-Manoc, Boracay Island. Said property was purchased by the subsidiaries from the heirs of Catalino Maming in 2017 using the proceeds of a loan from BDO Unibank, Inc, and is presently mortgaged to the same bank.

   As of date, Plaintiff Ramona Tumaca has withdrawn her participation from the case. Ramona Tumaca's name, by way of manifestation in court by Morales & Justiniano Law Office, has been removed from the case title, to emphasize that there are no remaining "Heirs of Venancio Maming" participating as plaintiffs of the case. In addition, Morales & Justiniano has agreed to represent Defendants Rizaldy Rioja and Abram Sualog as per request of the Company.

   In the scheduled Mediation proceeding held last 29 May 2023, Atty. Molina counsel of the Complainants is asking Ten Million Pesos (Php10,000,000.00 from Rizaldy Rioja as their share from the proceeds of the sale of the subject property for the settlement of the pending case. No agreement has been made between the Parties. The Mediator has set one last mediation proceeding on 5 June 2023 at 10:00 a.m.

C. BINGO PALACE CORPORATION

1. People vs. Noli Balistoy y Balla, Raynier Reyes Cristobal, and Reyford Jefferson Balistoy
   Criminal Case No. 1888-6-18 for Robbery
   Regional Trial Court Branch 283, Valenzuela City

   Case Summary:

   Bingo Palace Corporation's Bingo Boutique branch at Manly, Valenzuela City, was robbed by unidentified persons on July 11, 2018. The robbers took the sales of the branch in the total amount of One Hundred Ninety One Thousand Pesos (Php191,000). The police conducted a manhunt and eventually captured the robbers. The instant robbery case was filed against the accused.

   On 4 June 2021, RTC-Valenzuela City, Branch 283 issued a Decision stating that the Accused are acquitted for the crime of Robbery.

   Awaiting for the issuance of the Certificate of Finality.

D. BLUE CHIP GAMING AND LEISURE CORP.

1. People of the Philippines vs. Josie M. Duncil (2015 case)
   Criminal Case No. 21155, 21156, 21157, and 21158
   Regional Trial Court Branch 42, San Fernando City, Pampanga

Case Summary:

This is a criminal case filed by Blue Chip Gaming and Leisure Corporation against Josie M. Duncil (Josie), its former Human Resource and Administrative Officer, for violation of Article 310 of the Revised Penal Code (Qualified Theft). Josie was the cash custodian of the company in its PAGCOR VIP Club (VIP Club) in Bacolor, San Fernando City, Pampanga. The company alleged that from September 2009 to February 2013, Josie took without its permission the total amount of One Million Three Hundred Twenty Seven Thousand Pesos (Php1,327.000). Said amount stolen was the excess of the budget for advertising and promotions, cigarette sales, and the excess of the budget for the afternoon snacks of the players of the VIP Club. The court issued Warrants of Arrest but until now Josie remains at large. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

It was established that this criminal case has been archived by the court.

E. HOTEL ENTERPRISES OF THE PHILIPPINES, INC.

1. People of the Philippines vs. Hernando Bruce ((2016 case)
   Criminal Case No. R-PSY-15-10408-CR
   Regional Trial Court Branch 114, Pasay City

   Case Summary:

   This is an estafa case under Art. 315 of the Revised Penal Code filed by Midas Hotel and Casino/Hotel Enterprises of the Philippines Inc. against its customer, Hernando Bruce, who introduced himself as a bishop of a religious organization. He used the Midas Tent for his groups' gathering on 20 March 2015 attended by 150 persons. After the event, he and the members of the organization left the hotel without paying the hotel facilities that they used and the food and beverages they consumed in the total amount of One Hundred Fifty Thousand Pesos (PhP150,000.00), to the damage and prejudice of the company. The accused jumped bail. He remains at large until now. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

   This criminal case has been archived by the court.

2. People of the Philippines vs. Cheryl Go
   Criminal Case No. M-PSY-18-36003-CR
   Metropolitan Trial Court Branch 45, Pasay City

   Case Summary:

   Nature: Criminal Case for Violation of BP 22

   Background:

   Accused Cheryl Go, an event coordinator, booked rooms and facilities of the hotel for an event to be attended by 100 persons. During the preparation and signing of the contract, Cheryl offered to settle through check payment the total contract price of Php1,148,500. She assured that the check was fully funded when presented for payment. Due to the insistence of Cheryl, the manager accepted the check representing the contract price. After the event, however, when the check was presented for payment, the bank returned the check being drawn against an insufficient fund. Hence, HEPI instituted the instant case. During the mandated Court-Annexed Mediation, the parties entered into a Compromise Agreement, wherein Cheryl promised to pay the amount with interest within 6 months in the total amount of Php1,497,194.20. Cheryl eventually failed to pay said amount leading to HEPI to file a motion to revive the case. Cheryl filed a Comment.

Last 31 March 2023, the Pasay Metropolitan Trial Court, Branch 45 rendered a verdict of not guilty in favor of the accused Cheryl Go.

Off the record, the Judge clarified that the civil aspect of the case is governed by the Compromise Agreement and the same attained finality when it was approved by the Court.

3. People of the Philippines vs. Rosanna “Rose” Demiar
Metropolitan Trial Court Branch 46, Pasay City

Case Summary:

This is a consolidated criminal case covering sixteen (16) counts of violations of Batas Pambansa Blg. 22 against Ms. Rosanna “Rose” Demiar (Ms. Demiar) in which Hotel Enterprises of the Philippines, Inc. (“HEPI”) is the private complainant. Said cases concern Ms. Demiar’s issuance of sixteen (16) checks made out in the name of HEPI covering an aggregate amount of Four Hundred Eighty Thousand Pesos (PHP 480,000.00) – all of which were dishonored upon deposit.

The case remains archived, with the Alias Warrant of Arrest issued against Ms. Demiar remaining unserved. Ms. Demiar remains at large and no information as regards her whereabouts is available.

4. Hotel Enterprises of the Philippines, Inc. vs. Rosanna “Rose” Demiar
Pasay City Prosecutor’s Office

Case Summary:

This is a criminal complaint for Estafa by Deceit under Article 315, Paragraph 2 of the Revised Penal Code filed by HEPI against Ms. Demiar, a former indirect employee (agency hired) of HEPI. Said case concerns her collection of a total of PHP 1,260,000.00 from Mr. Ye Guangjian, President of Philhua Shipping Inc., in exchange for what she fraudulently misrepresented to be membership in a hotel membership program and a number of advance room reservations at rates well below published rates both in Midas Hotel & Casino.

On 8 July 2020, the Prosecutor’s Office issued a Resolution ordering the dismissal of the complaint and advising that the proper party to file the complaint is Mr. Ye Guangjian.

5. In the Matter of the Petition for Voluntary Insolvency and Corporate Liquidation of Petitioner AT (Asia Travel) Phil., Inc.
Regional Trial Court Branch 158, Pasig City

Case Summary:

Asia Travel Phil., Inc. was one of the online travel agents of Midas Hotel since 2011. On 6 November 2018, Asia Travel filed the instant Petition. HEPI filed its Notice of Claims in the total amount of Two Hundred Fifty-Seven Thousand Eight Hundred Five Pesos (Php257,805.00) representing the total outstanding obligation of Asia Travel to HEPI.

The Liquidator informed the Court that they already filed a Final/Filtered Registry of Claims and Liquidation Plan. Upon perusal of the records, it appears that the Liquidator already filed the same but yet to be acted upon by the Court.

Monitoring Conference is set on 8 June 2023 at 8:30 AM.

F. GAMEXPERIENCE ENTERTAINMENT CORP.

1. GAMEXPERIENCE ENTERTAINMENT CORP. vs. ANNE G. DELOS REYES
I.S. No. VII-12-INV-20C-CO159 for Qualified Theft
Office of the City Prosecutor, Lapu-Lapu City, Cebu

Case Summary:

Anne G. Delos Reyes was a branch cashier of our Bingo Boutique Mactan South Gate Branch located at Pueblo Verde, Lapu-Lapu City, Cebu. We filed the instant complaint for Qualified Theft for her unlawful taking of the sales of the branch on 7 January 2020 in the total amount of Twenty-three Thousand Pesos (Php23,000.00).

A Warrant of Arrest was issued on 2 October 2020. Ms. Anne Delos Reyes is still at large.

G. LEISURE & RESORTS WORLD CORP.

1. "Eco Leisure and Hospitality Holding Company, Inc. v. Leisure & Resorts World Corporation", PDRCI Ad Hoc Case No. 2021-124, PDRCI, Taguig City

This arbitration is a dispute between two (2) shareholders that arose from claimant Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) exercise of its right of first refusal under the parties' Shareholders' Agreement and, in the course of the proceedings, gave rise to other claims. The Corporation is the respondent in this case. The following are the underlying contracts subject of this dispute:

a) The Investment Agreement was entered into by and between three (3) parties, namely: Hotel Enterprises of the Philippines, Inc. (HEPI), claimant Eco Leisure and respondent LRWC. It sets forth their agreement on: (a) the purchase of fifty percent (50%) of the common shares in HEPI by respondent LRWC from claimant Eco Leisure; (b) claimant Eco Leisure's assignment of an additional one percent (1%) of the common shares in HEPI to respondent LRWC; and (c) the revival of HEPI's corporate existence (its corporate term had expired on 31 July 2012); and

b) The Shareholders' Agreement, on the other hand, was subsequently entered into between two (2) parties, namely, claimant Eco Leisure and respondent LRWC. It sets forth their mutual agreements and covenants, as well as their respective rights and obligations to each other, as shareholders of HEPI, with respect to the business and operations of HEPI.

On 4 July 2022, a Final Award was issued by the Arbitral Tribunal. The dispositions in the said award are as follows:

On the First Issue

a. The Tribunal has jurisdiction in the present arbitration.

On the Second Issue

b. Respondent did not breach the provisions of Clause 1.4 of the *Shareholders' Agreement* relative to the execution of a lease agreement between HEPI and FLCRC.

c. Respondent did not breach the provisions of Clause 4.1 of the *Shareholders' Agreement* relative to Claimant's exercise of its right of first refusal thereunder.

On the Third Issue

d. Claimant is not entitled to, and Respondent is thus not liable for, the following claims:

i. Actual damages in the amount of Nine Hundred Seventy-Six Million Nine Hundred Thirty-Three Thousand Five Hundred Fifty-Five and 60/100 Pesos (PhP976,933,555.60), representing loans obtained by HEPI;
ii. Actual damages in the amount of Three Hundred Seventeen Million Eight Hundred Seventy-Five Thousand Eight Hundred Eighty-Six and 32/100 Pesos (PhP317,875,886.32), representing running interest expense and debt issuance costs from loans obtained by HEPI as of 30 April 2021;
iii. Actual damages in the amount of One Billion Two Hundred Sixty-Five Million Two Hundred Sixty-Two Thousand Nine Hundred Eighty-Five and 98/100 Pesos (PhP1,265,262,985.98), representing loss of profits;
iv. Actual damages in the amount of Five Million Pesos (PhP5,000,000.00), representing professional and legal fees and disbursements;
v. The full costs of arbitration which shall include the arbitrators' fees, administrative fees, miscellaneous expenses and all other amounts paid by Claimant in relation to this Arbitration; and
vi. Nominal damages in the amount of One Million Pesos (PhP1,000,000.00) for Respondent's violation of Claimant's right of first refusal.

On the Fourth Issue

e. Respondent is not entitled to, and Claimant is thus not liable for, the following counterclaims:

i. Actual damages in the amount of at least Five Million Two Hundred Thousand Pesos (PhP5,200,000.00), representing damages suffered by Respondent due to Claimant's baseless act of initiating the present arbitration including full cost of arbitration such as arbitrators' fees, administrative fees, miscellaneous expenses, and all other amounts paid by Respondent in relation to this arbitration proceedings;
ii. Exemplary damages in the amount of Five Million Pesos (PhP5,000,000.00);
iii. Nominal damages in the amount of Ten Million Pesos (PhP10,000,000.00); and
iv. Attorney's fees in the amount of Ten Million Pesos (PhP10,000,000.00).

All claims not mentioned above are denied."

2. "Eco Leisure and Hospitality Holding Company, Inc. v. Leisure & Resorts World Corporation and PDRCI", Civil Case No. 02495-SP (For: Petition to Vacate Arbitral Award)

On 3 August 2022. Eco Leisure filed a Petition to Vacate Arbitral Award of even date under Rule 11 of the Special Rules of Court on Alternate Dispute Resolution (A.M. No. 07-11-08-SC) which sought to vacate the Final Award issued by the Arbitral Tribunal of the Philippines Dispute Resolution Center, Inc. in Ad Hoc Case No. 2021-124, which denied Eco Leisure's claims against the Corporation.

On 19 December 2022, the Corporation received the Order dated 20 December 2022, where the court stated that all pending incidents in the instant case are deemed submitted for resolution.

H. TOPNOTCH BINGO TREND INC.

1. "People of the Philippines v. Marc Nicole Riño", Criminal Case No. 1278-2022, Regional Trial Court, Cavite City, Branch 88

This is a criminal case for Qualified Theft filed by the Company against Mr. Riño.

Mr. Riño was the Branch Manager of the SM Rosario Branch in Rosario, Cavite. On 22 February 2022 the Company conducted a surprise audit at the branch through its Area Manager, Michael Linatoc. Based on the audit, it was discovered that Php200,000.00 of the Prize Fund of the branch was missing.

During the administrative investigation, Mr. Riño admitted that he misappropriated the Php200,000.00

On 01 August 2022, the Company filed a Complaint against Mr. Riño for Qualified Theft.

On 28 November 2022, an Information charging Mr. Riño for Qualified Theft was filed with Branch 88 of the Regional Trial Court of Cavite City. On 23 January 2023, Mr. Riño was arrested in Lipa City.

The scheduled hearing last 30 May 2023 did not push because of the prosecutor's unavailability.

The next scheduled hearing for the presentation of the witness will be on **01 August 2023** at **8:30AM**.

2. Complaint against "Michelle Argonza", Case No. C-22-11207, National Bureau of Investigation, Cybercrime Division

This involves a request for investigation in relation to unauthorized transactions involving the Company's SM Taytay, Rizal Branch.

From 27 May 2022 to 13 June 2022 there were supposed over-the-counter cash deposits at the branch amounting to One Hundred Twenty Thousand Pesos (Php120,000.00) that were credited to the player account: "bingoplus2n1bq". On 13 June 2022, Ninety Thousand Pesos (Php90,000.00) was withdrawn from the "bingoplus2n1bq" account using a GCash account with No. 0988-181-5552 under the name "Michelle Argonza".

Subsequently, the Company discovered that the deposits were made outside the premises and operating hours of the SM Taytay, Rizal branch.

On 23 September 2022, the Company filed a complaint with the NBI Cybercrime Division, requesting for an investigation and that a subpoena be issued against GLife for it to disclose details of the Gcash account with No. 0988-181-5552.

The complaint is pending with the NBI Cybercrime Division.

I. TOTAL GAMEZONE XTREME, INC.

Total Gamezone Xtreme, Inc., as represented by Annalisa Torres and Danielle Joson v. Marvin Javier", NPS Docket No. III-04-INV-22J-04737, Office of the Provincial Prosecutor of Bulacan

This is a criminal complaint for estafa filed the by the Company against Mr. Marvin Javier.

From 6:16 AM to 9:08 PM of 25 August 2022, Mr. Javier persuaded personnel assigned to the Company's branch in Guiguinto, Bulacan to load credit to his player account amounting to Four Million Five Hundred Thousand Pesos (Php4,500,000.00) without paying the corresponding cash. The personnel assigned to the branch claimed that they supposedly relied on Mr. Javier's assurance that his driver was on his way to the branch with the money. According to them, Mr. Javier also threatened that he will have the branch closed down should they refuse to cooperate.

On 16 September 2022, the Complaint filed the criminal complaint against Mr. Javier for estafa in relation to RA No. 10175 with the Office of the Provincial Prosecutor of Bulacan.

In a Resolution dated 28 November 2022. In the Resolution, ACP Santos-Garcia found probable cause to indict Mr. Javier for Estafa under Art. 315, par. 2 (a) of the Revised Penal Code in relation to R.A. No. 10175, or the Cybercrime Prevention Act. The Regional Trial Court of Malolos City –

Branch 84 issued an Order dated 24 January 2023 finding probable cause for the issuance of a warrant of arrest against accused.

Labor Cases:

A. LEISURE & RESORTS WORLD CORP.

1. Eric Joseph Y. Mananquil vs. Leisure & Resorts World Corp.
NLRC LAC No. 07-002844-19 and NLRC NCR Case No. 01-0003819
Pending before the Court of Appeals, Manila

Case Summary:

In 2003, Eric Joseph Y. Mananquil ("Eric") was engaged as a consultant of Binondo Leisure Resources, Inc. ("BLRI"), serving as a Project Director. He served with BLRI until 2015. On 15 October 2015, he was hired by LRWC as Head of the Engineering and Logistics Department. In May 2018, Eric submitted his application letter to avail of the retirement benefits under the Retirement Policy of LRWC. However, the management determined that he was not eligible to retirement benefits since he failed to meet the five-year minimum tenure requirement for early retirement. Due to the denial, he submitted a resignation letter but later instituted the instant case before the NLRC. The Labor Arbiter ruled that the complainant was not illegally dismissed. However, the Labor Arbiter added that Eric is entitled to retirement benefits under the Retirement Policy of the Company. On appeal, the NLRC Sixth Division set aside the Decision of the Labor Arbiter and dismissed the Complaint of Eric for lack of merit. The NLRC ruled that Eric failed to present evidence that he was an employee of LRWC for at least five years. Eric filed a Petition for Certiorari before the Court of Appeals (CA) after the denial by NLRC of his Motion for Reconsideration.

On 29 April 2022, Court of Appeals issued a Resolution denying the Petition for Certiorari filed by Eric.

On 8 July 2022, the Corporation received Eric's Motion for Reconsideration dated 2 June 2022. The Corporation filed its Comment/Opposition thereto on 22 August 2022.

On 14 October 2022, Court of Appeal issued a Resolution denying the Motion for Reconsideration filed by Eric.

To date, the Corporation has yet to receive any appeal from Eric in relation to the Resolution dated 14 October 2022.

Item 4. Submission of Matters to a Vote of Security Holders

a) On January 7, 2022, a special stockholders' meeting was held. During this meeting, the following matters were submitted to a vote and duly approved by the stockholders of the registrant:

1. Approval of the Issuance of up to 1,555,893,334 Common Shares through private placement;
2. Approval of the Reclassification of 1,000,000,000 Preferred Shares into Common Shares
3. Amendment of the Seventh Article of the Company's Articles of Incorporation to Reflect the Reclassification of 1,000,000,000 Preferred Shares to Common Shares

b) An annual meeting of stockholders of the registrant was held on July 29, 2022.

c) During the said annual meeting the following persons were elected as directors of the registrant:

1. Eusebio H. Tanco
2. "Andy" Tsui Kin Ming
3. Paolo Martin O. Bautista*
4. Willy N. Ocier
5. Rafael Jasper S. Vicencio
6. Mardomeo N. Raymundo Jr.
7. Renato G. Nuñez

with the following as independent directors under Section 38 of the Securities Regulation Code (RA 8799):

8. Winston Chan
9. Timoteo B. Aquino

* Mr. Paolo Martin Bautista resigned on October 26, 2022, and his seat was later on filled up with the appointment of Atty. Jose Raulito E. Paras. Furthermore, with the SEC's grant of exemptive relief to the appointment of Mr. Ramon Dizon as independent director, the latter was also appointed by the Board as such in the same meeting held on October 26, 2022, in view of the resignation of the independent director, Mr. Winston Chan, effective October 26, 2022.

d) During the annual meeting of stockholders of the registrant last July 29, 2022, the following matters was submitted to a vote of and duly approved by the stockholders of the registrant:

1. Approval of the Minutes of the Annual Meeting held on July 30, 2021
2. Approval of Annual Report and Audited Financial Statement for the fiscal year 2021
3. Ratification of actions taken by the BOD and Officers since the last annual meeting held on July 30, 2021
4. Amendment of the Articles of Incorporation to Decrease the Number of Directors from 11 to 9
5. Amendment of the By-Laws
6. Nomination and Election of Directors
7. Appointment of External Auditor

e) On November 24, 2022, a Special Meeting of the Stockholders was held. During this meeting, the following matters was submitted to a vote and duly approved by the stockholders of the registrant:

1. Issuance of 691,200,000 common shares through private placement
2. Increase in authorized capital stock from ₱5 billion to ₱7 billion
3. Amendment of the Articles of Incorporation to change the Company's name and address, and to increase the authorized capital stock
4. Amendment of the By-Laws to separate the position of the President from the CEO

f) No other matter has been submitted to a vote of security holders otherwise than at such meetings of the security holders.

PART II–OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a) Market Information

Principal market where the equity is traded - Philippine Stock Exchange

The table shows the high & low prices of the company's share within the last two fiscal years, including the volume of transactions for each quarter.

QUARTER ENDING	IN PHILIPPINE PESO				VOLUME (MAIN BOARD)	VOLUME TOTAL
	HIGH	HIGH_ ADJ*	LOW	LOW_ ADJ*		
1Q 2021	2.30	2.30	1.60	1.60	73,838,000	73,882,712
2Q 2021	1.98	1.98	1.44	1.44	190,577,000	290,588,482
3Q 2021	2.09	2.09	1.40	1.40	97,325,000	97,338,158
4Q 2021	1.76	1.76	1.40	1.40	37,323,000	37,343,956
1Q 2022	1.68	1.68	1.21	1.21	76,094,000	126,104,625
2Q 2022	1.52	1.52	1.21	1.21	155,902,000	155,910,925
3Q 2022	2.55	2.55	1.36	1.36	161,043,000	161,057,201
4Q 2022	3.13	3.13	1.98	1.98	298,775,000	298,798,023
1Q 2023	3.09	3.09	2.37	2.37	171,061,000	171,074,554
April 2023	2.90	2.90	2.51	2.51	26,250,000	26,250,720
May 2023*	3.69	3.69	2.42	2.42	82,600,000	82,607,852

*As of May 30, 2023.

Closing Market Price as of June 14, 2023 is ₱3.35 per share.

The Company complied with the required minimum public ownership. As of March 31, 2023, total number of common shares owned by the public is 781,497,198 shares or equivalent to 21.03% of the total issued and outstanding common shares.

The Company's earnings (loss) per share are: ₱0.1142 for Q1 2023, and (₱0.3414) per share in 2022 and 2021, respectively.

b) Holders

The stock transfer agent reported 1,820 holders of common shares of the registrant, as of May 30, 2023. The top 20 shareholders, the number of common shares held, and the percentage of common shares held by each are as follows:

	Name	No. Of Shares Held	% To Total
1	PCD Nominee Corporation (Filipino)	1,110,992,058	29.89
2	PCD Nominee Corporation (Non-Filipino)	970,434,031	26.11
3	Sagathy Holdings Inc.	340,000,000	9.15
4	Euphonious Holdings, Inc.	230,000,000	6.19
5	Catchy Solution Limited	225,000,000	6.05
6	Leisure Advantage Inc.	187,352,512	5.04
7	Alfredo Abelardo	134,841,249	3.63
8	Grandshares Inc.	120,000,000	3.23
9	Colonial Group Holdings Corporation	100,000,000	2.69
10	XII Capital Inc.	100,000,000	2.69
11	Globalist Technology Company Limited	90,000,000	2.42
12	Dominique L. Benitez	31,680,000	0.85

	Name	No. Of Shares Held	% To Total
13	Profit Tone Global Investments Limited	30,000,000	0.81
14	AB Leisure Exponent Inc.	21,567,000	0.58
15	Willy N. Ocier	2,125,200	0.06
16	Paul Luis P. Alejandrino	1,426,224	0.04
17	Jianxi Li	1,026,000	0.03
18	Liberty Farms, Inc.	809,129	0.02
19	Provident Insurance Corp.	591,023	0.02
20	Brisot Economic Development Corp.	512,004	0.01

Below is the summary list of foreign ownership as of May 30, 2023, the nationality, number of shareholders, the number of common shares held and the percentage of common shares held by each:

Nationality	No. of Shareholders	No. of Shares Held	% To Total
American	10	141,117	0.00
Chinese	71	2,878,952	0.08
Filipino	1,730	2,397,954,153	64.52
Others	9	1,315,484,956	35.40

c) Dividends

The Company does not have any restrictions which limit the ability to pay dividends on common equity or that are likely to do so except in cases where the Company does not have enough retained earnings or is in a deficit position. Cash dividends declared to common shareholders were in the past years are as follows:

Year	Dividend per Share
2007	₱0.060
2008	0.060
2009	0.060
2010	0.080
2011	0.075
2012	0.075
2013	0.080
2014	0.080
2015	0.120
2016	0.080
2017	0.070

No dividends declared in 2018 to 2022.

d) Others

The issuance of ₱1.65 billion worth of preferred shares was approved by DigiPlus' BOD and stockholders on January 22, 2013 and March 22, 2013, respectively. The listing application was filed with the exchange on September 20, 2013 and approved on November 27, 2013. The exchange approved the listing of the preferred shares and warrants on December 20, 2013. The shareholders of the private placement transaction are as follows:

Name	Shares	Amount
PCD Nominee Corporation (Filipino)	1,596,860,000	₱1,596,860,000
GSIS Provident Fund	50,000,000	50,000,000
PCD Nominee Corporation (Non-Filipino)	1,440,000	1,440,000
Mary Lou Santos Cera-Garcia	1,000,000	1,000,000
Mary Lou Cera Garcia	700,000	700,000
TOTAL	**1,650,000,000**	**₱1,650,000,000**

The ₱1.65 billion perpetual preferred shares were issued through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares have a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, DigiPlus has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by DigiPlus. A nil-paid, detachable warrant was issued to the investor/s for every twenty (20) preferred shares. Each warrant shall entitle the investor/s to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or DigiPlus' weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

On September 25, 2013, DigiPlus filed the listing of 82,500,000 warrants and the underlying common shares with the PSE.

On January 31, 2020, all ₱1,650,000,000 preferred shares were redeemed at a redemption price of ₱1.00 and recorded as treasury shares in the books of the Company.

Management's Discussion and Analysis of Financial Condition and Results of Operations

2023 Plans

Retail

In 2022, we were able to overcome changes brought by the pandemic and successfully launched our online products, which had brought significant revenue growth to the company.

For 2023, we expect to expand more physical sites in the different areas, especially the provincial regions. We are also expecting to explore on additional game offerings and gaming machine acquisitions to support the growing operations. 2023 is also expected to be a year of continued growth for our online products. We plan to add new online games to increase revenue and player retention and we believe that these expansions will adequately address the changing consumer trends and demographics. We shall also remain cost-efficient to protect our margins.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards a more digital, sustainable and cost-efficient business structure.

Casino

Product Improvement
For 2023, BCGLC expect to purchase additional new slot machines from 2 world top slot machines manufacturer (Aristocrat Gaming and Light and Wonder gaming). All are top performing games in Asia include Duo Fu Duo Cai Grand, Jin Ji Bao Xi Grand, Dragon Link, Tian Ci Jin Lu etc.

At the same time, for jackpot setting, Bluechip VIP club will be one of the highest jackpot prize in the Philippines. The ultimate goal is to be the number one VIP slot machine club in the Philippines.

Marketing and Promotion
BCGLC marketing plan in 2023 will be based on the following: (1) Product – increase the game mix; (2) Price – various denomination games installed in each club to attract all levels of players; (3) Promotion – intense marketing activities will be held on a weekly, monthly and quarterly basis.

Bluechip Club is the fastest loyalty point earning club in the Philippines with variety of products for our members to redeem for as we want to make every member to have the chance to win after visiting of the slot club.

Network and Licenses, and Property
Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility
FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. DIGIPLUS, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.
In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park
Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second half of 2022. Horizontal land development preparatory work should begin shortly after.

Licenses
To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA a land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and

cryptocurrency.

LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board.

Comparable Discussion on Material Changes in Results of Operations and Financial Condition

2022 as Compared to 2021

CONSOLIDATED REVENUE AND OPERATING INCOME (LOSS)

Breakdown of consolidated gross revenues, other revenues and its related costs and expenses are as follows:

Amounts in Thousands	**2022**	2021	Inc/(Dec)	% Change
GROSS REVENUE				
Retail games	**₱8,163,680**	₱1,995,972	₱6,167,708	309%
Service and hosting fees	**351,793**	544,381	(192,588)	-35%
Casino	**385,225**	260,673	124,552	48%
Rent income	**4,892**	4,944	(52)	-1%
Total Gross Revenue	**8,905,590**	2,805,970	6,099,620	217%
COSTS AND EXPENSES				
Franchise fees and taxes	**4,707,648**	1,446,057	3,261,591	226%
Advertising and promotion	**951,863**	39,168	912,695	2330%
Outside services	**718,192**	180,426	537,766	298%
Salaries and other benefits	**508,281**	372,581	135,700	36%
Depreciation and amortization	**375,827**	351,687	24,140	7%
Rent	**287,203**	135,851	151,352	111%
Communications and utilities	**273,675**	162,029	111,646	69%
Bandwidth and co-location costs	**94,556**	252,754	(158,198)	-63%
Repairs and maintenance	**70,540**	53,046	17,494	33%
Professional and directors' fees	**68,404**	64,936	3,468	5%
Taxes and licenses	**66,501**	109,812	(43,311)	-39%
Transportation and travel	**18,579**	5,967	12,612	211%
Others	**133,022**	64,187	68,835	107%
Total Costs and Expenses	**8,274,291**	3,238,501	5,035,790	155%
Operating Income (Loss)	**₱631,299**	(₱432,531)	₱1,063,830	246%

Consolidated Revenue

In 2022, consolidated gross revenue increased by 217% or ₱6,099.6 million from ₱2,806.0 million of 2021 to ₱8,905.6 million of 2022. The increase was mainly due to increase in revenue from bingo and electronic games from retail segment and revenue from casino segment of the Group, net of the decrease in revenues from network and licenses segment.

Retail

ABLE and its subsidiaries, and TGXI recognized revenue in 2022 amounting to ₱8,163.7 million, an increase of 309% or ₱6,167.7 million. This was mainly due to increase in retail business operations and new licenses obtained from PAGCOR.

As of December 31, 2022, there were 152 sites in operations with full capacity. Retail group already prepared and submitted strategic return-to-work guidelines. Sites were disinfected, physical distancing markers were setup, safety materials and reminder posters were procured and installed in the branches, and employees were trained on the new SOPs aimed to reduce COVID-19 transmission.

In July 2021, TGXI received a new PAGCOR license to start a new business product "Electronic Gaming System (EGS)" to replace Electronic games. Previously TGXI earned 29% gross gaming revenue (GGR) from IEST a gaming platform provider and now TGXI generated GGR 52.50% after PAGCOR share.

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

Casino
BCGLC and GCLWC revenue increased by 48% or ₱124.5 million from ₱260.7 million in 2021 to ₱385.2 million in 2022. The increase was mainly due to increase in operating capacity and sites' operating hours.

Network and Licenses
There was a decrease in network and licenses revenue from ₱544.4 million to ₱351.8 million in 2022 as compared 2021. The decrease amounted to ₱192.6 million or 35%. The decline was attributable to: 1) non-renewal of CEZA Licensees and lower revenues reported by existing licensees; and 2) terminations of locators or discontinue their operations.

Property
ABLGI (Rental income) revenue in 2022 remains stable as compared to 2021. The revenue from property segment was generated from the lease of Binondo Suites.

Consolidated Costs and Expenses
Total costs and expenses increased by 155% or ₱5,035.8 million in 2022 as compared to 2021. This is mainly due to increase in franchise fees and taxes brought about by new games and licenses, advertising promotions, outside services, salaries and wages and rent expense.

CONSOLIDATED EBITDA AND NET INCOME (LOSS)

Details of EBITDA and net income (loss) are as follows:

Amounts in thousands	**2022**	2021	Inc/(Dec)	% Change
Gross revenues	**₱8,905,590**	₱2,805,970	₱6,099,619	217%
Costs and expenses (excluding depreciation and amortization)	**(7,898,464)**	(2,886,814)	(5,011,650)	174%
EBITDA*	**1,007,126**	(80,844)	1,087,970	1347%
Depreciation and amortization	**(375,827)**	(351,687)	(24,140)	-7%
Finance expense	**(376,705)**	(247,730)	(128,975)	-52%
Unrealized fair value gain on investment property	**297,772**	15,741	282,032	1792%
Income tax benefit	**161,207**	17,124	144,083	841%
Other income (expenses) - net	**(26,716)**	(247,227)	220,511	89%
Net Income (Loss) after Tax	**686,857**	(894,623)	1,581,480	177%
Minority interest	**86,152**	(66,188)	152,340	230%
Net income (loss) attributable to Parent Company	**₱600,705**	(₱828,435)	₱1,429,140	173%

*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 ₱894.6 million net losses in 2021 to ₱686.9 million net income in 2022 or 177% increase. EBITDA also improved by 1347% in 2022 or equivalent to ₱1,088.0million as compared to 2021. This was mainly due to significant increase in revenue from retail and casino segments, 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 December 31, 2022, our total assets stood at ₱20.9 billion, an increase of ₱2.35 billion or 13% as compared to total assets as of December 31, 2021 amounting to ₱18.6 billion. The increase was attributable to increase in cash, receivables, investment properties, investment and advances, and other assets. This was brought about by re-opening sites and increase in operational activities of retail segment of the Group and cash received for the issuance of treasury shares.

Cash and cash equivalents increased by ₱940.0 million or 226% mainly due to the positive results of operations primarily on launching the BingoPlus and the cash received from issuance of treasury shares, net of payments of loans.

Receivables and lease receivables increased by ₱324.4 million or 23% mainly due to lease amendments to increase rental rate of certain sub-lease agreements of the Group. Prepaid and other current assets also increased by 288% mainly due to increase in prepaid expenses such as advertising, rental, marketing and others, and increase in advances to suppliers.

Property and equipment decreased by 10% or ₱115.2 million, mainly due to straight-line depreciation and amortization, net of additions made during the year. On the other hand, investment properties increased by ₱297.7 mainly due to revaluation increment in 2022. Investment in associates and joint venture increased mainly due to share in net equity of HEPI.

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 as of December 31, 2022 and 2021 amounted to ₱1.1 billion.

The total liabilities as of December 31, 2022 amounted to ₱7.9 billion with a decrease of ₱1.0 billion or 11% from the total liabilities as of December 31, 2021 amounting to ₱8.9 billion. The decrease was mainly due to settlement of the Group's outstanding bank loans, reduction in deferred tax liabilities on fair value changes in investment properties, retirement liabilities and lease liabilities. This was partially offsetted by the increase in trade and other payables due to business volume growth.

Cash Flows

Cash balance as of December 31, 2022 and 2021 amounted to ₱1.4 billion and ₱0.4 billion, respectively. The increase was mainly due to net cash provided by operating and investing activities amounting to ₱1,131.8 million and ₱21.3 million, respectively, net of cash flows that were used in investing activities amounting to ₱213.5 million in 2022.

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.

2021 as Compared to 2020

CONSOLIDATED REVENUE AND OPERATING LOSS

Breakdown of consolidated gross revenues, other revenues and its related costs and expenses are as follows:

Amounts in Thousands	**2021**	2020	Inc/(Dec)	% Change
GROSS REVENUE				
Retail games	**1,995,972**	2,404,142	(408,170)	-17%
Service and hosting fees	**544,381**	800,450	(256,069)	-32%
Casino	**260,673**	378,728	(118,055)	-31%
Rent income	**4,944**	-	4,944	100%
Total Gross Revenue	**2,805,970**	3,583,320	(777,350)	-22%
COSTS AND EXPENSES				
Franchise fees and taxes	**1,446,057**	1,907,708	(461,651)	-24%
Advertising and promotion	**39,168**	111,022	(71,854)	-65%
Outside services	**180,426**	274,585	(94,159)	-34%
Salaries and other benefits	**372,581**	350,454	22,127	6%
Depreciation and amortization	**351,687**	534,290	(182,603)	-34%
Rent	**135,851**	150,740	(14,889)	-10%
Communications and utilities	**162,029**	161,790	239	0%
Professional and directors' fees	**64,936**	37,848	27,088	72%
Bandwidth and co-location costs	**252,754**	358,731	(105,977)	-30%
Repairs and maintenance	**53,046**	36,667	16,379	45%
Taxes and licenses	**109,812**	128,228	(18,416)	-14%
Transportation and travel	**5,967**	12,029	(6,062)	-50%
Others	**64,187**	149,204	(85,017)	-57%
Total Costs and Expenses	**3,238,501**	4,213,296	-974,795	-23%
Operating Loss	**(₱432,531)**	(₱629,976)	₱197,445	-31%

Consolidated Revenue

In 2021, consolidated gross revenue decreased by 22% or ₱777.4 million from ₱3,583.3 million of 2020 to ₱2,806.0 million of 2021. The increase was mainly due to COVID-19 community quarantine restrictions which resulted to temporary closure of land-based sites and non-renewal of CEZA licenses in Network and Licenses segment.

Retail
ABLE and its subsidiaries, and TGXI recognized revenue in 2021 amounting to
₱1,996.0 million, a decrease of 17% or ₱408.2 million. This was mainly due to COVID-19 community quarantine restrictions which resulted to temporary closure of land-based sites.

As of December 31, 2021, there were 163 sites, of which 22 sites remained temporary closed due to LGU community quarantine and for relocation.

Casino
BCGLC and GCLWC revenue decreased by 2% or ₱6.5 million from ₱267.2 million in 2020 to ₱260.7 million in 2021.

There was no income from junket operations of PIKI in 2021 because of its cessation of operations.

Network and Licenses
There was a decrease in network and licenses revenue from ₱800.5million to ₱544.4 million in 2021 as compared 2020. The decrease amounted to ₱256.1 million or 32%. The decline was attributable to: 1) non-renewal of CEZA Licensees and lower revenues reported by existing licensees; and 2) terminations of locators change business locations or discontinue their operations.

Consolidated Costs and Expenses

Total costs and expenses increased by 23% or ₱974.8 million in 2021 as compared to 2020. This is mainly due to decrease in franchise fees and taxes and bandwidth and co-location costs in relation to the decrease in total revenue. In addition, there were also significant decrease in depreciation and amortization, taxes and licenses, outside services, and advertising and promotions mainly due to decrease in business activities brought about by the pandemic.

CONSOLIDATED EBITDA AND NET LOSS

Details of EBITDA and net loss are as follows:

Amounts in thousands	**2021**	2020	Inc/(Dec)	% Change
Gross revenues	₱2,805,970	3,583,320	(777,350)	-22%
Costs and expenses (excluding depreciation and amortization)	(2,886,814)	(3,679,006)	(792,192)	-22%
EBITDA*	(80,844)	(95,686)	14,842	-16%
Depreciation and amortization	(351,687)	(534,290)	182,603	34%
Finance expense	(247,730)	(312,808)	65,078	21%
Unrealized fair value gain on investment property	15,741	282,315	(266,574)	-94%
Income tax expense (benefit)	17,124	(101,857)	118,981	117%
Other income (expenses) - net	(247,227)	(575,769)	328,542	57%
Net Loss after Tax	(894,623)	(1,338,095)	443,472	33%
Minority interest	(66,188)	(39,804)	26,384	66%
Net loss attributable to Parent Company	(₱828,435)	(1,298,291)	469,856	36%

*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 losses decreased from ₱1,338.1 million net losses in 2020 to ₱894.6 million net losses in 2021 or 33% improvement. EBITDA decreased by 16% in 2021 or equivalent to ₱14.8 million as compared to 2020. This was mainly due to continuing impact of COVID-19 pandemic which brought to imposition of community quarantine which resulted to closure of certain land-based sites.

Financial Position

As at December 31, 2021, our total assets amounted to ₱18.6 billion, a decrease of ₱0.7 billion or 3% as compared to total assets as of December 31, 2020 amounting to ₱19.3 billion. The decrease was attributable to decrease in receivables, property and equipment and other current assets.

Cash and cash equivalents increased by ₱42.6 million or 11% mainly due to the proceeds from loan availment and issuance of capital stock. This is net of negative operating cashflows and cash used in investment activities.

Receivables and lease receivables decreased by ₱320.7 million or 19% mainly due to collections of advances and provision of expected credit losses. Other current assets also decreased by 32% mainly due to decrease in advances to suppliers and employees.

Property and equipment decreased by 24% or ₱376.8 million, mainly due to straight-line depreciation and amortization, net of additions made during the year.

Investment properties mainly consists of land properties located in Cagayan and Boracay, Aklan.

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.

The total liabilities as of December 31, 2021 amounted to ₱8.9 billion with an increase of ₱0.2 billion or 2% from the total liabilities as of December 31, 2020 amounting to
₱8.7 billion. The increase was mainly due to availment of loans and receipt of deposits for future stock subscription in 2021. This is net of decrease in trade payables and other liabilities, retirement liabilities and lease liabilities.

Cash Flows

Cash balance as of December 31, 2021 and 2020 amounted to ₱416.5 million and ₱374.0 million, respectively. The increase was mainly due to net cash provided by financing activities amounting to ₱269.5 million, net of cash flows that were used in operating and investing activities amounting to ₱53.5 million and ₱174.4 million, respectively, in 2021.

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.

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of DigiPlus and subsidiary is not aware of any material events/and uncertainties that would address the past and would have impact on future operations of the following:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact on DigiPlus' liquidity;
2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period
4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations;
6. Any significant elements of income or loss that did not arise from DigiPlus continuing operations;
7. Any seasonal aspects that had a material effect on the financial condition and results of operations.

Financial Statements

The Annual Audited Consolidated Financial Statements for 2022 and the Interim Consolidated Financial Statements for the first quarter of 2023 are presented separately to form part of this information package.

Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The aggregate fees billed and paid by registrant in favor of its External Auditors for Audit and Audit Related Fees amounted to Seven Million Pesos (₱7,000,000) and Eight Million Seven Hundred Fifty Thousand Pesos (₱8,750,000) in 2022 and 2021, respectively. These fees comprise the audit and audit related services rendered in favor of registrant and its subsidiaries.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to registrant's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, of the external auditors has been submitted to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work, inflationary increase and the prevailing market price for such services in the audit industry. If the Audit Committee finds the audit plan and audit fees are in order, these are presented and recommended for final approval of the BOD. As regards to services that may be rendered by the external auditor other than the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the BOD.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On June 8, 2022, the Company's BOD, upon the recommendation of the Audit Committee, approved the change in external auditor from SyCip Gorres Velayo & Co. to Isla Lipana & Co.

There were no changes or disagreements with the Company's external auditors, Isla Lipana & Co. on accounting and financial statement disclosures.

Corporate Governance

(a) The evaluation system established by the Company measures and determines the level of compliance of the Board of Directors and top-level management with its New Manual on Corporate Governance. All directors, officers and employees complied with all the leading practices and principles on good corporate governance embodied in this New Manual.

(b) There are measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance as embodied in its New Manual on Corporate Governance, and as reflected in its Integrated Annual Corporate Governance Report, which was submitted to SEC on 30

May 2023.

(c) There is no significant undisclosed deviation from the Company's New Manual on Corporate Governance.

(d) The current New Manual on Corporate Governance is addressing critical areas affecting the Company's operations. In as much as the Company's business presently primarily pertains to the operations of its wholly and majority-owned subsidiaries, the Company deems that the management of these subsidiaries is the more critical area of concern for the Company. In view of the same, in addition to the Anti-Fraud Procedures adopted by all subsidiaries, the Company's Audit Committee conducts regular meetings with the Internal Audit to discuss any significant findings and deviations from the established procedures. No such significant finding and deviations have been reported so far.

(e) The Corporation implemented a Board Performance Assessment with the following Criteria and Process of evaluation:

The assessment criteria includes the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

The following rating system shall be used by the directors in accomplishing the self-rating form:

SA – Strongly Agree
A - Agree
N - Neither Agree nor Disagree
D - Disagree
SD - Strongly Disagree

The form also allows the director to provide comments and suggestions to further enrich the assessment process. For further clarification on this policy and the performance assessment exercise, the Board may address their queries to the Compliance Officer.

SEC FORM 17-A

The Company shall provide to the stockholders, without charge, on written request, the Annual Report of the company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to:

The Corporate Secretary
DigiPlus Interactive Corp.
Ecoprime Bldg., 32nd St. cor. 9th Ave.
Bonifacio Global City, Taguig City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 15 June 2023.

LEISURE & RESORTS WORLD CORPORATION
Issuer

By:

ATTY. CAROL V. PADILLA
Corporate Secretary

Proxy Form
Individual Stockholder

36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave.
Taguig, Metro Manila, Philippines

The undersigned stockholder of **DIGIPLUS INTERACTIVE CORP.** (the "Company") hereby appoints ____________________________________ _________ or, in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 28, 2023 at 2:00 p.m. via Zoom Teleconference, and at any adjournment or postponement thereof.

The above-named proxy is to vote as follows:

1. Approval of Minutes of the Annual Meeting held on July 29, 2022
   ☐ Yes ☐ No ☐ Abstain
2. Approval of the Annual Report and Audited Financial Statements for the fiscal year 2022
   ☐ Yes ☐ No ☐ Abstain
3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting
   ☐ Yes ☐ No ☐ Abstain
4. Nomination and Election of Directors
   ☐ Equally to all nine (9) nominees for directors;
   ☐ Abstain for all nine (9) nominees for directors;
   ☐ Distribute or cumulate my shares to the nominee/s, as follows: (Indicate the number of shares to be voted for each nominee)

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Tsui Kin Ming		
Atty. Jose Raulito E. Paras		
Willy N. Ocier		
Ramon Dizon *(Independent Director)*		
Timoteo B. Aquino *(Independent Director)*		
Renato G. Nuñez		
Rafael Jasper S. Vicencio		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

5. Appointment of External Auditor
   ☐ Yes ☐ No ☐ Abstain

____

PRINTED NAME AND SIGNATURE OF STOCKHOLDER**

____

DATE

No. of Shares Held (DIGIPLUS)	Tel No./Mobile Phone No. of Stockholder

** If a representative will sign on behalf of the stockholder, this proxy must be submitted together with a duly executed Special or General Power of Attorney showing the authority of the representative to sign on behalf of the individual stockholder.

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 20, 2023 through email at investorrelations@digiplus.com.ph and hard copies at the 36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave., Taguig, Metro Manila Philippines.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

Proxy Form
Corporate Stockholder

36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave.
Taguig, Metro Manila, Philippines

The undersigned stockholder of **DIGIPLUS INTERACTIVE CORP.** (the "Company") hereby appoints ______________________________ ________ or, in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 28, 2023 at 2:00 p.m. via Zoom Teleconference, and at any adjournment or postponement thereof.

The above-named proxy is to vote as follows:

1. Approval of Minutes of the Annual Meeting held on July 29, 2022
   ☐ Yes ☐ No ☐ Abstain
2. Approval of the Annual Report and Audited Financial Statements for the fiscal year 2022
   ☐ Yes ☐ No ☐ Abstain
3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting
   ☐ Yes ☐ No ☐ Abstain
4. Nomination and Election of Directors
   ☐ Equally to all nine (9) nominees for directors;
   ☐ Abstain for all nine (9) nominees for directors;
   ☐ Distribute or cumulate my shares to the nominee/s, as follows: (Indicate the number of shares to be voted for each nominee)

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Tsui Kin Ming		
Atty. Jose Raulito E. Paras		
Willy N. Ocier		
Ramon Dizon *(Independent Director)*		
Timoteo B. Aquino *(Independent Director)*		
Renato G. Nuñez		
Rafael Jasper S. Vicencio		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

5. Appointment of External Auditor
   ☐ Yes ☐ No ☐ Abstain

No. of Shares Held (DIGIPLUS)	Tel No./Mobile Phone No. of Stockholder

****This proxy must be submitted together with a duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the stockholder corporation.

____
PRINTED NAME OF CORPORATE STOCKHOLDER

____
NAME AND SIGNATURE OF AUTHORIZED SIGNATORY OF CORPORATE STOCKHOLDER**

____
DATE

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 20, 2023 through email at investorrelations@digiplus.com.ph and hard copies at the 36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave., Taguig, Metro Manila Philippines.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

Proxy Form
PCD Participant/ Broker

36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave.
Taguig, Metro Manila, Philippines

The undersigned stockholder of **DIGIPLUS INTERACTIVE CORP.** (the "Company") indicated below, which is registered in the name of Philippine Central Depository Nominee Corporation (PCD Nominee), hereby appoints ________________________, as *sub -proxy*, or in his absence, the Chairman of the meeting, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 28, 2023 at 2:00 p.m. via Zoom Teleconference, and at any adjournment or postponement thereof.

The above-named proxy is to vote as follows:

1. Approval of Minutes of the Annual Meeting held on July 29, 2022
   ☐ Yes ☐ No ☐ Abstain
2. Approval of the Annual Report and Audited Financial Statements for the fiscal year 2022
   ☐ Yes ☐ No ☐ Abstain
3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting
   ☐ Yes ☐ No ☐ Abstain
4. Nomination and Election of Directors
   ☐ Equally to all nine (9) nominees for directors;
   ☐ Abstain for all nine (9) nominees for directors;
   ☐ Distribute or cumulate my shares to the nominee/s, as follows: (Indicate the number of shares to be voted for each nominee)

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Tsui Kin Ming		
Atty. Jose Raulito E. Paras		
Willy N. Ocier		
Ramon Dizon *(Independent Director)*		
Timoteo B. Aquino *(Independent Director)*		
Renato G. Nuñez		
Rafael Jasper S. Vicencio		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

5. Appointment of External Auditor
   ☐ Yes ☐ No ☐ Abstain

No. of Shares Held (DIGIPLUS)	Tel No./Mobile Phone No. of Stockholder

____

PRINTED NAME OF BROKER/PCD PARTICIPANT
NAME AND SIGNATURE OF AUTHORIZED
SIGNATORY OF BROKER/PCD PARTICIPANT**

____

DATE

** This proxy must be submitted together with a duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the PCD Participant/Broker, as well as the duly accomplished proxy or certificate of shareholdings issued by the PDTC. Enclosed is a sample Secretary's Certificate for your reference.

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 20, 2023 through email at investorrelations@digiplus.com.ph and hard copies at the 36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave., Taguig, Metro Manila Philippines.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.
A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.
Notarization of this proxy is not required.

Email Voting Form

36th Floor, EcoPrime Tower, 32nd St. corner 9th Ave.
Taguig, Metro Manila, Philippines

DIGIPLUS INTERACTIVE CORP. 2023 Annual Stockholders' Meeting Agenda Items for Voting:

1. Approval of Minutes of the Annual Meeting held on July 29, 2022
   ☐ Yes ☐ No ☐ Abstain

2. Approval of the Annual Report and Audited Financial Statements for the fiscal year 2022
   ☐ Yes ☐ No ☐ Abstain

3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting
   ☐ Yes ☐ No ☐ Abstain

4. Nomination and Election of Directors
   ☐ Equally to all nine (9) nominees for directors;
   ☐ Abstain for all nine (9) nominees for directors;
   ☐ Distribute or cumulate my shares to the nominee/s, as follows: (Indicate the number of shares to be voted for each nominee)

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Tsui Kin Ming		
Atty. Jose Raulito E. Paras		
Willy N. Ocier		
Ramon Dizon *(Independent Director)*		
Timoteo B. Aquino *(Independent Director)*		
Renato G. Nuñez		
Rafael Jasper S. Vicencio		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

5. Appointment of External Auditor
   ☐ Yes ☐ No ☐ Abstain

PRINTED NAME AND SIGNATURE OF STOCKHOLDER

DATE

No. of Shares Held (DIGIPLUS)	Tel No./Mobile Phone No. of Stockholder

This voting form must be emailed to Investor Relations Office of DIGIPLUS on or before 12:00 P.M. on July 20, 2023 through email at investorrelations@digiplus.com.ph.

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sat 4/15/2023 3:52 AM

Greetings!

SEC Registration No: 0000013174
Company Name: LEISURE & RESORTS WORLD CORP.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports
will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

DIGI PLUS INTERACTIVE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DigiPlus Interactive Corp. (*formerly Leisure & Resorts World Corporation*)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2022 and 2021, respectively, have audited the separate financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board

TSUI KIN MING
President

WILFREDO PIELAGO
Treasurer

SUBSCRIBED AND SWORN APR 14 2023
to before me this ______
Affiant exhibited to me his/her ______

DOC NO. 469
PAGE NO. 94
BOOK NO. XXXI
SERIES OF 2023

Signed this ______________

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C. Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-541-197-000

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Sat 15/04/2023 3:37 AM

To: Diana Jane Bonayon <dianajane.bonayon@lrwc.com.ph>

Cc: Diana Jane Bonayon <dianajane.bonayon@lrwc.com.ph>

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Hi LEISURE AND RESORTS WORLD CORPORATION,

Valid files

- EAFS000108278ITRTY122022.pdf
- EAFS000108278AFSTY122022.pdf
- EAFS000108278RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8BDCELGG07B7K9CL5NPX4TR3206AF899C6**
Submission Date/Time: **Apr 15, 2023 03:17 AM**
Company TIN: **000-108-278**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	1	7	4						

C O M P A N Y N A M E

DIGIPLUS INTERACTIVE CORP.
(FORMERLY LEISURE & RESORTS
WORLD CORP.)

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

ECOPRIME BUILDING, 32ND STREET
CORNER NINTH AVENUE, BONIFACIO
GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	+632 8637-5291 to 93	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
1,821	July 29	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Wilfredo Pielago	wilfredo.pielago@digiplus.com.ph	+632 8637-5291 to 93	N/A

CONTACT PERSON's ADDRESS

Ecoprime Building. 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City

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

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

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

Parent Company Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at and for the year ended December 31, 2021)

Independent Auditor's Report

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Digiplus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Company") as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the separate statement of financial position as at December 31, 2022;
- the separate statement of total comprehensive income for the year ended December 31, 2022;
- the separate statement of changes in equity for the year ended December 31, 2022;
- the separate statement of cash flows for the year ended December 31, 2022; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matter

The separate financial statements as at and for the year ended December 31, 2021 were audited by another auditor whose report dated May 30, 2022, expressed an unmodified opinion on these financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Isla Lipana & Co.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 17 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the financial statements of Digiplus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") as at December 31, 2022 and for the year then ended, on which we have rendered the attached report dated April 14, 2023.

In compliance with Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2022 the Parent Company has 1,689 shareholders owning one hundred (100) or more shares each at December 31, 2022.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023. The supplementary information shown in the Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as additional component required by the Revised Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not required parts of the basic financial statements. The supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

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

Separate Statement of Financial Position
As at December 31, 2022
(With comparative figures as at December 31, 2021)
(All amounts in thousand pesos)

	Notes	2022	2021
ASSETS			
Current asset			
Cash	2	7,991	102,584
Dividends and other receivables	3,11	1,585,457	1,593,673
Due from related parties	12	4,230,849	2,986,166
Prepayments and other current assets	4	31,008	6,187
Total current assets		5,855,305	4,688,610
Non-current assets			
Property and equipment, net	5	5,555	16,906
Investments and advances	6	5,604,957	4,794,132
Financial assets at fair value through other comprehensive income (FVOCI)	6	78,514	53,582
Other non-current assets	7	49,466	45,471
Total non-current assets		5,738,492	4,910,091
Total assets		11,593,797	9,598,701
LIABILITIES AND EQUITY			
Current liabilities			
Due to related parties	12	2,848,552	2,615,041
Trade payables and other current liabilities	8	90,592	106,246
Short-term loans payable	9	-	139,000
Long-term loans payable, current portion	9	-	67,080
Lease liability, current portion	11	-	15,375
Total current liabilities		2,939,144	2,942,742
Non-current liability			
Deposits for future stock subscription	10	-	321,250
Total liabilities		2,939,144	3,263,992
Equity			
Share capital	10	4,094,107	4,094,107
Additional paid-in capital	10	5,066,759	4,252,453
Treasure shares	10	(377,647)	(1,650,000)
Fair value reserve	6	499,835	(52,546)
Deficit		(628,401)	(309,305)
Total equity		8,654,653	6,334,709
Total liabilities and equity		11,593,797	9,598,701

(The notes on pages 1 to 52 are integral part of these financial statements)

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

Separate Statement of Comprehensive Income
For the year ended December 31, 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in thousand pesos)

	Notes	2022	2021
Expenses			
Salaries, wages and other benefits		147,716	108,752
Professional fees and directors' fees		52,943	24,723
Contracted services		15,731	14,382
Utilities and communication		6,644	7,961
Rent	11	5,459	3,386
Representation and entertainment		3,006	2,813
Listing and filing fees		2,687	747
Repair and maintenance		2,315	5,118
Depreciation and amortization	5	2,612	18,319
Taxes and licenses	17	1,999	2,501
Printing and office supplies		1,432	463
Transportation and travel		1,116	1,139
Advertising and marketing		292	129
Insurance		149	89
Others		7,328	6,477
		251,429	196,999
Loss from operations		(251,429)	(196,999)
Other expenses, net			
Share in loss of a joint venture	6	(48,057)	(54,702)
Impairment loss on financial asset	3	(10,793)	(913)
Impairment loss on nonfinancial asset		(1,100)	-
Finance expense	9	(8,100)	(17,903)
Gain on pre-termination of lease	11	1,122	-
Interest income	2	61	1,108
Other loss, net		(800)	(468)
		(67,667)	(72,878)
Loss before income tax		(319,096)	(269,877)
Provision for income tax	13	-	-
Loss for the year		(319,096)	(269,877)
Other comprehensive income (loss) for the year			
Item that will not be reclassified to profit or loss			
Changes in fair value on financial asset at FVOCI	6	24,932	(59,049)
Equity in other comprehensive income of joint venture		527,449	-
		552,381	(59,049)
Total comprehensive income (loss) for the year		233,285	(328,926)

(The notes on pages 1 to 52 are integral part of these financial statements)

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

Separate Statement of Changes in Equity
For the year ended December 31, 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in Thousand Pesos)

	Share Capital (Note 10)		Additional paid-in capital (Note10)	Treasury shares (Note 10)	Fair value reserve (Note 6)	Deficit	Total
	Common Shares	Preferred Shares					
Balances at January 1, 2021	2,417,500	1,650,000	4,239,070	(1,650,000)	6,503	(39,428)	6,623,645
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(269,877)	(269,877)
Other comprehensive loss for the year	-	-	-	-	(59,049)	-	(59,049)
Total comprehensive loss	-	-	-	-	(59,049)	(269,877)	(328,926)
Transaction with owners							
Conversion of warrants (Note 10)	26,607	-	13,383	-	-	-	39,990
Balances at December 31, 2021	2,444,107	1,650,000	4,252,453	(1,650,000)	(52,546)	(309,305)	6,334,709
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(319,096)	(319,096)
Other comprehensive income for the year	-	-	-	-	552,381	-	552,381
Total comprehensive loss for the year	-	-	-	-	552,381	(319,096)	233,285
Transactions with owners							
Conversion of preferred stock to common stock	1,650,000	(1,650,000)	-	-	-	-	-
Issuance of treasury shares	-	-	814,306	1,272,353	-	-	2,086,659
Balances at December 31, 2022	4,094,107	-	5,066,759	(377,647)	499,835	(628,401)	8,654,653

(The notes on pages 1 to 52 are integral part of these financial statements)

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

Separate Statement of Cash Flows
For the year ended December 31, 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in Thousand Pesos)

	Notes	2022	2021
Cash flows from operating activities			
Loss before income tax		(319,095)	(269,877)
Adjustment for:			
Share in net loss of a joint venture	6	48,057	54,702
Depreciation and amortization	5,11	2,612	18,319
Loss on impairment of financial asset	3	10,793	913
Loss on impairment of nonfinancial asset		1,100	-
Interest expense	11	8,100	17,903
Interest income	2	(61)	(1,108)
Gain on pre-termination/modification of leases	11	(1,122)	(261)
Operating loss before changes in assets and liabilities		(249,616)	(179,409)
(Increase) decrease in:			
Dividends and other receivables		(2,577)	389
Prepayments and other current assets		(24,821)	(1,484)
Increase (decrease) in trade payables and other current liabilities		(15,654)	27,648
Net cash used in operations		(292,668)	(152,856)
Interest received		61	1,108
Net cash used in operating activities		(292,607)	(151,748)
Cash flows from investing activities			
Decrease (increase) in:			
Due from related parties		(1,244,682)	(686,255)
Investment and advances	6	(332,534)	(7,661)
Other noncurrent assets	7	(3,996)	6,246
Additions to property and equipment	5	(5,514)	-
Net cash used in investing activities		(1,586,726)	(687,670)
Cash flows from financing activities			
Increase in due to related parties		233,511	681,495
Proceeds from:			
Issuance of treasury shares	10	1,765,409	
Deposits for future stock subscription	10	-	321,250
Conversion of warrants	10	-	39,990
Payments of:			
Short-term loans	9	(139,000)	-
Long-term loans	9	(67,080)	(81,986)
Interest	9	(8,100)	(17,396)
Lease liability	11	-	(14,848)
Net cash provided by financing activities		1,784,740	928,515
Net (decrease) increase in cash		(94,593)	89,097
Cash at beginning of year		102,584	13,487
Cash at end of year	2	7,991	102,584

(The notes on pages 1 to 52 are integral part of these financial statements)

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

Notes to the Parent Company Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at and for the year ended December 31, 2021)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Business 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 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 Parent 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 Parent Company's registered office address is Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

1.2 Status of operations

Impact of COVID-19

In March 2020, in a move to contain the COVID-19 outbreak, the Office of the President of the Philippines issued Proclamation No. 929, declared a State of Calamity throughout the Philippines and mandated various quarantine restrictions (Enhanced Community Quarantine or ECQ) on commercial activities and material limitations on the conduct of business to contain the spread of the virus. This resulted to the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location. In line with this declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine.

On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine. On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ).

Due to the resurgence of COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted under ECQ starting March 29, 2021 and as a result, gaming sites within Metro Manila and nearby provinces suspended operations. In April 2021, alert level was downgraded to Modified Enhanced Community Quarantine (MECQ) and in the mid of May, was further downgraded to GCQ and sites are allowed to reopen.

To prevent the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 15 to September 15, 2021. During this time, gaming sites were closed to the public.

On September 16, 2021, the government amended its quarantine classification system for Metro Manila to allow for granular lockdowns. The new system employs an “Alert Level” approach, where major classifications include only ECQ (Alert Level 5) and GCQ (Alert Level 4 to 1). Under GCQ, each classification level from Alert Level 4 corresponds to less strict limitations on mobility with Alert Level 1 being the most relaxed. Metro Manila was then placed under GCQ Alert Level 4 and the gaming sites reopened at limited capacity.

On October 6, 2021, the Philippine government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2. As the government eased the quarantine restrictions, the Parent Company continued to maintain health and safety protocol mandates in its sites and acts with caution to satisfy customer requirements under the “new normal” arrangements.

Accordingly, the accompanying parent company financial statements have been prepared on a going concern basis.

1.3 Approval of parent company financial statements

The accompanying parent company financial statements as at and for the year ended December 31, 2022 have been approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2023.

Note 2 - Cash

Cash as at December 31 consist of:

	2022	2021
Cash in banks	7,791	101,794
Cash fund	200	790
	7,991	102,584

Cash in banks earns interest at the respective bank deposit rates.

Interest income recognized in profit or loss for the year ended December 31, 2022 amounted to P61 (2021 - P1,108).

Note 3 - Dividends and other receivables

Dividends and other receivables as at December 31 consist of:

	Note	2022	2021
Dividends receivables	12	1,551,250	1,551,250
Advances to:			
Stockholder		31,231	31,231
Third parties		3,009	3,009
Others		14,682	12,105
		1,600,172	1,597,595
Less:			
Allowance for ECL on advances to third parties		(3,009)	(3,009)
Allowance for ECL on other receivables		(11,706)	(913)
		(14,715)	(3,922)
		1,585,457	1,593,673

Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Advances to third parties consist mainly of advance payments for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Other receivables represent cash advances made to third party companies which are engaged in similar gaming and amusement activities as the Parent Company. These advances are noninterest-bearing, unsecured and collectible on demand.

The movements in allowance for ECL for the period ended December 31 are as follows:

	Advances to third parties	Other receivables	Total
As at December 31, 2021 and 2020	3,009	913	3,922
Provision for impairment	-	10,793	10,793
As at December 31, 2022	3,009	11,706	14,715

In 2022, the Parent Company recognized provision for impairment of receivables amounting to P10,793 (2021 - nil).

The Parent Company's exposure to credit risk relating to receivables is disclosed in Note 15.

Note 4 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2022	2021
Input value-added tax (VAT), net	10,732	4,397
Prepaid taxes and licenses	6,912	-
Prepaid rent	6,397	-
Advances to officers and employees	4,091	476
Advances to suppliers	887	-
Prepaid insurance	754	81
Other prepayments	1,235	1,233
	31,008	6,187

Prepayments pertain to prepaid rent, prepaid insurance and taxes paid in advance.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to suppliers pertains to advances for manpower services.

Note 5 - Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 are as follows:

	Office furniture, fixtures and equipment	Transportation equipment	Leasehold improvements	Computer software	Right-of-use asset (Note 11)	Total
As at January 1, 2021						
Cost	47,236	6,693	40,275	72,442	67,555	234,201
Accumulated depreciation and amortization	(43,378)	(4,568)	(40,275)	(71,706)	(33,603)	(193,530)
Net carrying values	3,858	2,125	-	736	33,952	40,671
Year ended December 31, 2021						
Opening net book values	3,858	2,125	-	736	33,952	40,671
Depreciation and amortization	(2,431)	(1,054)	-	(581)	(14,253)	(18,319)
Lease modification						
Cost	-	-	-	-	(8,476)	(8,476)
Accumulated amortization	-	-	-	-	3,030	3,030
Closing net carrying values	1,427	1,071	-	155	14,253	16,906
As at December 31, 2021						
Cost	47,236	6,693	40,275	72,442	59,079	225,725
Accumulated depreciation and amortization	(45,809)	(5,622)	(40,275)	(72,287)	(44,826)	(208,819)
Net carrying values	1,427	1,071	-	155	14,253	16,906
Year ended December 31, 2022						
Opening net book values	1,427	1,071	-	155	14,253	16,906
Additions	304	5,210	-	-	-	5,514
Depreciation and amortization	(1,211)	(1,291)	-	(110)	-	(2,612)
Lease termination						
Cost	-	-	-	-	(59,079)	(59,079)
Accumulated amortization	-	-	-	-	44,826	44,826
Closing net carrying values	520	4,990	-	45	-	5,555
As at December 31, 2022						
Cost	47,540	11,903	40,275	72,442	-	172,160
Accumulated depreciation and amortization	(47,020)	(6,913)	(40,275)	(72,397)	-	(166,605)
Net carrying values	520	4,990	-	45	-	5,555

Note 6 – Investments, advances and financial assets at FVOCI

Investment and advances

Investments and advances and financial assets at FVOCI as at December 31 consist of:

	Percentage of ownership	2022	Percentage of ownership	2021
Investments				
Subsidiaries:				
AB Leisure Global, Inc. (ABLGI)	100%	1,550,000	100%	1,550,000
AB Leisure Exponent, Inc. (ABLE)	100%	750,000	100%	750,000
Total Gamezone Xtreme Incorporated (TGXI)	100%	652,000	100%	652,000
LR Land Developers, Inc. (LRLDI)	100%	225,000	100%	225,000
First Cagayan Leisure & Resort Corporation (FCLRC)	69.68%	161,375	69.68%	161,375
Prime Investment Korea Inc., (PIKI)	100%	1,000	100%	1,000
LR Data Center and Solutions Inc. (LRDCSI)	80%	20,000	80%	20,000
Blue Chip Gaming & Leisure Corporation (BCGLC)	100%	19,628	100%	19,628
Bingo Bonanza (HK) Limited (BBL)	60%	35	60%	35
		3,379,038		3,379,038
Associates:				
Binondo Leisure Resources, Inc. (BLRI):				
Common shares	30%	1,200	30%	1,200
Preferred shares		20,000		20,000
		21,200		21,200
Joint venture -				
HEPI				
Cost	51%	750,938	51%	750,938
Accumulated share in net income:				
Balance at beginning of year		291,973		346,675
Share in net income (loss)		479,392		(54,702)
Balance at end of year		771,365		291,973
		1,522,303		1,042,911
Advances				
HEPI		703,651		372,218
Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure)		26,136		26,136
Pacific Visionary Int'l Marketing Corp. (Pacific)		94,140		94,140
Others		115,000		115,000
		938,927		607,494
Allowance for impairment losses on investments In BBL, BLRI, Eco Leisure, Pacific and Others		(256,511)		(256,511)
		5,604,957		4,794,132

a. Investments

Investment in Subsidiaries

ABLGI

ABLGI was registered with the SEC on October 20, 2009. ABLGI was incorporated in the Philippines and 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.

ABLE

ABLE was registered with the SEC on March 31, 1995. ABLE was incorporated in the Philippines and 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.

TGXI

TGXI was registered with the SEC on June 27, 2014. TGXI was incorporated in the Philippines, with the primary purpose to engage in general amusement, gaming operations and recreation enterprises. Pursuant to Presidential Decree 1869, as amended, Philippine Amusement and Gaming Corporation (PAGCOR) granted the Company the privilege to establish, install, maintain, and operate a PAGCOR eGames Station (PeGS). PeGS is a gaming facility that offers virtual casino games.

On November 12, 2020, the Company subscribed to additional 320,000 common shares of TGXI for a total consideration of P32,000.

TGXI operates PeGS in several locations across the country. Its operations were suspended on March 10, 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 MGCO and GCQ, respectively. This continued in 2021. In the fourth quarter of 2021, the operations expanded due to ease in quarantine protocols.

LRLDI

On December 10, 2007, the Company incorporated LRLDI as its wholly-owned subsidiary. LRLDI was incorporated in the Philippines and is engaged in realty development and tourism.

There have been no significant changes in the operations of LRLDI as a direct effect of the COVID-19 pandemic.

FCLRC

FCLRC was incorporated on April 26, 2000 and is a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. FCLRC was incorporated in the Philippines. 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, FCLRC was 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.

In 2019, the Company entered into Deed of Assignments and Contract to Sell with the minority shareholders of FCLRC to purchase for and in consideration amounting to P100,000.
However, the transfer of ownership of the respective shares were not completed until 2020, thus, did not result in change in the percentage of ownership of the Company with FCLRC.

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.

PIKI

PIKI was incorporated in the Philippines and its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property.

PIKI was licensed by PAGCOR to operate a junket within PAGCOR‘s Casino Filipino-Midas. Junker operations have been suspended at the start of the ECQ. As at May 30, 2021, PIKI‘s operations has yet to resume upon lifting of suspension on lace-to-face mass gatherings. In November 2021, PIKI surrendered its license to PAGCOR.

LRDCSI

LRDCSI was incorporated in the Philippines. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSl'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. LRWC owns 80% of the outstanding Share capital of LRDCSI.

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. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

BCGLC

BCGLC was incorporated in the Philippines and its primary purpose is to provide investment, management counsel and to act as agent or representative for business enterprise engaged in gaming and recreation or leisure business. BCGLC started commercial operations in October 2009.

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. Its operations resumed on June 16, 2020.

BBL

BBL‘s 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. BBL started commercial operations in March 2012. It is currently non-operational and in the process of liquidation. The Company provided in full impairment loss on the investment in BBL amounting to P35,398.

Investment in Associates

BLRI

BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003. BLRI has operating lease agreement as a lessor with Chinatown Lai Lai Hotel, Inc.

The Parent Company recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to P20,731 as at December 31, 2022 (2021 – P23,424). Unrecognized share in net income amounted to P3,216 and P6,875 in 2022 and 2021, respectively.

As at December 31, 2022 and 2021, investment in BLRI amounting to P21,200 has been fully impaired.

The summarized financial information of BLRI follows:

	2022	2021
Current assets	9,141	36,644
Noncurrent assets	777	777
Current liabilities	(120,029)	(156,569)
Noncurrent liabilities	(5,658)	(5,598)
Total net liabilities	(115,769)	(124,746)
Investment in preferred shares	20,000	20,000
Equity attributable to common shares	(135,769)	(144,746)
Parent Company's share in net assets	(40,731)	(43,424)
Accumulated recognized share in net losses as at end of year for preferred shares	20,000	20,000
Accumulated unrecognized share in net losses as at end of year	20,731	23,424
Carrying amount of interest in an associate	-	-
Revenues	26,978	39,223
Net income/total comprehensive income	10,721	22,916
Company's unrecognized share of total Comprehensive income	3,216	6,875

Investment in Hotel Enterprises of the Philippines, Inc. (HEPI)

HEPI is a 51%-owned joint venture between DigiPlus and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from DigiPlus and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of DigiPlus and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

HEPI's principal place of business is at 2702 Roxas Boulevard, Pasay City.

In view of the continuing community quarantines and restricted travel, HEPI is continuously affected by the lower number of guests and reduced room rates which significantly impacted the Parent Company's share in net losses of HEPI. The Parent Company determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized.

Set out below is the summarized financial information of HEPI as at December 31, which, at the opinion of the management is material to the Parent Company.

Summarized statements of financial position

	2022	2021
Current assets	845,073	824,326
Includes:		
- Cash	29,600	25,023
Noncurrent assets	4,242,230	3,945,358
Current liabilities	(1,259,938)	(1,064,731)
Includes:		
- Financial liabilities	(1,250,245)	(189,078)
Noncurrent liabilities	(842,458)	(935,584)
Includes:		
- Financial liabilities	-	(136,167)
Net assets	2,984,907	2,769,369

Summarized statements of total comprehensive income

	2022	2021
Revenues	239,235	123,198
Depreciation and amortization	(115,515)	(147,644)
Interest expense	(9,462)	(34,683)
Interest income	12	14
Income tax benefit	13,566	9,406
Loss for the year	(94,230)	(135,676)
Other comprehensive income for the year	309,768	-
Total comprehensive income for the year	215,537	(135,676)

Reconciliation of summarized financial information

	2022	2021
Net assets		
At January 1	2,769,369	2,905,045
Loss for the year	(94,230)	(135,676)
Other comprehensive income	309,768	-
At December 31	2,984,907	2,769,369
At January 1	1,042,911	1,097,613
Share in net loss for the year	(48,057)	(54,702)
Share in other comprehensive income for the year	527,449	-
Investment in joint venture	1,522,303	1,042,911

The Parent Company's share in net loss of the joint venture for the year ended December 31, 2020 amounts to P102,440. There were no dividends received for the years ended December 31, 2022, 2021 and 2020.

In 2022, the Parent Company changed its accounting policy for the subsequent measurement of the land presented as part of property and equipment in the statements of financial position from historical cost to fair value. As a result, in 2022, the Group started to recognize it's share in other comprehensive income resulting from the changes in fair value of the land presented in HEPI's financial statements as part of property and equipment.

b. Advances

Advances to HEPI

These are cash advances provided in relation to the joint venture agreement between HEPI and LRWC. The advances are unsecured and noninterest-bearing.

Advances to Eco Leisure

The advances are in relation to the joint venture agreement between Eco Leisure and LRWC. The advances are unsecured noninterest-bearing.

The advances to Eco Leisure was fully provided with valuation allowance amounting to P26,136 as at December 31, 2022 and 2021.

Advances to Pacific

These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which was initially due on or before December 31, 2019. The parties subsequently agreed to extend loan repayment for an additional period of one (1) year from December 31, 2019 or until December 31, 2020.

The advances to Pacific was fully provided with valuation allowance amounting to P94,140 as at December 31, 2022 and 2021.

Advances to others

The Parent Company made several cash advances to third party for future projects amounting to P100,000 and P15,000 in 2019 and 2018, respectively. The advances are unsecured, noninterest-bearing and due upon demand but not expected to be settled within one year.

The advances to others was fully provided with an allowance for ECL amounting to P115,000 as at December 31, 2022 and 2021.

Financial assets at FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of P7,436,620.

On August 13, 2015, the Company's advances to DFNN of P86,000 have been converted into 18,105,263 common shares at DFNN while the accumulated interest earned of P12,691, from date of Conversion Notice to the date of conversion, have been converted into 2,671,783 common shares of DFNN on October 30, 2015. The fair value of 18,105,263 and 2,671,783 common shares as at the date of conversion were P5.15 and P6.04 per share, respectively.

The conversion resulted to a 8.76% equity ownership of LRWC over DFNN. As the management does not intend to hold the investment the trading, the total converted amount of 78,513 as at December 31, 2022 (2021 - P53,582)P98.691 has been classified as financial assets at FVOCI.

As at December 31, the carrying value of FVOCI are as follows:

	2022	2021
Balance at beginning of year	53,582	112,631
Unrealized gain (loss) during the year	24,932	(59,049)
Balance at end of year	78,514	53,582

The market prices of DFNN common shares as at December 31, 2022 is P3.59 (2021 - P2.45).

Note 7 - Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2022	2021
Input valued-added tax (VAT)		26,836	26,836
Rent deposits	11	10,828	6,832
Premium on group pension plan		6,619	6,619
CWT, net		121	121
Others		5,062	5,063
		49,466	45,471

Note 8 - Trade payables and other current liabilities

Trade payables and other current liabilities as at December 31 are as follows:

	2022	2021
Payable to:		
Suppliers	81,055	98,130
Government agencies	2,830	1,967
Accrued expenses:		
Salaries, wages and employee benefits	6,707	6,149
	90,592	106,246

Payable to suppliers pertains to various suppliers such as contracted services, utilities, and other miscellaneous expenses. These are unsecured and to be settled within one year.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Accrued expenses consist of accrual for employee benefits and contracted services.

Note 9 - Loans payable

a. Credit line facilities with AUB

In May 2015, the Parent Company entered into various credit line facilities with AUB which are intended for general working capital requirements and financing future expansions. The line amounted to P350,000 which can be availed in multiple releases.

Terms and conditions are as follows:

	December 31, 2021		
	Interest rate	Maturity date	Carrying amount
Short Term			
AUB	5.75%	November 2021 - February 2022	139,000

b. Loans payable with Asia United Bank (AUB)

Terms and conditions are as follows:

	December 31, 2021		
	Interest rate	Maturity date	Carrying amount
Long term			
AUB	6.58%	February 2019 - November 2022	67,080

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 Parent Company is required to comply with affirmative financial ratios such as debt-to-equity and debt service coverage ratio.

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

Total interest expense recognized in the Parent Company statements of total comprehensive income amounted to P8,100 and P17,396 in 2022 and 2021, respectively.

Note 10 - Equity

The composition of the Company's share capital as at December 31 is as follows:

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	2,500,000	2,500,000,000
Balance at beginning of year	2,444,107	2,444,106,666	2,417,500	2,417,500,000
Issued during the year	-	-	26,607	26,606,666
Conversion of preferred shares to common shares	1,650,000	1,650,000,000	-	-
Balance at end of year	4,094,107	4,094,106,666	2,444,107	2,444,106,666
Authorized:				
Preferred shares - P1 par value	-	-	2,500,000	2,500,000,000
Balance at beginning of year	1,650,000	1,650,000,000	1,650,000	1,650,000,000
Conversion of preferred shares to common shares	(1,650,000)	(1,650,000,000)	-	-
Balance at end of year	-	-	1,650,000	1,650,000,000

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 billion 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. As of April 14, 2023, the Parent Company is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

As of December 31, 2022 and 2021, the Parent Company has 1,821 common stockholders.

Warrants

On June 10, 2013, the BOD of the Parent Company approved the listing of 1,650,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.
On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

In September 2021, 26,606,666 warrants were exercised and converted into shares for an exercise price of P1.503 per share, which is the weighted average trading price for three (3) months prior to the exercise date with a 10% discount. Consequently, common shares with par value aggregating to P26,607 were issued for the exercised warrants resulting in additional paid-in capital of P13,383.

The remaining 55,893,334 warrants which were not exercised in September 2021 are deemed expired and are no longer exercisable.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000 preferred shares at P1.00 per share. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the parent company statements of changes in equity.

Declaration of cash dividends

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2022 and 2021.

No unpaid dividends as at December 31, 2022 and 2021.

Treasury Shares

Details of treasury shares are as follows:

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	2,500,000	2,500,000,000
Balance at beginning of year	1,650,000	1,650,000,000	1,650,000	1,650,000,000
Issuance of shares	(1,272,353)	(1,272,353,512)	-	-
Balance at end of year	377,647	377,646,488	1,650,000	1,650,000,000

Deposits for future stock subscriptions

On November 25, 2021, The Parent Company and Catchy Solutions Ltd. entered into an agreement for the subscription to 225,000,000 common shares of stock of the Parent Company in the amount of P371.3 million, of which P321.3 million subscription payments have been received as at December 31, 2021. Pending submission of the application for the increase in authorized capital stock with the SEC as at December 31, 2021, such subscription payments were presented as “Deposits for future stock subscriptions” in the 2021 Parent Company statement of financial position.

On August 8, 2022, upon receipt of all subscription payments, the Parent Company issued all subscribed shares to subscribers. This resulted in the reclassification of “Deposits for future stock subscription” to “Capital stock” and “Additional paid-in capital” (Note 1).

Basic/Diluted loss per share

	2022	2021
Net loss	(319,095)	(269,877)
Dividends on preferred shares	-	-
Effect of preferred shares held by ABLE	-	-
Income (loss) attributable to ordinary stockholders of the Parent Company (a)	(319,095)	(269,877)
Adjusted weighted average number of shares outstanding (b)	2,953,047,671	2,426,368,889
Basic/diluted earnings per share (a/b)	(0.11)	(0.11)

Note 11 - Lease agreements

Parent Company as a lessee

The Parent Company has a lease contract related to its office space at 26th floor of West Tower, the Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City along with 28 parking lots. The lease is for a period of three (3) years commencing on January 15, 2017 until January 14, 2020. The Parent Company renewed the contract for a period of three (3) years from January 15, 2020 to January 14, 2023 based on mutual agreement by both parties.

Effective January 14, 2021, the Company pre-terminated the rent of two (2) office units, with a total area of 422 square meters.

Effective January 14, 2022, the Company pre-terminated the rent of ten (10) office units, with a total area of 1,439 square meters, 28 parking slots, and two (2) storage units.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the statements of financial position of the Parent Company as at December 31, 2022 amounted to P10,828 (2021 - P6,832)

The following are recognized in the Parent Company statement of total comprehensive income for the years ended December 31:

	Note	2022	2021
Expenses relating to short-term leases		5,459	3,386
Gain on pre-termination of lease		(1,122)	-
Depreciation expense of right-of-use asset	5	-	14,253
Interest expense on lease liability		-	507
Gain on lease modification		-	(261)
		4,337	17,855

The movements of lease liabilities for the years ended December 31 is as follows:

	2022	2021
Balance at beginning of year	15,375	35,413
Early termination of lease	(15,375)	-
Lease modification	-	(5,707)
Interest expense	-	507
Payments	-	(14,838)
Balance at end of year	-	15,375
Current portion of lease liability	-	15,375
Lease liability, net of current portion	-	-

The Parent Company has no lease contracts that contain variable payments.

Maturity analysis of the undiscounted lease payments are as follows:

	2022	2021
1 year	-	15,581
More than 1 year to 2 years	-	-
	-	15,581

Note 12 - Related party disclosures

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

There are no collaterals held or guarantees issued with respect to related party transactions and balances. The Parent Company does not have a material related party transaction policy and thresholds for the amount and extent of related party transactions.

Other than those disclosed in Notes 3 and 8, the Parent Company's significant transactions and balances with related parties are as follows:

					Outstanding balance			
Categories	Nature of transaction	Year	Note	Amount of transactions for the year	Due from related parties	Due to related parties	Terms	Conditions
Subsidiary								
FCLRC	Cash advances	2022	a, b	(21,575)	-	1,866,465	Demandable; non interest-bearing	Unsecured
		2021	a, b	(295,642)	-	1,844,890	Demandable; non interest-bearing	Unsecured
LRLDI	Cash advances	2022	a	5,445	-	581,180	Demandable; non interest-bearing	Unsecured
		2021	a	(77,124)	-	586,625	Demandable; non interest-bearing	Unsecured
ABLE	Retirement	2022	c	(2,134)	-	8,975	Demandable; non interest-bearing	Unsecured
		2021	c	(6,841)	-	6,841	Demandable; non interest-bearing	Unsecured
	Cash advances	2022	a	1,027,217	1,580,434	-	Demandable; non interest-bearing	Unsecured
		2021	a	252,430	553,217	-	Demandable; non interest-bearing	Unsecured
	Management income	2022	a	-	112,717	-	Demandable; non interest-bearing	Unsecured
		2021	a	-	112,717	-	Demandable; non Interest-bearing	Unsecured

Categories	Nature of transaction	Year	Note	Amount of transactions for the year	Outstanding balance: Due from related parties	Outstanding balance: Due to related parties	Terms	Conditions
BCGLC	Cash advances	2022	a, b	259,595	365,842	-	Demandable; non interest-bearing	Unsecured
		2021	a, b	100,561	106,247	-	Demandable; non interest-bearing	Unsecured no impairment
TGXI	Cash advances	2022	a	(510,448)	-	361,743	Demandable; non interest-bearing	Unsecured
		2021	a	78,249	148,705	-	Demandable; non interest-bearing	Unsecured no impairment
ABLGI	Cash advances	2022	a	106,433	1,821,468	-	Demandable; non interest-bearing	Unsecured
		2021	a	5,176	1,715,035	-	Demandable; non interest-bearing	Unsecured
	Management income	2022	a	-	63,093	-	Demandable; non interest-bearing	Unsecured
		2021	a	-	63,093	-	Demandable; non Interest-bearing	Unsecured
PIKI	Cash advances	2022	a	587	287,254	-	Demandable; non interest-bearing	Unsecured
		2021	a	4,661	286,667	-	Demandable; non interest-bearing	Unsecured no impairment
LRDCSI	Cash advances	2022	a	2,755	-	7,597	Demandable; non interest-bearing	Unsecured
		2021	a	(2,374)	-	10,532	Demandable; non interest-bearing	Unsecured
FCCDCI	Cash advances	2022		143,740	-	22,593	Demandable; non interest-bearing	Unsecured
		2021	a	42,436	-	166,133	Demandable; non interest-bearing	Unsecured
BLRI	Cash advances	2022	a	(444)	-	-		Unsecured
		2021	a	462	444	-		Unsecured
LR Foundation	Cash advances	2022	a	-	41	-	Demandable; non interest-bearing	Unsecured
		2021	a	41	41	-	Demandable; non interest-bearing	Unsecured
Total		2022		4,230,849	2,848,552			
		2021		2,986,166	2,615,041			

a. Cash advances to/from subsidiaries are intended for working capital requirements and to finance acquisitions and capital requirements. These are to be settled in cash.

b. Dividend receivable from subsidiaries amounted to P1,551,250 as at December 31, 2022 and 2021 (Note 3).

c. The Parent Company's employees are included in group wide retirement plan of the ABLE. The pertinent information about the plan and related information on the allocation of defined benefits cost and contribution in 2022 and 2021 are disclosed in ABLE's financial statements.

The details of key management compensation are as follows:

	2022	2021
Salaries and employee benefits	22,629	13,097
Directors' fees	6,547	3,490
	29,177	16,587

Note 13 - Income tax

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in a newspaper of general circulation on April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Parent Company has been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Parent Company in 2020 is 27.50%. This has no effect on the Parent Company's income tax and income tax payable since the Parent Company is in a tax loss position in 2020.
- This has no effect on the Parent Company's deferred tax assets and liabilities as at December 31, 2020 and provision for deferred tax for the year ended December 31, 2020 as the Parent Company's deferred tax assets are unrecognized.

The Parent Company has no provision for current income tax in 2022 and 2021 as the Parent Company is in a tax loss position.

The reconciliation of income tax expense is as follows:

	2022	2021
Loss before income tax	(319,096)	(269,877)
Income tax benefit using statutory tax rate 25% (2021 - 25%)	(79,774)	(67,469)
Additions to (reductions in) income taxes resulting from tax effects of:		
Change in unrecognized deferred tax assets	66,904	49,449
Share in loss of a joint venture	12,014	13,676
Nondeductible expense	871	4,621
Interest income subjected to final tax	(15)	(277)
	-	-

As at December 31, 2022, the Parent Company's unrecognized deferred tax assets pertain to the following items:

	2022	2021
NOLCO	494,774	833,958
Retirement liability*	(2,134)	(6,841)
Lease liability, net of right-of-use asset	-	1,122
Allowance for ECL	2,698	981
MCIT	-	22
Unamortized past service cost	-	-
	495,341	829,242

**Included as part of "Due from related parties" in the parent company statements of financial position.*

Deferred tax assets were not recognized since management believes it is not probable that future taxable profit will be available against which the Parent Company can utilize the benefits therefrom.

The Parent Company has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are. shown below:

Year incurred	Amount	Expired/ applied	Balance	Expiry date
2022	63,831	-	63,831	December 31, 2027
2021	197,799	-	197,799	December 31, 2026
2020	233,144	-	233,144	December 31, 2025
2019	403,015	(403,015)	-	December 31, 2022
	897,789	(403,015)	494,774	

The carryforward benefit of the excess of MCIT over regular corporate income tax in 2019 of P21,795 can be credited against income tax until December 31, 2022.

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried oyer and claimed as a deduction from gross income for the next the (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction limit the regular taxable income for the next 3 consecutive taxable years.

Note 14 - Critical accounting estimates and assumptions

Use of estimates and judgment

The preparation of the parent company financial statements in accordance with PFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the parent company financial statements. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates anti judgments are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the parent company financial statements is as follows:

14.1 Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments apart from those including estimations and assumptions, which has the most significant effect on the amounts recognized in the parent company financial statements.

Assessment of Going Concern.

The Parent Company is a holding company but its subsidiaries are engaged in gaming and tourism industry related businesses. In addition, the Parent Company has a joint venture in Hotel Enterprises of the Philippines, Inc. (HEPI) who is involved in the hotel and recreation industry. Due to the COVID-19 outbreak, gaming operations of PAGCOR licenses and hotels were temporarily suspended for the duration of the quarantine. As a result, the Parent Company has incurred total comprehensive income of P233,285 (2021 - loss P328,926) and negative operating cash flow of P292,607 (2021 - P151,748). The Parent Company has ongoing plans for suitable financing options (Note 1).

Management believes that considering the progress of the steps undertaken to date, the above financing plans are feasible and will generate sufficient cash flows to enable the Parent Company and its subsidiaries to meet its obligations when they fall due and address the Parent Company and its subsidiaries' liquidity requirements to support its operations. Accordingly, the accompanying parent company financial statements have been prepared on a going concern basis of accounting.

Determination and classification of a Joint Arrangement

The Parent Company determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Parent Company's investment in a joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Parent Company and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Parent Company has determined its involvement in the joint arrangement and determined that its investment is classified as a joint venture.

Although the Parent Company has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD and joint control over the joint venture.

Determination of Lease Term of Contracts with Renewal and Termination Options - Company as a Lessee

The Parent Company has a lease contract that include extension and termination options. The Parent Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Parent Company did not include any renewal and termination options in determining the lease term as these are not reasonably certain to be exercised.

14.2 Estimates

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

Estimating allowance for expected credit losses

a. *Definition of default and credit-impaired financial assets*

The Parent Company defines financial instrument as in default. which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- *Quantitative criteria.* The borrower is more than 90 days past due on its contractual payments. which is consistent with the Parent Company's definition of default.
- *Qualitative criteria.* The borrower meets unlikeliness to pay criteria. which indicates the borrower is in significant financial difficulty. These are instances where: a. the borrower is experiencing financial difficulty or is insolvent; h. the borrower is in breach of financial covenant(s); c. concessions have been granted by the Parent Company, for economic or contractual reasons relating to the borrower's financial difficulty; or d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Parent Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Parent Company's ECL calculation.

b. *Macro-economic Forecasts and Forward-looking Information*

Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events current conditions and forecasts of future economic conditions.

The Parent Company takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

As at December 31, 2022, the aggregate carrying amounts of dividends and other receivables and due from related parties amounted to P5,816,306 (2021 - P4,579,839).
As at December 31, 2022, the allowance for ECL amounted to P14,715 (2021 - 3,922) (Notes 3 and 12).

Estimating allowance for impairment losses on nonfinancial assets

The Parent Company assesses impairment on property and equipment and investments and advances when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Parent Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the Parent Company financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amount and any resulting impairment loss could have a material adverse impact on the results of operations.

As at December 31, 2022 and 2021, the following are the carrying amounts of nonfinancial assets:

	Notes	2022	2021
Property and equipment, net	5	5,555	16,906
Investments, net	6	4,666,030	4,186,638

a. *Investment in joint venture*

The Parent Company assess impairment of investment in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Parent Company consider important, which could trigger an impairment review include the following:

- a downgrade of a joint ventures credit rating or a decline in the fair value of the joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

The COVID-19 pandemic significantly affected HEPI's operations and substantially reduced the of guests and reduced room rates in its hotels, consequently impacting the Parent Company's share in net losses of HEPI. In 2022 and 2021, with the ease of quarantine restrictions, HEPI shown recovery in terms of reduced net losses.

The carrying value of the Parent Company's investment in HEPI amounted to P1,522,303 as at December 31, 2022 (2021 - P1,042,911) (Note 6).

Estimating realizability of deferred tax assets

Management uses judgment in reviewing the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2022 and 2021, the Parent Company did not recognize any deferred tax assets since management believes that no sufficient future taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

Leases - Estimating the incremental borrowing rate (IBR).

The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example. when leases are not in the subsidiary's functional currency). The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The IBR used by the Company to measure lease liabilities is 2.46% in 2021.

As at December 31, 2022, the Company's lease liabilities amounted to nil (2021 – P15,375) (Note 11).

Note 15 - Financial risk and capital management objectives and policies

15.1 Financial risk management objectives and policies

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

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

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

The main purpose of the Parent Company's dealings in financial instruments is to fund its operations and capital expenditures. The Parent Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

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

A Risk Oversight Committee is responsible for overseeing and managing risk that the Parent Company may encounter. They develop proper strategies and measures to avoid or at least minimize such risk incorporating the Parent Company's established risk management policies.

The Parent Company's risk management policies are established to identify and analyze the risks faced by the Parent Company, 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 Parent Company's activities. All risks faced by the Parent Company 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 Parent Company's operations and forecasted results. The Parent Company, 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 Parent Company's Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Parent Company's corporate governance process relating to the: a) quality and integrity of the parent company financial statements and financial reporting process and the Parent Company's systems of internal accounting and financial controls: b) performance of the internal auditors: c) annual independent audit of the parent company financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (1) compliance by the Parent Company with legal and regulatory requirements, including the Parent Company's disclosure control and procedures: e) evaluation of management's process to assess and manage the Parent Company is enterprise risk issues; and fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also prepare the reports required to be included in the Parent Company's annual report.

The Audit Committee of the Parent Company performs oversight role over financial reporting functions, specifically in the areas of managing credit, liquidity, market and other risks of the Parent Company. The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial reporting system of the Parent Company. 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 Parent Company to the BOD on a regular basis.

15.2 Credit risk

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

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

	2022	2021
Cash in banks	7,991	101,794
Dividends and other receivables	1,585,457	1,593,673
Due from related parties	4,230,849	2,986,166
Rent deposits*	10,828	6,832
Financial assets at FVOCI	78,513	53,582
	5,913,638	4,742,047

**Included as part of "Other noncurrent assets" in the parent company statements of financial position.*

Cash in banks

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

Dividends and other receivables

Majority of the Parent Company'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 Parent Company'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 credit worthiness before standard credit terms and conditions are granted. The Parent Company'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 Parent Company's customers have been transacting with the Parent Company 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 Parent Company 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.

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.

Financial assets at FVOCI

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

Due from related parties

The Parent Company 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.

Aging analysis

Set out below is the aging of financial assets as at December 31, 2022 and 2021:

	2022					
	Days past due					
	Current	30 days	60 days	More than 90 days	ECL	Total
Cash in banks	7,991	-	-	-	-	7,991
Receivables, net	-	-	-	1,603,181	(14,715)	1,585,457
Due from related parties	4,230,849	-	-	-	-	4,230,849
Rent deposits*	10,828	-	-	-	-	10,828
Advances	235,276	-	-	-	-	235,276
Financial assets at FVOCI	78,513	-	-	-	-	78,513
	4,563,457	-	-	1,603,181	(14,715)	6,148,914

**Included as part of "Other noncurrent assets" in the parent company statements of financial position.*

	2021					
		Days past due				
	Current	30 days	60 days	More than 90 days	ECL	Total
Cash in banks	101,794	-	-	-	-	101,794
Receivables, net	-	-	-	1,597,595	(3,922)	1,593,673
Due from related parties	2,986,166	-	-	-	-	2,986,166
Rent deposits*	6,832	-	-	-	-	6,832
Advances	235,276	-	-	-	-	235,276
Financial assets at FVOCI	53,582	-	-	-	-	53,582
	3,383,650	-	-	1,597,595	(3,922)	4,977,323

Credit risk under general and simplified approach

	2022				
	General approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash in banks	7,991	-	-	-	7,991
Receivables	1,585,457	-	-	-	1,585,457
Due from related parties	4,230,849	-	-	-	4,230,849
Rent deposits	10,828	-	-	-	10,828
Advances	235,276				235,276
Financial assets at FVOCI	78,513	-	-	-	78,513
	6,148,914	-	-	-	6,148,914

	2021				
	General approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash in banks	101,794	-	-	-	101,794
Receivables	1,593,673	-	-	-	1,593,673
Due from related parties	2,986,166	-	-	-	2,986,166
Rent deposits	6,832	-	-	-	6,832
Advances	235,276	-	-	-	235,276
Financial assets at FVOCI	53,582	-	-	-	53,582
	4,977,323	-	-	-	4,977,323

15.3 Liquidity risk

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

The Parent Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Parent Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

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

2022				
	3 to 12 months	More than 1 year to 5 years	More than 5 years	Total
Financial assets:				
Cash in banks	7,991	-	-	7,991
Receivables	1,585,457	-	-	1,585,457
Due from related parties	4,230,849	-	-	4,230,849
Rent deposits	10,828	-	-	10,828
Advances	235,276	-	-	235,276
Financial assets at FVOCI	78,513	-	-	78,513
	6,148,914	-	-	6,148,914
Financial liabilities:				
Trade payables and other current liabilities*	87,762	-	-	87,762
Due to related parties	2,848,552	-	-	2,848,552
	2,936,314	-	-	2,936,314
Net financial assets	3,212,600	-	-	3,212,600

2021				
	3 to 12 months	More than 1 year to 5 years	More than 5 years	Total
Financial assets:				
Cash in banks	101,794	-	-	101,794
Receivables	2,986,166	-	-	2,986,166
Due form related parties	4,742,047	-	-	4,742,047
Rent deposits	6,832	-	-	6,832
Advances	235,276	-	-	235,276
Financial assets at FVOCI	53,582	-	-	53,582
	8,125,697	-	-	8,125,697
Financial liabilities:				
Accrued expenses and other payables*	104,279	-	-	104,279
Short-term loans payable	141,000	-	-	141,000
Long-term loans payable**	70,080	-	-	70,080
Lease liability	15,581	18,966	-	15,581
Due to related parties	2,615,041	-	-	2,615,041
	2,945,981	18,966	-	2,945,981
Net financial assets	5,179,716			5,179,716

Trade and other payables exclude payable to government agencies as at December 31, 2022 amounting to P2,830 (2021 – P1,967). Long-term loans payable as at December 31, 2021 include interest payments and excluding debt issue cost.

15.4 Market risk

Market risk is the risk that changes in market prices that will affect the Parent Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters. while optimizing the returns.

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 Parent Company is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the parent company statement of financial position as financial asset at FVOCI as at December 31, 2022 (Note 6).

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/rent deposits/dividend and other payables/short-term loans payable/due to related parties

The carrying amount cash approximates its fair value since it cart be readily withdrawn and used for operations. The carrying amounts of receivables, due from related parties, dividend and other payables, short-term loans payable and due to related parties approximate their fair values due to liquidity, short maturity and nature of these financial instruments. The carrying amount of rent deposit approximates its fair value as the effect of discounting using the prevailing market rate is not significant.

Long-term loans payable

The carrying amount of the long-term loans represents it market value since its interest rate is at market rate.

Financial asset at FVOCI

The fair value of the financial asset at FVOCI is based on the quoted market price of the investment in equity as at December 31, 2022 and 2021. The fair value is under Level I of the fair value hierarchy.

15.5 Capital management

The Parent Company'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 Parent Company 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 Parent Company defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD has overall responsibility for monitoring of capital in proportion to risk. 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 Parent Company defines capital as equity, which includes share capital, additional paid-in capital, deficit and fair value reserve equity amounting to P8,654,653 (2021 - P6,334,709). There were no changes in the Parent Company's approach to capital management as at December 31, 2022 and 2021.

The Parent Company is not subject to externally-imposed capital requirements.

Changes in liabilities arising from financing activities

	January 1, 2022	Cash flows	Others	December 31, 2022
Due to related parties	2,615,041	233,511	-	2,848,552
Accrued interest payable	-	(8,100)	8,100	-
Total liabilities from financing activities	2,615,041	225,411	8,100	2,848,552

	January 1, 2021	Cash flows	Others	December 31, 2021
Due to related parties	1,933,546	681,495	-	4,340,456
Long-term loans payable	149,066	(81,986)	-	67,080
Short-term loans payable	139,000	-	-	139,000
Lease liability	35,413	(14,838)	(5,200)	15,375
Accrued interest payable	-	(17,396)	17,396	-
Total liabilities from financing activities	2,257,025	567,275	12,196	2,836,496

"Others" include the acquisition of treasury shares, share in group wide retirement plan of ABLE, interest expense pertaining to lease liability and loans payable, effect of lease modification and the effect of accrued interest on long-term debts that were not yet paid as at December 31, 2022 and 2021. The Parent Company classifies interest paid as part of cash flows from financing activities.

Note 16 - Summary of significant accounting policies

16.1 Basis of preparation

The Parent Company's financial statements have been prepared on a historical cost convention basis, except for:

- Certain financial assets carried at FVOCI;

The Parent Company financial statements are presented in Philippine Peso, the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands (000), except when otherwise indicated.

Statement of compliance

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

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 14.

The Parent Company also prepares and issues consolidated financial statements in compliance with PFRSs. These are filed with and may be obtained from the Philippine SEC and PSE.

16.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Parent Company

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Parent Company.

- PFRS 3: Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendment does not have a material impact on the financial statements of the Parent Company.

- PAS 16: Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment does not have a material impact on the financial statements of the Parent Company.

- Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. On January 1, 2022, the the Parent Company applied these amendments to contracts for which it has not yet fulfilled all its obligations.

- Annual Amendments PFRS 2018-2020 Cycle – Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact to the Parent Company.

- Annual Amendments PFRS 2018-2020 Cycle - PFRS 9 Financial Instruments - Fees in 10% est for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. In January 1, 2022, the Parent Company applied the amendments to financial liabilities that are modified or exchanged. The amendments do not have a material impact to the Parent Company.

New standards, amendments or interpretations issued but not yet effective

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

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

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- the definition of right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

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

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to PAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

- PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Parent Company's financial statements.

16.3 Financial assets

Classification and presentation

The Parent Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
b) those to be measured at amortized cost.

The classification depends on the Parent Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Parent Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Parent Company shall reclassify financial assets when and only when its business model for managing those assets changes.

The Parent Company has cash, receivables, due from related parties and rent deposits (included in "Other noncurrent assets" account in the statement of financial position) classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Parent Company has no financial asset designated as financial asset at FVPL.

Recognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Measurement

At initial recognition, the Parent Company measures a financial asset at amortized cost, FVOCI and fair value through profit or loss (FVPL). In the case of a financial asset at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at amortized cost (debt instruments)

Subsequent measurement of debt instruments depends on the Parent Company's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income. The Parent Company's financial assets at amortized cost consist of cash and cash equivalents, trade receivables and due from related parties (Note 16).

Financial assets designated at FVOCI (equity instruments)

The Parent Company subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Parent Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends are recognized as other income in the statement of total comprehensive income when the right of payment has been established, except when the benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable., a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has
- assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through" arrangement; and
- Either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Parent Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

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

For cash in banks, receivables, due from related parties and rent deposits. the Parent Company applies a general approach in calculating ECLs. The Parent Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL. depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Parent Company considers a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Simplified approach

The Parent Company applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Parent Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

The Parent Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations in full, without recourse by the parent company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Parent Company is exposed to credit risk.

Credit-impaired financial assets

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

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

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

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

16.4 Financial liabilities

Classification and presentation

The Parent Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Parent Company has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Parent Company's financial liabilities include trade and other payables (excluding payables to government agencies for value-added tax, withholding and other taxes), short-term and long-term loans payable, trade payables and other current liabilities and due to related parties.
Initial recognition and subsequent measurement

The Parent Company recognizes a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Parent Company financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Loans payable measured net of directly attributable transaction costs.

Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the Group statement of total comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company's statement of total comprehensive income.

16.5 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity:
- exchange financial assets or financial liabilities with another entity under conditions that are
- potentially unfavorable to the parent company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Parent Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments: or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately. with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part. The amount separately determined as the fair value of the liability component on the date of issue.

16.6 Determination of fair value

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

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

The Parent Company's FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the parent company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

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

16.7 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the parent company or the counterparties.

16.8 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

16.9 Receivables

Trade receivables arising from services with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Note 16.2.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the parent company has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the parent company's after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers). Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the parent company's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

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

16.10 Prepaid expenses and other current assets

Prepayments are recognized in the statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Parent Company and carried over to the extent that it is probable that the benefit will flow to the Parent Company.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

16.11 Investments and advances

Subsidiary

The Parent Company controls an investee if and only if the Parent Company 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 Parent Company. They are deconsolidated from the date that control ceases.

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

Investment in a subsidiary is accounted for using the cost method in the financial statements. Under this method, investments are initially measured at cost which is the fair value of the consideration paid by the parent company (as investor) and includes transactions costs directly attributable to the acquisition. Subsequently, investment in a subsidiary is measured at cost and are not subsequently remeasured, less any impairment.

Income from an investment (i.e., dividend declared by subsidiaries) is recognized in the profit or loss only to the extent that the parent company (as investor) receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such accumulated profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company determines at each reporting date, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, whether there is objective evidence that the investment in subsidiary is impaired. If this is the case, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of a subsidiary and its carrying value and allowance is set up for any substantial or permanent decline in the carrying value of an investment in a subsidiary.

The investment in a subsidiary is derecognized upon disposal, loss of control, or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in the profit and loss statement.

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 Parent Company 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 Parent Company 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 Parent Company 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.

Investments in subsidiaries as at December 31, 2022 and 2021 are listed as follows:

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
LR Data Center and Solutions Inc. (LRDCSI)	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)	69.68	Philippines
Bingo Bonanza (HK) Limited (BBL)**	60	Hong Kong

***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.

Joint arrangements

Under PFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Parent Company does not have arrangements classified as joint operations.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Parent Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Parent Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Parent Company measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Where the Parent Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 6.

The Parent Company normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Parent Company and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Parent Company has positive intention of taking over these companies or having ownership interest in the future.

16.12 Property and equipment

Property and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers. A revaluation surplus is credited to other comprehensive income in the statement of shareholders' equity. Land is not depreciated.

It is the Parent Company's policy to classify right-of-use assets as part of property and equipment. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses. and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of-use assets are depreciated on a straight - line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation on other assets is computed on the straight-line method to allocate the cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Parent Company's historical information and experience on the use of such assets, as follows:

Asset	Number of years
Leasehold improvements	5 or term of the lease, whichever is shorter
Aircraft and transportation equipment	5-15
Gaming equipment	5
Office furniture, fixtures, and equipment	5
Network equipment	10
Condominium unit	25
Right-of-use asset	1-25

The Parent Company estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their accumulated depreciation are removed from the disposal accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

16.13 Lease rights

The Parent Company's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Parent Company. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

16.14 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, and equipment, lease rights, and investment properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

16.15 Trade payables and other current liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

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

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

16.16 Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Parent Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Loans payable are derecognized when the obligation is settled, paid or discharged.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

16.17 Deposit for future stock subscription

Deposits for future stock subscriptions represent cash receipts to be applied as payment for additional subscription of unissued shares or shares from an increase in authorized capital stock, outstanding subscriptions receivables, or additional paid-in capital, and are reported as a separate line item in the consolidated statement of financial position upon compliance with the requirements of the Philippine SEC.

The Parent Company classifies deposits for future stocks subscriptions under equity as a separate account from capital stock if, and only if, all of the following elements are present as of the end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of said proposed increase has been presented for filing or has been filed with the Philippine SEC.

If any of the foregoing elements are not present, the deposit is recognized as a liability.

16.18 Equity

Capital stock

Common and preferred shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Additional paid-in capital

Any amount received in excess of par value shares is credited to additional paid in capital which forms part of the non-distributable reserve of the Parent Company and can be used only for purposes specified under the Corporate Code.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to the additional paid in capital in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair value reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

Retained earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

16.19 Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

The diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Parent Company has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

16.20 Revenue recognition

Interest income

Interest income from cash in banks and receivables, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

Other income

Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15.

16.21 Cost and expense recognition

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized:

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

16.22 Leases

When the Parent Company enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Parent Comapny assesses whether the arrangement is, or contains, a lease. The Parent Company does not have such arrangements during and at the end of each reporting period.

16.22.1 The Parent Company is the lessee

The Parent Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- payments of penalties for terminating the lease, if the lease term reflects the termination.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Parent Company applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

16.22.2 The Parent Company as the Lessor

Leases in which the Parent Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of total comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

16.23 Employee benefits

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the Parent Company's statement of financial position.

Termination benefits

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

The Parent Company recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Parent Company recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

16.24 Income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized, or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Parent Company re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

16.25 Foreign currency

Functional and presentation currency

The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

Foreign currency translations

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

16.26 Related party transactions and relationships

(a) Related party relationship

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

16.27 Subsequent events (or events after the reporting period)

Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 17 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The Parent Company reported and/or paid the following types of taxes for the year ended December 31, 2022:

(a) Value-added tax

	Amount
Input VAT	
Beginning of the year	31,597
Domestic purchase of services	6,335
Domestic purchases of goods other than capital goods	-
	37,932

(b) Withholding taxes

Amount of withholding taxes paid and accrued for the year ended December 31, 2022 are as follows:

	Amount
Withhold tax on wages	14,088
Expanded withholding tax	4,803
	18,891

(c) Other taxes

Other taxes paid during the year recognized under "taxes and licenses" in profit or loss for the year ended December 31, 2022 follows:

	Amount
Documentary stamp tax	866
License and permit fees	835
Others	298
	1,999

(d) Tax cases and tax assessments

The Parent Company has no outstanding tax assessments with the BIR nor pending tax cases in any courts or bodies outside of the BIR as at December 31, 2022.

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

Reconciliation of Parent Company's Retained Earnings
Available for Dividend Declaration
As at December 31, 2022
All Amounts in thousand Pesos
(Part 1, 4C, Annex 68-C)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		(309,305)
Add:	Net income actually earned/realized during the period	
	Net loss during the year closed to Retained Earnings	(319,096)
Less:	**Non-actual/unrealized income net of tax**	
	Equity in net loss of associate/joint venture	48,057
	Unrealized foreign exchange gain - (after tax) except those attributable to cash and cash equivalents	-
	Unrealized actuarial gain	-
	Fair value adjustment (mark-to-market gain)	-
	Fair value adjustment of Investment Property resulting to gain	-
	Adjustment due to deviation from PFRS – gain	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Add:	**Non-actual losses**	
	Depreciation on revaluation increment (after tax)	-
	Adjustment due to deviation from PFRS -loss	-
	Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year		(271,039)
Add (less):		
	Dividend declarations during the year	-
	Appropriation of retained earnings during the year	-
	Reversals of appropriations	-
	Effects of prior period adjustments	-
	Treasury shares	-
Total Retained Earnings Available for Dividend Declaration, end		(580,344)

SEC eFast Initial Acceptance

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sat 4/15/2023 3:55 AM

Greetings!

SEC Registration No: 0000013174
Company Name: LEISURE & RESORTS WORLD CORP.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

DIGI PLUS INTERACTIVE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DigiPlus Interactive Corp. & Subsidiaries (*formerly Leisure & Resorts World Corporation & Subsidiaries*)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2022 and 2021, respectively, have audited the separate financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board

TSUI KIN MING
President

WILFREDO PIELAGO
Treasurer

SUBSCRIBED AND SWORN to before me this APR 14 2023
Affiant exhibited to me his/her ______

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C. /Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-54[illegible]97-000

DOC. NO.
PAGE NO.
BOOK NO.
SERIES OF

Signed this ______

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	1	7	4						

COMPANY NAME

DIGIPLUS INTERACTIVE CORP. AND SUBSIDIARIES (FORMERLY LEISURE & RESORTS WORLD CORP.)

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

ECOPRIME BUILDING, 32ND STREET CORNER NINTH AVENUE, BONIFACIO GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	**+632 8637-5291 to 93**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,821	**July 29**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Wilfredo Pielago	**wilfredo.pielago@digiplus.com.ph**	**+632 8637-5291 to 93**	**N/A**

CONTACT PERSON's ADDRESS

Ecoprime Building. 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City

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

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

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

Consolidated Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021 and for the years ended December 31, 2021 and 2020)

Independent Auditor's Report

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of total comprehensive income for the year ended December 31, 2022;
- the consolidated statement of changes in equity for the year ended December 31, 2022;
- the consolidated statement of cash flows for the year ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are revenue recognition and impairment of non-financial assets.

Key Audit Matters	**How our audit addressed the Key Audit Matters**
Revenue recognition Refer to Notes 15 and 28.26 to the consolidated financial statements. Ascertaining completeness of the Group's retail games segment particularly on traditional bingo and electronic games, both online and onsite, requires audit attention primarily due to its material contribution to the Group's total consolidated revenue and the significant volume of traditional bingo and electronic gaming transactions that are processed either manually or through automated systems.	We addressed the matter through the following procedures: • Obtained understanding of the Group's revenue recognition policies in accordance with PFRS 15, Revenue from Contracts with Customers, and the related business processes and information technology (IT) environment. • Evaluated the design and tested the operating effectiveness of the IT general controls over the relevant IT systems, as well as the related automated and manual controls surrounding revenue recognition. In particular, we tested controls over the capture and recording of the revenue transactions, cash reconciliations, onsite player withdrawals, and reconciliation of onsite and offline revenue.

Key Audit Matters	How our audit addressed the Key Audit Matters
These processes encompass, among others, controls from player registration, betting, recording of gross gaming receipts, and payouts. For the year ended December 31, 2022, total consolidated revenue from retail games amounted to Php 8.1 billion.	• We tested the reliability of key system-generated reports to ascertain mathematical accuracy and completeness of recorded revenue including tracing of sample transactions to supporting documents; and • We performed substantive audit procedures including test of reconciliation reports between systems used to transact and record revenue, as well as independent recalculation of gross gaming receipts.
Impairment of non-financial assets As at December 31, 2022, the Group's non-financial assets include investment properties, investment in a joint venture, and goodwill. Refer to Notes 6, 7, 10, 28.12, 28.14, and 28.17. Impairment review is performed when there are indicators of impairment, except for Goodwill that is required to be assessed for impairment on an annual basis in accordance with the requirements of PAS 36, Impairment of Assets. • The Group's investment properties consist of land, land improvements and building that is held for lease and capital appreciation with carrying amount as at December 31, 2022 aggregating to Php10.9 billion. This amount represents 52.24% of the Group's consolidated total assets as at December 31, 2022. The valuation of the investment properties requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price based on internal and external factors, growth rate and replacement cost.	We addressed the matter through the following procedures: *Investment Properties* • Obtained the appraisal reports for investment properties and assessed the independence and competence of the Securities and Exchange Commission (SEC) accredited appraiser engaged by the Group. Independence and objectivity of the accredited appraiser was also evaluated in consideration of their professional qualifications, experience and reporting responsibilities. • Performed understanding and evaluation of the accredited appraiser's work including but not limited to the completeness of data used, reasonableness of assumptions and calculation methods used. • For investment properties valued under the market approach, on a sampling basis, we compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located; • For investment properties valued using the income approach, the growth rates were compared against the historical rental rates of similar assets within the location; and • For investment properties valued using the cost approach, we compared the relevant information used in calculating the replacement cost against the historical land and building improvement costs and factored in inflation using the relevant industry/market data.

Key Audit Matters	**How our audit addressed the Key Audit Matters**
• The Group's investment in a joint venture pertains to Hotel Enterprises of the Philippines, Inc. (HEPI), with a carrying amount of Php1.5 billion. HEPI is a company registered and doing business in the Philippines, which has experienced business slowdown as a result of the quarantine and mobility restrictions for the past two (2) years. The investment balance is accounted under the equity method with share in losses amounting to Php48,057k in 2022. Correspondingly, impairment review entails the identification of factors that may indicate inability to restart business operations and any adverse impact to the fair value of HEPI's land, which accounts for 83.3% of its total assets.	*Investment in a joint venture* • We have obtained the financial information of HEPI and recalculated the Group's equity in net losses and share in the gain in other comprehensive income of the joint venture arising from the revaluation of its land property. • We also reviewed the Group's assessment on whether there are any impairment indicators, both internal and external factors, and likewise performed independent evaluation based on status of operations, highest and best use of land property and its current fair value as at reporting date. • The fair value of the land was measured using market approach. We compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located;

• The Group has goodwill with carrying amount of Php1.3 billion that represents 6.3% of the Group's total assets. An annual Goodwill impairment review is performed by management in relation to the retail and network and licenses segments which was assessed to be the lowest level of cash- generating unit (CGU). Management's Goodwill impairment review is significant to our audit primarily due to its complexity and requires significant management estimates, assumptions and judgement. The most significant assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rates and cost ratios.	*Goodwill*
	
	• Engaged our valuation experts to assist us in evaluating the assumptions and methodologies used in management's calculation.
	• Reviewed management's basis for identifying the CGU where goodwill is attributed to.
	• Performed evaluation and tested reasonableness of assumptions, estimates, and judgements used in the valuation model. This includes:
	  ○ inputs used in determining the Weighted Average Cost of Capital (WACC) with reference to comparable companies.
	  ○ revenue growth rates to historical data and terminal growth rates to externally derived data.
	  ○ cost ratios based on historical results.
	• Tested the accuracy of the discounted cash flow and the CGU's carrying amount calculation.
	• Performed sensitivity analysis on the assumptions used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, namely the SEC Form 17-A and Annual Report, that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the SEC Form 20-IS (Definitive Information Statement), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the SEC.

Other Matter

The consolidated financial statements of the Group as at December 31, 2021 and for the years ended December 31, 2021 and 2020 were audited by another auditor whose report dated May 30, 2022 expressed an unqualified opinion on those statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pocholo C. Domondon.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, the Parent Company has 1,689 shareholders owning one hundred (100) or more shares as at December 31, 2022.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023. The supplementary information shown in *the Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates*, and Schedules A, B, C, D, E, F, and G, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
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BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, and have issued our report thereon dated April 14, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary *Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

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

Consolidated Statement of Financial Position

As at December 31, 2022
(With comparative figures as at December 31, 2021 and 2020)
(All amounts in thousand Philippine Peso)

	Notes	2022	2021
ASSETS			
Current asset			
Cash and cash equivalents	2	1,356,481	416,524
Receivables, net	3, 8	1,086,372	924,490
Current portion of lease receivables	18	64,618	2,353
Due from related parties	21	157,156	157,156
Prepaid expenses and other current assets	4	437,992	112,899
Total current assets		3,102,619	1,613,422
Non-current assets			
Receivables , net of current portion	8	425,308	452,053
Lease receivables, net of current portion	18	142,924	15,878
Investments and advances, net	7	2,773,385	2,227,375
Financial assets at fair value through other comprehensive income (FVOCI)	9	78,513	53,582
Property and equipment, net	5	1,076,596	1,191,770
Investment properties	6	10,942,553	10,644,781
Goodwill	10	1,329,092	1,329,092
Other noncurrent assets	11	1,077,315	1,066,777
Total noncurrent assets		17,845,686	16,981,308
Total assets		20,948,305	18,594,730
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities	12	2,454,359	1,633,896
Short-term loans payable	13	116,739	1,057,607
Current portion of:			
Long-term loans payable	13	3,160,901	622,532
Lease liabilities	18	260,511	214,983
Income tax payable		343	3,116
Total current liabilities		5,992,853	3,532,134
Non-current liabilities			
Long-term loans payable, net of current portion	13	-	2,785,504
Lease liabilities, net of current portion	18	369,952	436,929
Deposits for future stock subscriptions	14	-	321,250
Retirement benefits liability	19	53,077	132,269
Customer deposits, net of current portion	12	81,516	88,473
Deferred tax liabilities	22	1,444,183	1,613,602
Total noncurrent liabilities		1,948,728	5,378,027
Total liabilities		7,941,581	8,910,161
Equity			
Capital stock	14	4,094,107	4,094,107
Additional paid-in capital	14	5,090,997	4,276,691
Treasury shares	14	(431,598)	(1,703,951)
Retirement benefits reserve	19	20,502	24,244
Fair value reserve	7	499,835	(52,546)
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		(19,488)	(19,488)
Retained earnings		3,327,014	2,726,309
Equity attributable to equity holders of the Parent Company		12,579,269	9,343,266
Non-controlling interests		427,455	341,303
Total equity		13,006,724	9,684,569
Total liabilities and equity		20,948,305	18,594,730

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Total Comprehensive Income

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in thousands Philippine Peso)

	Notes	2022	2021	2020
Revenues				
Retail games	15	8,126,122	1,887,500	2,262,183
Rental income	18	385,225	260,673	267,176
Service and hosting fees	16	351,793	544,381	800,450
Commission income		37,558	108,472	141,959
Revenue from sub-lease	18	4,892	4,944	-
Income from junket operations		-	-	111,552
		8,905,590	2,805,970	3,583,320
Cost and operating expenses	17	(8,274,291)	(3,238,501)	(4,213,296)
Operating profit (loss)		631,299	(432,531)	(629,976)
Other expenses and losses, net				
Finance expense	20	(376,705)	(247,730)	(312,808)
Unrealized gains on changes in fair values of investment properties, net	6	297,772	15,741	282,315
Finance income	20	264,631	2,679	26,203
Impairment loss on:				
Financial assets	3	(118,515)	(152,021)	(234,837)
Non-financial assets	4	(8,655)	(27,770)	(223,923)
Equity in net (loss) of:				
Joint venture	7	(48,058)	(54,702)	(102,440)
Associates		-	(1,057)	(714)
Foreign exchange loss, net		(126,390)	(15,962)	(4,792)
Provision for probable losses		(18,803)	-	-
Loss on disposal of property and equipment, net	5	48	-	(47,434)
Other income, net	20	29,026	1,606	12,168
		(105,649)	(479,216)	(606,262)
Profit (loss) before income tax		525,650	(911,747)	(1,236,238)
Benefit from (provision) for income tax	22	161,207	17,124	(101,857)
Profit (loss) for the year		686,857	(894,623)	(1,338,095)
Other comprehensive income (loss), net				
Items that will not be reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax	19	(3,742)	42,866	(6,529)
Revaluation gain (loss) FVOCI	7,9	552,381	(59,049)	5,905
		548,639	(16,183)	(624)
Total comprehensive income (loss) for the year		1,235,496	(910,806)	(1,338,719)
Profit for the year attributable to:				
Equity holders of the Parent Company		600,705	(828,435)	(1,298,291)
Non-controlling interests		86,152	(66,188)	(39,804)
		686,857	(894,623)	(1,338,095)
Total comprehensive income attributable to:				
Equity holders of the Parent Company		1,149,344	(844,904)	(1,301,229)
Non-controlling interests		86,152	(65,902)	(37,490)
		1,235,496	(910,806)	(1,338,719)
Earnings (loss) per share				
Basic and diluted	14	0.2034	(0.3414)	(0.5370)

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Capital stock		Equity attributable to equity holders of the Parent Company									
	Common	**Preferred**	**Additional paid in capital**	**Treasury shares**	**Retirement benefits reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balances at January 1, 2020	2,417,500	1,650,000	4,263,308	(90,411)	(9,493)	598	(2,100)	(19,488)	4,863,035	4,832,552	434,695	13,507,644
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(1,298,291)	(1,298,291)	(39,804)	(1,338,095)
Other comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	-	(2,938)	2,314	(624)
Total comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	(1,298,291)	(1,301,229)	(37,490)	(1,338,719)
Transactions with owners												
Redemption of preferred shares				(1,613,500)								(1,613,500)
Acquisition of treasury shares				(40)								(40)
Balances at December 31, 2020	2,417,500	1,650,000	4,263,308	(1,703,951)	(18,336)	6,503	(2,100)	(19,488)	3,564,744	3,531,323	397,205	10,555,385
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(828,435)	(828,435)	(66,188)	(894,623)
Other comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	-	(16,469)	286	(16,183)
Total comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	(828,435)	(844,904)	(65,902)	(910,806)
Transactions with owners												
Conversion of warrants	26,607	-	13,383	-	-	-	-	-	-	-	-	39,990
Dividend declaration	-	-	-	-	-	-	-	-	(10,000)	(10,000)	10,000	-
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	2,676,419	341,303	9,684,569
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	600,705	600,705	86,152	686,857
Other comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	-	548,639	-	548,639
Total comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	600,705	1,149,344	86,152	1,235,496
Transactions with owners												
Conversion of preferred stock to common stock	1,650,000	(1,650,000)	-	-	-	-	-	-	-	-	-	-
Issuance of treasury shares	-	-	814,306	1,272,353	-	-	-	-	-	-	-	2,086,659
Balances at December 31, 2022	4,094,107	-	5,090,997	(431,598)	20,502	499,835	(2,100)	(19,488)	3,327,014	3,825,763	427,455	13,006,724

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Cash flows from operating activities				
Income (loss) before income tax		525,650	(911,747)	(1,236,238)
Adjustments for:				
Depreciation and amortization	5,11,17	375,827	351,687	534,290
Finance expense	20	376,705	247,730	312,808
Unrealized gain on changes in fair values of investment properties	6	(297,772)	(15,741)	(282,315)
Finance income	20	(264,631)	(2,679)	(26,203)
Unrealized foreign exchange loss, net	26.4	118,850	12,640	4,792
Loss on impairment of financial asset	2	118,515	152,021	234,837
Retirement expense	19	(81,333)	21,630	(15,575)
Gain on reversal of liabilities	20	(42,940)	-	-
Equity in net loss of joint venture and associates	7	48,058	55,759	103,154
Provision for probable losses	12, 24	18,803	-	-
Loss on impairment of nonfinancial assets	6,7,9,11	8,655	27,770	223,923
Loss on disposal of property and equipment	5, 20	48	-	47,434
Gain on pre-termination of leases	18	-	-	(14,196)
Operating income (loss) before working capital changes		904,435	(60,930)	(113,289)
(Increase) decrease in:				
Receivables		(210,162)	155,908	14,784
Prepaid expenses and other current assets		(333,748)	53,628	(31,587)
Increase (decrease) in:				
Trade payables and other current liabilities		791,352	(187,881)	(57,354)
Customer deposits		(10,287)	(2,469)	(6,866)
Net cash generated from (used for) operations		1,141,590	(41,744)	(194,312)
Income taxes paid		(10,985)	(12,966)	(18,398)
Benefits paid	19	(1,601)	(1,486)	(23,773)
Interest received		2,769	2,679	2,846
Net cash provided by (used in) operating activities		1,131,773	(53,517)	(233,637)
Cash flows from investing activities				
Proceeds from sale of property and equipment	5	-	-	28,437
Additions to:				
Property and equipment	7	(133,239)	(16,024)	(37,919)
Other noncurrent assets		(13,630)	(11,150)	(15,227)
Investments and advances	9	(66,619)	(142,539)	(10,464)
Investment properties	8	-	(4,697)	(2,128)
Net cash used in investing activities		(213,488)	(174,410)	(37,301)
Cash flows from financing activities				
Proceeds from:				
Loans payable	13	-	430,574	998,779
Deposit for future stock subscription	14	-	321,250	-
Issuance of capital stock and treasury shares	14	1,765,409	39,990	-
Finance lease	18	26,373	3,599	-
Payments for:				
Loans payable	13	(1,312,880)	(106,821)	(744,283)
Lease liabilities	18	(241,807)	(200,506)	(246,997)
Interest		(215,822)	(218,587)	(233,486)
Dividends		-	-	(73,057)
Acquisition of treasury shares	14	-	-	(39)
Redemption of preferred shares	14	-	-	(1,613,500)
Net cash provided by (used in) financing activities		21,273	269,499	(1,912,583)
Net increase (decrease) in cash and cash equivalents		939,558	41,572	(2,183,521)
Effect of exchange rate changes on cash and cash equivalents		399	978	(1,150)
Cash and cash equivalents at beginning of year		416,524	373,974	2,558,645
Cash and cash equivalents at end of year	2	1,356,481	416,524	373,974

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Notes to the Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021
and for the years ended December 31, 2021 and 2020)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Company 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 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.

1.2 Status of operations

Impact of COVID-19

In March 2020, in a move to contain the COVID-19 outbreak, the Office of the President of the Philippines issued Proclamation No. 929, declared a State of Calamity throughout the Philippines and mandated various quarantine restrictions (Enhanced Community Quarantine or ECQ) on commercial activities and material limitations on the conduct of business to contain the spread of the virus. This resulted in the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location. In line with this declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine.

On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine. On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence of COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted under ECQ starting March 29, 2021 and as a result, gaming sites within Metro Manila and nearby provinces suspended operations. In April 2021, alert level was downgraded to Modified Enhanced Community Quarantine (MECQ) and in the mid of May, was further downgraded to GCQ and sites are allowed to reopen.

To prevent the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 15 to September 15, 2021. During this time, gaming sites were closed to the public.

On September 16, 2021, the government amended its quarantine classification system for Metro Manila to allow for granular lockdowns. The new system employs an "Alert Level" approach, where major classifications include only ECQ (Alert Level 5) and GCQ (Alert Level 4 to 1). Under GCQ, each classification level from Alert Level 4 corresponds to less strict limitations on mobility with Alert Level 1 being the most relaxed. Metro Manila was then placed under GCQ Alert Level 4 and the gaming sites reopened at limited capacity.

On October 6, 2021, the Philippine government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2. As the government eased the quarantine restrictions, the Group continued to maintain health and safety protocol mandates in its sites and acts with caution to satisfy customer requirements under the "new normal" arrangements.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group's business, operations, and financial results. In 2022, with the ease of quarantine restrictions and the launching of the traditional bingo on a technology platform, BingoPlus, the Group's operations started to recover. As a result, the Group generated a net income of P686,857 (2021 - P894,623 net loss) and positive operating cash flows of P1,131,773 (2021 - P54,495 negative operating cash flows). The Group's current liabilities still exceeded current assets by P2,890,234 (2021 - P1,968,712). In February 2023, the Group has launched a new brand for its sports betting operations, Arena Plus.

Short-term liquidity issues of DigiPlus are being dealt on a group level as treasury and cash management functions remains centralized. 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.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis.

Approval of financial statements

The accompanying consolidated financial statements as at and for the year ended December 31, 2022 have been approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2023.

Note 2 - Cash

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash in banks	1,043,071	369,509
Cash equivalents	242,108	-
Cash on hand and payout fund	71,302	47,015
	1,356,481	416,524

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized in 2022 amounted to P2,769 (2021 - P1,268; 2020 - P1,282).

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

Note 3 - Receivables, net

Receivables as at December 31 consist of:

	Notes	2022	2021
Trade receivables		1,300,452	1,072,511
Less: Allowance for expected credit loss (ECL) on trade receivables		(419,044)	(335,547)
		881,408	736,964
Advances to third parties		97,500	98,802
Less: Allowance for ECL on advances to third parties		(97,500)	(97,500)
		-	1,302
Advances to a stockholder		53,106	53,106
Current portion of:			
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	8	52,951	27,817
Advances to Binondo Leisure Resources, Inc. (BLRI)	7	18,000	40,078
Marketing support fund		27,373	27,373
Receivables from concessionaires		-	11,263
Receivable from sale of the aircraft	5	-	7,667
Others		127,630	57,998
		279,060	225,302
Less: Allowance for ECL on other receivables		(74,096)	(39,078)
		204,964	186,224
		1,086,372	924,490

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to third parties

Advances to third parties consist mainly of advance payments for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Advances to stockholders

Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Marketing support fund

Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advance to BLRI

These are cash advance to BLRI for the purpose of renovation and fittings of the building that it leases from ABLGI.

Receivable from TCAMI

This is the current portion of the receivable from TCAMI related to the sale of the Group's 50% shares in TechZone Philippines, Inc. (Notes 3 and 8).

Others

Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities of the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

The movements in allowance for ECL for the period ended December 31 are as follows:

	Trade receivables	Advances to third parties	Other receivables	Total
At December 31, 2020	322,033	97,500	74,002	493,535
Provision for impairment	151,109	-	912	152,021
Write off	(137,595)	-	(35,836)	(173,431)
As at December 31, 2021	335,547	97,500	39,078	472,125
Provision for impairment	83,497	-	35,018	118,515
As at December 31, 2022	419,044	97,500	74,096	590,640

In 2022, the Group recognized provision for impairment of receivables amounting to P118,515 (2021 - P152,021; 2020 - P234,837). In 2021, the Group had written off receivables amounting to P173,431 that, based on management's assessment, are no longer collectible.

Note 4 - Prepaid expenses and other current assets

Prepaid expenses and other current assets as at December 31 consist of:

	2022	2021
Input VAT - net	240,323	238,160
Less: Allowance for impairment of input VAT	(216,453)	(231,617)
	23,870	6,543
Prepaid expenses	227,292	47,470
Advances to officers and employees	72,721	34,644
Advances to contractors and suppliers	46,817	719
Restricted cash in bank	42,245	-
CWT	18,737	18,487
Others	6,310	5,036
	437,992	112,899

Prepaid expenses consist of advance payments for taxes, rent, insurance on property and equipment, health care benefits of employees, consultancy and professional services.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

The movements in allowance for impairment of input VAT are as follows:

	2022	2021	2020
Balance at beginning of year	231,617	231,048	201,541
Provisions	8,655	569	29,507
Write off	(23,819)	-	-
Balance at end of year	216,453	231,617	231,048

In 2022, the Group had written off input VAT amounting to P23,820 that are no longer recoverable (2021 - nil).

Note 5 - Property and equipment, net

Property and equipment as at December 31 consist of:

	Land	Leasehold improvements	Aircraft and transportation equipment (Note 13)	Gaming equipment	Office, furniture, fixtures and equipment	Network equipment	Condominium unit	Right-of-use asset - Office space (Note 18)	Total
At January 1, 2021									
Cost	814	1,395,571	284,648	931,030	912,454	348,951	7,147	1,086,570	4,967,185
Accumulated depreciation and amortization	-	(1,318,743)	(200,261)	(377,050)	(851,543)	(225,784)	(6,099)	(419,160)	(3,398,640)
Net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
For the year ended December 31, 2021									
Opening net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
Additions	-	9,403	-	1,021	1,136	-	-	94,240	105,800
Disposal									-
Cost	-	-	-	-	-	-	-	(179,110)	(179,110)
Accumulated depreciation and amortization	-	-	-	-	-	-	-	155,873	155,873
Reclassification									
Cost	-	-	(2,000)	(13,776)	-	-	-	-	(15,776)
Accumulated depreciation and amortization	-	-	1,300	-	-	-	-	-	1,300
Lease concession	-	-	-	-	-	-	-	(96,268)	(96,268)
Depreciation and amortization	-	(34,980)	(20,861)	(94,744)	(20,423)	(25,477)	(202)	(151,907)	(348,594)
Closing net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
At December 31, 2021									
Cost	814	1,404,974	282,648	918,275	913,590	348,951	7,147	1,001,700	4,878,099
Accumulated depreciation and amortization	-	(1,353,723)	(219,822)	(471,794)	(871,966)	(251,261)	(6,301)	(511,462)	(3,686,329)
Net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
For the year ended December 31, 2022									
Opening net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
Additions	-	18,682	6,252	14,597	93,708	-	-	124,369	257,608
Disposals									
Cost	-	(6,975)	(3,731)	-	(226)	-	-	(108,316)	(119,248)
Accumulated depreciation and amortization	-	6,975	3,683	-	226	-	-	108,316	119,200
Depreciation and amortization	-	(15,506)	(14,800)	(90,664)	(35,975)	(21,041)	(202)	(194,546)	(372,734)
Closing net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596
At December 31, 2022									
Cost	814	1,416,681	285,169	932,872	1,007,072	348,951	7,147	1,017,753	5,016,459
Accumulated depreciation and amortization	-	(1,362,254)	(230,939)	(562,458)	(907,715)	(272,302)	(6,503)	(597,692)	(3,939,863)
Net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596

In 2020, the Group entered into a Deed of Absolute Sale with Hashcloud, Inc. on the sale of its aircraft for $2,000, which resulted in a loss of P52,329. This was partially offset by the gain from the sale of several company cars amounting to P4,895. The total cost of the sold cars amounts to P5,270. The loss on sale of the property and equipment, net is presented as part of other expenses, net in the consolidated statements of total comprehensive income . As at December 31, 2022, the remaining receivable from the sale is collected in full (2021 - P7,667) (Note 2).

In 2022, the Group disposed certain items of its transportation equipment and recognized a loss amounting to P48. This is presented as part of the loss on disposal of property and equipment in the consolidated statements of total comprehensive income.

As at December 31, 2022 and 2021, there are no unpaid property and equipment additions.

Note 6 - Investment properties

Investment properties as at December 31 consist of:

	Land	Land improvements	Building	Total
January 1, 2021	10,383,686	16,097	224,560	10,624,343
Additions	4,697	-	-	4,697
Unrealized gains (loss) on changes in fair values	8,172	(2,720)	10,289	15,741
December 31, 2021	10,396,555	13,377	234,849	10,644,781
Unrealized gains (loss) on changes in fair values	306,740	(579)	(8,389)	297,772
December 31, 2022	10,703,295	12,798	226,460	10,942,553

For the year ended December 31, 2020, the Group recognized unrealized gain on fair value of investment properties amounting to P282,315.

The following table provides the fair value hierarchy of the Group's investment properties as at December 31:

	Fair value hierarchy	2022	2021
Land			
Boracay	Level 3	8,835,516	8,729,064
CSEZFP	Level 3	1,867,779	1,667,491
		10,703,295	10,396,555
Land improvements	Level 3	12,798	13,377
Building	Level 3	226,460	234,849
		10,942,553	10,644,781

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers.

Valuation techniques and significant unobservable inputs.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Land - The fair values of the investment properties were arrived at using the market comparison approach for land in Cagayan and in Boracay.
- Land improvements and building - The fair value of the building in Sta. Cruz, Manila is valued using income approach was used for the rest of the land improvements and buildings.

Market approach is an approach that considers the value of the land based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The appraiser's comparison was premised on the factors of location, size and shape of the lot, time element, and others.

Income approach is an approach that provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by asset.

Cost approach is an approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the reproduction cost (new) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.

Amounts recognized in the consolidated statements of total comprehensive income for investment properties for the years ended December 31 are as follows:

	2022	2021	2020
Rental income from operating leases	43,974	45,824	28,488
Direct operating expenses that generated rental income	24,394	30,700	19,086
Direct operating expenses from property that did not generate rental income	7,887	13,361	15,226
Fair value gain	297,772	15,741	282,315

Rental income from investment properties is included under "Rent income" account in profit or loss. Direct costs attributable to rental income on investment properties arises from amortization, repairs and maintenance, real property tax and rent expense.

Note 7 - Investments and advances, net

Investments and advances as at December 31 consist of:

	Ref	2022	2021
Investment in associates and a joint venture, net	a	1,522,302	1,042,911
Advances, net	b	1,251,083	1,184,464
		2,773,385	2,227,375

a. Investments in associates and a joint venture

Investments in associates and joint venture as at December 31 is composed of:

	2022	2021
Investment in a joint venture	1,522,302	1,042,911
Investment in associates	21,400	21,400
	1,543,702	1,064,311
Less: Allowance for impairment	(21,400)	(21,400)
	1,522,302	1,042,911

Investment in a joint venture

Hotel Enterprises of the Philippines, Inc. (HEPI)

HEPI is a 51%-owned joint venture between DigiPlus and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from DigiPlus and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of DigiPlus and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

There are no commitments and contingent liabilities recognized or expected to be recognized as at and for the year ended December 31, 2022 and 2021. HEPI's shares of stock are not quoted in an active market.

HEPI's principal place of business is at 2702 Roxas Boulevard, Pasay City.

In view of the continuing community quarantines and restricted travel in 2021 and 2020, HEPI has been affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. The Group determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized.

Set out below is the summarized financial information of HEPI as at December 31, which, at the opinion of the management is material to the Company.

Summarized statements of financial position

	2022	2021
Current assets	845,073	824,326
Includes:		
- Cash	29,600	25,023
Noncurrent assets	4,242,230	3,945,358
Current liabilities	(1,259,938)	(1,064,731)
Includes:		
- Financial liabilities	(1,250,245)	(189,078)
Noncurrent liabilities	(842,458)	(935,584)
Includes:		
- Financial liabilities	-	(136,167)
Net assets	2,984,907	2,769,369

Summarized statements of total comprehensive income

	2022	2021
Revenues	239,235	123,198
Depreciation and amortization	(115,515)	(147,644)
Interest expense	(9,462)	(34,683)
Interest income	12	14
Income tax benefit	13,566	9,406
Loss for the year	(94,230)	(135,676)
Other comprehensive income for the year	309,768	-
Total comprehensive income for the year	215,537	(135,676)

Reconciliation of summarized financial information

	2022	2021
Net assets		
At January 1	2,769,369	2,905,045
Loss for the year	(94,230)	(135,676)
Other comprehensive income	309,768	-
At December 31	2,984,907	2,769,369
Group's share in %	51%	51%
Group share at January 1	1,042,911	1,097,613
Share in net loss for the year	(48,058)	(54,702)
Share in other comprehensive income for the year	527,449	-
Goodwill	-	-
Investment in joint venture	1,522,302	1,042,911

The Group's share in net loss of the joint venture for the year ended December 31, 2020 amounts to P102,440. There were no dividends received for the years ended December 31, 2022, 2021 and 2020.

In 2022, the Group changed its accounting policy for the subsequent measurement of the land presented as part of property and equipment in the statements of financial position from historical cost to fair value. As a result, in 2022, the Group started to recognize it's share in other comprehensive income resulting from the changes in fair value of the land presented in HEPI's financial statements as part of property and equipment.

Investment in associates

BLRI

BLRI is a 30%-owned associate of the Parent Company. BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003. BLRI is a company engaged in the business of leasing its gaming facilities to PAGCOR and its store and hotel facility to third parties.

The Group recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to P20,621 as at December 31, 2022 (2021 -P23,424; 2020 - P26,410). The Group also recognized an allowance for the full amount of its investment in BLRI amounting to P21,200 as at December 31, 2022 and 2021.

Insular

Insular is a 40%-owned associate of ABLE. Insular was incorporated in the Philippines and is engaged in providing amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

In 2021, the Group recognized an allowance on the investment for the full amount of its investment in Insular amounting to P200.

b. Advances

Advances as at December 31 consist of:

	2022	2021
Advances to related parties		
HEPI	118,652	-
BLRI, net of current portion	69,127	67,733
Advances to third parties		
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)	1,026,039	1,026,371
Pacific Visionary International Marketing Corp.	94,140	94,140
Various landowners	35,570	35,570
Eco Leisure	26,136	26,136
AB Fiber Corp.	31,697	31,697
Others	584	48,123
	1,401,945	1,329,770
Less: Allowance for impairment	(150,862)	(145,306)
	1,251,083	1,184,464
Advances for projects	259,511	259,511
Less: Allowance for impairment	(259,511)	(259,511)
	-	-
	1,251,083	1,184,464

Advances to HEPI and BLRI

In 2022, the Group, through its Parent Company extended advances to HEPI amounting to P118,652 (2020 - nil). Advances to HEPI and BLRI pertain to cash advances made by the Group for working capital requirements.

In 2018, the Group, through its subsidiary, ABLE, and BLRI entered into a memorandum of agreement for the payment of latter's advances. The agreements provide for, among others, the commitment of BLRI to pay annually an amount of P18,000 from all rental payments received in a year, until the balance of the advances have been paid off.

Details and movements of the advances to BLRI for the years ended December 31 are as follows:

	2022	2021
January 1	107,811	124,262
Additional advances	111	548
Collections during the year	(20,795)	(16,999)
At December 31	87,127	107,811
Less: Current portion	(18,000)	(40,078)
Non-current portion	69,127	67,733

As at December 31, 2022 and 2021, allowance for ECL amounted to P22,078.

Advances to CPVDC and CLPDC

This account pertains to the noninterest-bearing advances made by LRLDI to CPVDC and CLPDC to finance the construction and development of the Cagayan Special Economic Zone and Freeport (CSEZFP) Airport in Cagayan. CPVDC is a joint venture formed by CLPDC and Cagayan Economic Zone Authority (CEZA). CPVDC and CLPDC are incorporated in the Philippines.

The agreement among LRLDI, CPVDC and CLPDC provides for the following terms and conditions:

a. LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum amount of P700,000. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction, development of the airport;

b. LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share;

c. CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and

d. CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and First Cagayan Leisure and Resort Corporation (FCLRC) have significant operations within the CSEZFP which will benefit from the construction of the airport.

The construction of the airport was completed in 2014 and was upgraded in 2017. Upon submission of all the requirements needed by the Civil Aviation Authority of the Philippines, the airport received its first commercial flight in March 2018.

As at December 31, 2022 and 2021, CLPDC and LRLDI have not executed the separate agreement mentioned above. The advances to CLPDC and CPVDC, including the land transferred to investment properties account and the land committed where the airport was built, is part of the investments committed in the Master Development Plan under the license agreement (Note 16).

Advances to Pacific

These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which is due on or before December 31, 2024.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P94,140 as at December 31, 2022 and 2021.

Advances to various landowners

These are advance payments for parcels of land wherein the Group is in the process of acquiring.

Advances to AB Fiber Corp

On December 8, 2011, the Group entered into an agreement with AB Fiber Corp. for the subscription of 90,000 shares. Deposits for future stock subscriptions made by the Group amounted P9,000 as at December 31, 2022 and 2021.

Other advances to AB Fiber Corp. amounting to P22,697 as at December 31, 2022 and 2021 are non-interest bearing and unsecured and not expected to be settled with one year.

Advances to Eco Leisure

The advances are in relation to the joint venture agreement between Eco Leisure and DigiPlus. The advances are unsecured, noninterest-bearing and not expected to be settled with one year.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P26,136 as at December 31, 2022 and 2021.

Note 8 - Receivables, net of current portion

Receivable from TCAMI

On November 4, 2019, LRLDI entered in a Deed of Absolute sale with TCAMI for the sale of the LRLDI's 50% share in TechZone Philippines, Inc. for a total consideration of P1,750,000 of which P1,000,000 was paid in cash while the remaining balance of P750,000 is payable in 10 years with no interest. This transaction resulted in the derecognition of the Group's investment in TechZone and recognition of loss on sale of an investment amounting to P741,480 in the 2019 consolidated statement of total comprehensive income.

In 2019, the receivable from TCAMI of P700,000, net of current portion amounting P50,000, was discounted using risk free rate of 4.63% (Note 5).

The receivable from TCAMI presented in the statements of financial position, including the future value of the receivable as at December 31 are as follows:

	Note	2022	2021
Current	3	52,951	27,817
Non-current		425,308	452,053
		478,259	479,870
Future interest accretion		221,741	220,130
		700,000	700,000

Details and movements of the receivable for the years ended December 31 are as follows:

	2022	2021
January 1	479,870	531,507
Interest accretion	46,178	-
Collections during the year	(47,789)	(51,637)
At December 31	478,259	479,870

Note 9 - Financial assets at FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of P7,437.

On August 13, 2015, The Parent Company's advances to DFNN of P86,000 have been converted into 18,105,000 common shares of DFNN while the accumulated interest earned of P12,691, from date of Conversion Notice to the date of conversion, have been converted into 2,672,000 common shares of DFNN on October 30, 2015. The fair value of 18,105,000 and 2,672,000 common shares as at the date of conversion were P5.15 and P6.04 per share, respectively.

The conversion resulted in 8.76% equity ownership of the Parent Company over DFNN. As management does not intend to hold the investment for trading, the total converted amount of P78,513 as at December 31, 2022 (2021 – P53,582) has been classified as "financial assets at FVOCI" account in the consolidated statements of financial position.

As at December 31, the carrying value of the Group's FVOCI are as follows:

	2022	2021
Balance at beginning of year	53,582	112,631
Unrealized gain (loss)	24,931	(59,049)
Balance at end of year	78,513	53,582

The market prices of DFNN common shares as at December 31, 2022 is P3.59 (2021 - P2.45).

The accumulated fair value loss for the financial asset at FVOCI as at December 31, 2022 amounts to P27,614 (2020 - P52,546).

Note 10 - Goodwill

Goodwill from Group's business acquisitions are as follows:

	2022	2021
Cost		
Retail Group	1,472,129	1,472,129
Network and License Group	29,940	29,940
	1,502,069	1,502,069
Accumulated impairment loss	(172,977)	(172,977)
Balance at end of year	1,329,092	1,329,092

The goodwill from the acquisitions have been subjected to the annual impairment review in 2022 and 2021. The recoverable amounts of the operations is based on VIU calculation using the cash flow projections approved by management. The cash flow projections cover five (5) years from the date of impairment review.

The recoverable amount of goodwill from the acquisitions of the bingo units was determined based on VIU calculations using actual past results and observable market data such as growth rates, among others. The onset of the COVID-19 pandemic has heavily impacted the bingo operations of the Group.

The following are the key assumptions used by the management in the estimation of the recoverable amount:

Gross revenues

Gross revenues of the Group over the next five (5) years are projected to grow in line with the economy or with the nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective territories will be flat on the assumption that it will also grow at par with the economy.

The revenue growth rates used for the gross revenues are as follows:

	2022	2021
Retail Group	3.44%	3.12%
Network and License Group	3.44%	3.12%

Operating expenses

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rate

Discount rates are derived from the Group's Weighted Average Cost of Capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, five-year government bond yield, bank lending rates and market risk premium. The discount rates used are as follow:

	2022	2021
Retail Group	9.80%	9.19%
Network and License Group	9.80%	9.19%

Terminal growth rate

The long-term rate used to extrapolate the cash flow projections of the acquired investments beyond the period covered by the recent budget excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the cash flow projections. The terminal growth rates used in the cash flow projections for all cash generating units are 3.07% in 2022 (2021 - 3.3%).

Note 11 - Other noncurrent assets

Other noncurrent assets as at December 31 are as follows:

	Notes	2022	2021
Rental deposits	18	454,558	435,822
Cash performance bonds	15	394,427	403,950
Advances to suppliers		77,012	-
Cash in bank - restricted	13	-	81,293
Premium on group pension plan		36,090	36,090
Performance cash deposits and betting credit funds		32,450	32,450
Input VAT		26,836	26,836
Airstrip improvements, net		21,722	24,815
Utility and construction bond		13,731	5,147
Others		20,489	20,374
		1,077,315	1,066,777

Cash performance bonds

Cash performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the License (Note 15).

Premium on group pension plan

The premium on group pension plan pertains to the insurance plan the Group entered into for its employees with the Parent Company and its subsidiary, ABLE, as the beneficiaries.

Airstrip improvements

Airstrip improvements pertain to the cost of improvements made by FCLRC for the airport constructed in Cagayan in coordination with LRLDI, CEZA, CPVDC and CLPDC (Note 7).

Details of the movements of the airstrip improvement for the year ended December 31 is as follows:

	2022	2021
Beginning	24,815	27,908
Depreciation	(3,093)	(3,093)
Closing net carrying value	21,722	24,815
Cost	103,100	103,100
Accumulated depreciation	(81,378)	(78,285)
	21,722	24,815

Performance cash deposits and Betting credit funds

PAGCOR granted Total Gamezone Xtreme Incorporated (TGXI) the privilege to establish, install, maintain, and operate PAGCOR eGames Station (PeGS). For each PeGS, TGXI has a performance cash deposits with PAGCOR amounting to P100 and maintains betting credit funds amounting to P100. Performance cash deposits and betting credit funds are posted through Philweb Corporation (Philweb).

Note 12 - Trade payables and other current liabilities

Trade payables and other current liabilities as at December 31 are as follows:

	Notes	2022	2021
Payable to:			
Suppliers		236,563	354,436
CEZA	16	9,311	206,137
PAGCOR	15	249,446	73,848
Government agencies		57,724	20,201
Contract liabilities	15	166,528	14,768
Jackpot liability		263,284	-
Rent payable		151,070	173,653
Finder's fee		30,103	30,103
Provision for probable losses		18,803	-
Output VAT		83	447
Accrued expenses:			
Machine fees		509,620	198,232
Outside services		220,868	177,096
Dividends payable	14	175,387	175,387
Interest payable		162,596	96,577
Accrued marketing and advertising		105,056	-
Salaries, wages and benefits		33,267	23,955
Utilities		30,488	21,248
Professional fees		8,735	16,107
Customer deposit		3,503	6,833
Others		21,924	44,868
		2,454,359	1,633,896

Payable to suppliers pertains to various supplies expense in relation to the Company's bingo operations. These are normally settled within one year.

Payable to PAGCOR includes franchise fees that are remitted on a weekly basis.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Contract liabilities relate to the player balances in the Group's online traditional bingo, electronic gaming system and live sports games.

Movements in contract liabilities for the years ended December 31 are as follows:

	2021	2020
As at January 1	14,768	28,843
Additions	6,088,022	7,620
Revenue recognized	(5,936,262)	(21,695)
As at December 31	166,528	14,768

Jackpot liability refers to the amount accrued for the jackpot price computed based on a certain percentage of total player deposits.

Rent payable pertains to the liabilities for leases that are classified as operating lease.

Finder's fee pertains to the amounts payable to professionals hired by the Group to aid in selecting investment properties and companies where the Group will invest in the future.

Accruals for machine fees pertain to the payable to machine owners for their share of the gross receipts from the e-bingo machines and platform, and are payable on a 30-day credit terms.

Provision for probable losses represents mainly estimated cost of future claims against the Group amounting to P18,803 which is presented as part of other expenses, net in the consolidated statements of total comprehensive income (2021 and 2020 - nil).

Customer deposits are security deposits received from the customers of First Cagayan Convergence Data Center Inc. (FCCDCI) and LR Data Center and Solutions Inc. (LRDCSI) to secure the service agreements as are refundable upon termination of the contracts. As at December 31, 2022, customer deposits aggregates to P85,019, of this amount, P81,516 relates to the non-current portion (2021 - aggregates to P95,306, P88,473 of which is non-current).

For the year ended December 31, 2022, the Group, reversed certain items of accounts payable that, based on management's assessment, are no longer outstanding from suppliers and vendors amounting to P42,940 (2021 and 2020 - nil) and recognized a gain on reversal of liabilities in the consolidated statements of total comprehensive income.

Note 13 - Loans payable

Short-term loans

Short term loans as at December 31 are as follows:

	Ref	2022	2021
Classic Finance (CFI)	a	116,739	146,500
Banco De Oro (BDO)	b	-	322,107
Asia United Bank (AUB)	c	-	139,000
United Coconut Planters Bank (UCPB)	d	-	450,000
		116,739	1,057,607

Movements of the short-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	1,057,607	983,013
Additions	-	74,594
Payments	(940,868)	-
Balance at the end of the year	116,739	1,057,607

Interest expense and interest payments related to the loans for the year ended December 31, 2022 amounted to P50,890 (2021 - P61,934; 2020 - P61,597).

Long-term loans

Long term loans as at December 31 are as follows:

		2022		2021	
	Ref	Current portion	Non-current portion	Current portion	Non-current portion
BDO	e	2,250,000	-	-	2,250,000
Chip Leader	f	910,901	-	365,128	535,504
AUB	c, g	-	-	257,404	-
		3,160,901	-	622,532	2,785,504

Movements of the long-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	3,408,036	3,147,745
Additions	-	355,980
Payments	(372,012)	(106,821)
Amortization of transaction cost	10,205	11,132
Impact of foreign currency translation	114,672	-
Balance at the end of the year	3,160,901	3,408,036

Interest expense related to the loans for the year ended December 31, 2022 amounted to P220,228 (2021 - P123,248; 2020 - P193,115).

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.

b. ABLE entered into short-term loan agreements with BDO with an original maturity date of January 2021. The loans have interest rates ranging from 5.00% to 5.25%. The short-term loans are secured by the Parent Company's shares of stock that is owned by an individual stockholder. As at December 31, 2021, the carrying amount of the Parent Company's shares of stock held by an individual stockholder used as collateral for the loan from BDO amounted to P67,458.

In 2021, ABLE secured an extension from the bank which extended the maturity date of the loan to January 2022. As at December 31, 2022, the loan was paid in full.

c. 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 2022.

d. 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 2022.

e. 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.

   As at December 31, the unamortized amount of transaction costs are as follows:

	Note	2022	2021
Balance at beginning of year		10,205	21,337
Amortization	20	(10,205)	(11,132)
Balance at end of year		-	10,205

   Amortization of transaction costs is recognized under finance expense in the consolidated statement of total comprehensive income (Note 20).

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 amounting to P42,245 (2021 - P81,293 presented as other non-current assets) (Notes 4 and 11).

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 and 2021.

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	Note	Carrying amount
Land	6	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 subsequently paid the loan balance in full in January 2023.

f. 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 December 31, 2022 amounting to P1,572,885 (2021 - P1,070,400).

   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.

g. 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 ₱150,000 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.

   As at December 31, 2021, the cash in the DSRA is classified as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounted to P16,759 (Note 11).

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

Note 14 - Equity

Equity as at December 31 is as follows:

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	2,500,000	2,500,000,000
Balance at beginning of year	2,444,107	2,444,106,666	2,417,500	2,417,500,000
Issued during the year	-	-	26,607	26,606,667
Conversion of preferred shares to common shares	1,650,000	1,650,000,000	-	-
Balance at end of year	4,094,107	4,094,106,666	2,444,107	2,444,106,667

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Authorized:				
Preferred shares - P1 par value	-	-	2,500,000,000	2,500,000,000
Balance at beginning of year	1,650,000	1,650,000,000	1,650,000,000	1,650,000,000
Conversion of preferred shares to common shares	(1,650,000)	(1,650,000,000)	-	-
Balance at end of year	-	-	1,650,000,000	1,650,000,000

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. As of reporting date, the Group is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

As of December 31, 2022 and 2021, the Parent Company has 1,821 common stockholders.

Warrants

On June 10, 2013, the BOD of the Parent Company approved the listing of 1,650,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

In September 2021, 26,606,666 warrants were exercised and converted into shares for an exercise price of P1.503 per share, which is the weighted average trading price for three (3) months prior to the exercise date with a 10% discount. Consequently, common shares with par value aggregating to P26,607 were issued for the exercised warrants resulting in additional paid-in capital of P13,383.

The remaining 55,893,334 warrants which were not exercised in September 2021 are deemed expired and are no longer exercisable.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000 preferred shares at P1.00 per share. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statements of changes in equity.

Declaration of cash dividends

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2022 and 2021.

As at December 31, 2022 and 2021, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to P175,387 (Note 12).

Treasury Shares

Details of treasury shares are as follows:

	Parent Company Treasury Shares		Parent Company Shares held by ABLE	
Number of shares	2022	2021	2022	2021
Balance at beginning of year	1,650,000,000	1,650,000,000	21,567,000	21,567,000
Issuance of shares	(1,272,353,512)	-	-	-
Balance at end of year	377,646,488	1,650,000,000	21,567,000	21,567,000

Amount	2022	2021	2022	2021
Balance at beginning of year	1,650,000	1,650,000	53,951	53,951
Issuance of shares	(1,272,353)	-	-	-
Balance at end of year	377,647	1,650,000	53,951	53,951

Deposits for future stock subscriptions

On November 25, 2021, The Parent Company and Catchy Solutions Ltd. entered into an agreement for the subscription to 225,000,000 common shares of stock of the Parent Company in the amount of P371.3 million where in payments were received as at December 31, 2021. Pending submission of the application for the increase in authorized capital stock with the SEC as at December 31, 2021, such subscription payments were presented as "Deposits for future stock subscriptions" in the 2021 consolidated statement of financial position.

On August 8, 2022, upon receipt of all subscription payments, the Parent Company issued all subscribed shares to subscribers. The Parent Company reissued the treasury shares as a result of this transaction.

Earnings (loss) per share

Basic earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Basic earnings (loss) per share (a/b)	0.2034	(0.3414)	(0.5370)

Diluted earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to ordinary stockholders of the parent Company (a)	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Effect of dilutive potential common shares* (c)	-	-	80,675
Adjusted weighted average number of shares outstanding (d=b+c)	2,953,048	2,426,369	2,498,175
Diluted earnings (loss) per share (a/d)	0.2034	(0.3414)	(0.5370)

The 2020 diluted loss per share is adjusted for the convertible warrants. The effect of the warrants is antidilutive.

Subsequent event

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.

Note 15 - Gaming licenses to operate bingo games

Revenue from retail games for the years ended December 31 are as follows:

	2022	2021	2020
Bingo games	6,292,695	1,879,880	2,262,183
Electronic games	1,833,427	7,620	-
	8,126,122	1,887,500	2,262,183

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. 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.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P44,250, to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P349,277 (2021 - P358,800), to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

As at December 31, 2022, ABLE deposited cash performance bonds amounting to P900, with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of total comprehensive income amounted to P3,438,210 in 2022 (2021 - P1,300,792; 2020 - P1,527,622).

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.

Franchise fees included in “Franchise fees and taxes” account in the consolidated statement of total comprehensive income amounted to P1,147,689 in 2022 (2021 – P3,619; 2020 - nil).

The Group pays PAGCOR 25%-47.5% of its revenue as franchise fee.

Note 16 - 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 sublicences is recognized by FCLRC as unearned fees and recognize the revenue over time upon provision of the access to the hosting platform. Unearned fees included under “Trade and other payables” account in the consolidated statements of financial position amounted to P13,520 as at December 31, 2022 (2021 - P14,768); and

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. Unpaid CEZA fees are charged with interest of 12% per annum. CEZA fees included in “Franchise fees and taxes” account in the profit or loss amounted to P101,569 in 2022 (2021 - P142,345; 2020 - P174,156).

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’s gross income tax amounted to P4,166 in 2022 (2021 - P6,657; 2020 - P8,852) (Note 22).

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.

For the year ended December 31, 2022, the Group recognized revenue related to service and hosting fees in Cagayan amounting to P351,793 (2021 - P544,381; 2020 - P800,450).

Note 17 - Costs and operating expenses

Cost and operating expenses for the years ended December 31 consist of:

	Notes	2022	2021	2020
Franchise fees and taxes	15	4,707,648	1,446,057	1,907,708
Advertising and promotion		951,863	39,168	111,022
Outside services		718,192	180,426	274,585
Salaries and other benefits		508,281	372,581	350,454
Depreciation and amortization	5,11	375,827	351,687	534,290
Rent	18	287,203	135,851	150,740
Communications and utilities		273,675	162,029	161,790
Bandwidth and co-location costs		94,556	252,754	358,731
Repairs and maintenance		70,540	53,046	36,667
Professional and directors' fees		68,404	64,936	37,848
Taxes and licenses		66,501	109,812	128,228
Transportation and travel		18,579	5,967	12,029
Others		133,022	64,187	149,204
		8,274,291	3,238,501	4,213,296

Salaries and other benefits

The details of salaries and other benefits for the years ended December 31 are as follows:

	Note	2022	2021	2020
Salaries and wages		500,218	311,434	322,556
Bonuses and allowance		35,424	1,261	-
Government-mandated employee benefits		26,374	15,203	26,375
Defined benefit retirement expense income	19	(81,333)	21,630	(15,575)
Insurance		9,005	9,333	8,909
Others		18,593	13,720	8,189
		508,281	372,581	350,454

Note 18 - Lease agreements / right-of-use assets and lease liabilities

Group as a Lessee

The Group has lease contracts for various site spaces for its operations. Leases of sites generally have lease terms between 1 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of site spaces with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statements of total comprehensive of income for the years ended December 31:

	Notes	2022	2021	2020
Depreciation and amortization expense of right-of-use assets included in property and equipment	5	194,546	177,300	220,332
Expenses relating to short-term leases		232,049	119,626	132,737
Interest expense on lease liabilities	20	95,989	39,349	49,153
Expenses relating to leases of low-value assets		55,154	16,225	18,003
Total amount recognized in the consolidated statement of total comprehensive income		577,738	352,500	420,225

Total cash outflow related to short-term and low value leases for the year ended December 31, 2022 amounted to P254,632 (2021 - P78,782).

Total cash outflows related to lease liabilities for the year ended December 31, 2022 amounted to P241,806 (2021 - P200,507).

The movements of right-of-use assets, presented under "property and equipment" account in the consolidated statements of financial position and in Note 5, for the years ended December 31 is as follows:

	2022	2021
Cost		
Balance at beginning of year	1,001,700	1,086,570
Additions	124,369	94,240
Expired leases	(108,316)	(179,110)
Balance at end of year	1,017,753	1,001,700
Accumulated amortization		
Balance at beginning of year	511,462	419,160
Amortization	194,546	151,907
Lease concession	-	96,268
Expired leases	(108,316)	(155,873)
Balance at end of year	597,692	511,462
Net book value	420,061	490,238

Expired leases pertain to the lease contracts wherein the right-of-use assets are already fully amortized, and the related lease liability is already fully paid as at and for the years ended December 31, 2022 and 2021.

The movements of lease liabilities for the years ended December 31 is as follows:

	Note	2022	2021
Balance at beginning of year		651,912	815,842
Additions		124,369	94,240
Interest expense	20	95,989	38,604
Payments		(241,807)	(200,506)
Gain on lease concession		-	(96,268)
Balance at end of year		630,463	651,912
Current portion of lease liabilities		260,511	214,983
Lease liabilities, net of current portion		369,952	436,929

i. ABLE Group entered into several lease agreements for office space, warehouse and spaces where ABLE Group's sites conduct their bingo operations. The term of the lease agreements with various lessors varies from two (2) to three (3) years with escalation clauses ranging from 3% to 5%. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis.

ii. FCLRC entered into 25-year lease agreements with the Municipality of Sta. Ana, Cagayan up to December 7, 2031, and with CEZA up to June 30, 2031, respectively, or until FCLRC serves as its Master Licensor. The lease amounts are computed on a fixed rate per square meter subject to 5% escalation every three years. FCLRC also entered into another lease contract for staff houses with a term of one (1) year. The lease amounts are generally determined on an annual basis.

iii. BCGLC Group entered into various lease agreements for its PAGCOR VIP Clubs where it conducts its operations. The lease agreements are renewable by mutual agreement of both parties generally under same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 11%.

iv. DigiPlus entered into several lease agreements for its office spaces. The term of the lease agreements with various lessors varies from three (3) to five (5) years with escalation ranging from 3% to 5%. The lease amounts are computed on a fixed rate per square meter which are generally determined on an annual basis.

v. TGXI entered into several lease agreements for the PeGS' locations and office space renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from one (1) to five (5) years with annual escalation clauses ranging from 3% to 10%.

vi. ABLGI entered into a 25-year lease agreement for a parcel of land in Sta. Cruz, Manila from January 1, 2015 to December 31, 2040. The lease amount is computed on a fixed rate per square meter subject to 5% escalation every two (2) years.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the consolidated statements of financial position as at December 31, 2022 amounted to P454,558 (2021 - P435,822) (Note 11).

Rent expense in 2022 amounting to P287,203 (2021 - P135,851; 2020 - P150,740), pertains to the expense from short-term and low value leases.

In 2020, the Group entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The impact of rent concessions amounting to P79,452 was presented in the consolidated statement of total comprehensive income as reduction in amortization expense recorded under "Cost and operating expenses".

In 2021, some of the Group's lessors provided additional rent concession in the form of lower monthly lease rates and waivers of certain months due to continuous impact of COVID-19 outbreak. The impact of rent concessions amounting to P96,268 were presented in the consolidated statements of total comprehensive income as reduction in amortization expense under “Cost and operating expenses".

Maturity analysis of the undiscounted lease payments are as follows:

	2022	2021
Within one year	257,474	250,745
Between one and five years	266,598	448,815
More than five years	219,614	17,954
	743,686	717,514

Group as lessor (finance leases)

FCLRC subleases its lease contracts for land properties within Municipality of Sta. Ana, Cagayan and CEZA to locators under two (2) 9-year sublease agreements which commenced in January 2020.

For the year ended December 31, 2022, the Group recognized revenue from finance leases amounting to P215,684 (2021 – P1,411; 2020 – P1,564).

The movements of lease receivables for the years ended December 31 is as follows:

	2022	2021
Balance at beginning of year	18,231	20,419
Finance lease income	215,684	1,411
Collections	(26,373)	(3,599)
Balance at end of year	207,542	18,231
Current portion of lease receivable	64,618	2,353
Lease receivable, net of current portion	142,924	15,878

Minimum lease receivables as at December 31 are as follows:

	2022	2021
Within one year	25,005	51,637
Between one and five years	113,162	126,880
More than five years	65,422	113,668
	203,589	292,185

Group as lessor (operating leases)

a. As an authorized representative of Munich Management Limited, a foreign corporation duly organized and registered in British Virgin Islands, BCGLC entered into an agreement with the PAGCOR for the sublease of the slot machines owned by Entertainment Gaming (Philippines), Inc., including the proprietary system of linking and networking of individual units of slot machine within the PAGCOR Club - Leisure World Bacolor located at King’s Royal Hotel and Leisure Park, Bacolor, Pampanga. The lease is for the period of three (3) years until June 30, 2016. The Company renewed the lease contract with PAGCOR until December 31, 2017. In November 2017, the lease contract was renewed until June 30, 2023 or upon exhaustion of the contract amount based on the income sharing scheme, whichever comes first.

   As a consideration, PAGCOR shall pay BCGLC monthly rent equivalent to a percentage of the slot machines’ gross revenues after deducting the players’ winnings/prizes and related taxes thereof.

b. LRLDI leases its investment properties under non-cancellable operating lease agreements. The leases are for a period ranging from two (2) to five (5) years with escalation rate ranging from 5% to 10%.

c. ABLGI leases its investment property for a period of twenty (20) years until December 31, 2034 with escalation rate of 3% every three years. The lessee may pre-terminate the lease agreement without obligation to pay termination costs.

In 2019, upon adoption of PFRS 16 for FCLRC and inception of the sublease contract for LRLDI, these subleases were classified as finance leases and the related ROU assets were derecognized. As at December 31, 2022, lease receivables amounted to P156,986 (2021 - P18,231).

Total rental income recognized in the consolidated statements of total comprehensive income amounted to P385,225 in 2022 (2021 - P260.673; 2020 - P267,176).

For the year ended December 31, 2022, revenue from sub-lease recognized in the consolidated statements of total comprehensive income amounts to P4,892 (2021 - P108,472; 2020 - nil).

Note 19 - Retirement benefits

The Group's actuarial valuations are obtained on a periodic basis. The retirement benefits are determined using the projected unit credit method.

The retirement benefits of ABLE are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Effective January 1, 2022, the Group changed it's retirement plan provisions. Under the provisions of the retirement plan, the mandatory retirement age is sixty-five (65), with at least five (5) years of service and the retirement benefit is equal to one half of final salary per year of credited service. The computation of the on-half month's salary shall be consistent with the definition set forth under the Republic Act 7641 or the Philippine Retirement Law.

Under the provisions of the retirement plan effective until December 31, 2021, the mandatory retirement age is sixty-five (65), with at least ten (10) years of service and the retirement benefit is equal to two hundred percent (200%) of the plan salary per year of credited service.

The Group's latest actuarial valuation reports are dated December 31, 2022. The following tables summarize the components of retirement expense for ABLE and FCLRC recognized in the consolidated statement of total comprehensive income:

Retirement expense

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current service cost	3,783	14,900	14,791	225	875	1,912	4,008	15,775	16,703
Past service cost (credit)	(83,176)	-	(41,688)	(3,744)	-	-	(86,920)	-	(41,688)
Interest cost on defined benefit obligation	2,224	5,615	8,873	119	240	537	2,343	5,855	9,410
Settlement gain	(223)	-	-	(541)	-	-	(764)	-	-
Net retirement (income) expense	(77,392)	20,515	(18,024)	(7,341)	1,115	2,449	(81,333)	21,630	(15,575)

The total retirement income of ABLE and FCLRC for the year ended December 31, 2022 amounted to P81,333 (2021-P21,630 retirement expense; 2020-P15,575).

Changes in present value of defined benefit obligation

	ABLE		FCLRC		TOTAL	
	2022	2021	2022	2021	2022	2021
Present value of defined benefit obligation at beginning of year	126,194	140,854	6,075	5,954	132,269	146,808
Current service cost	3,783	14,900	225	875	4,008	15,775
Past service income	(83,176)	-	(3,744)	-	(86,920)	-
Interest cost	2,224	5,615	119	240	2,343	5,855
Actuarial loss/(gain)	2,778	(33,739)	964	(944)	3,742	(34,683)
Settlement (gain) loss	(223)	-	(541)	-	(764)	-
Benefits paid	-	(1,436)	(1,601)	(50)	(1,601)	(1,486)
Present value of defined benefit obligation at end of year	51,580	126,194	1,497	6,075	53,077	132,269

The change in the provisions of the plan in 2022 resulted in the past service income recognized amounting to P86,920 (2021 and 2020 - nil).

As at December 31, 2022, the total retirement benefits liability amounted to P53,077 (2021 - P132,269).

The movement in retirement benefits reserve taken up under other comprehensive income and consolidated statements of changes in equity are as follows:

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Remeasurement loss (gain)									
- on change in financial assumptions	(6,020)	(25,128)	25,413	(141)	(620)	463	(6,161)	(25,748)	25,876
- on experience adjustments	1,334	(8,611)	(11,962)	800	(324)	(8,097)	2,134	(8,935)	(20,059)
- on demographic assumptions	7,464	-	-	305	-	-	7,769	-	-
	2,778	(33,739)	13,451	964	(944)	(7,634)	3,742	(34,683)	5,817

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2022	2021	2022	2021
Discount rate	7.30%	5.17%	7.30%	5.12%
Future salary increases	5.00%	4.00%	5.00%	4.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2022	2021	2022	2021
Average expected future service years	6.00	8.00	12.00	11.00

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	ABLE		FCLRC	
	1% increase	1% decrease	1% increase	1% decrease
December 31, 2022				
Discount rate	(5,571)	6,495	(135)	160
Future salary growth	6,581	(5,734)	162	(139)
December 31, 2021				
Discount rate	(108,737)	147,187	(502)	598
Future salary growth	147,916	(107,891)	633	(542)

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table. Assumptions for disability rates are based on the 2013 SSS Total Disability Rates (Baseline Scenario). Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit obligation is exposed to actuarial risks such as longevity risk and interest rate risk.

Funding

The Group does not have a formal retirement plan. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

Asset-liability matching

The Group has no plan assets to match against liabilities under the retirement obligation.

Maturity analysis of the benefit payments is as follows:

	Carrying amount	Contractual Cash flows	Within 1 year	Within 1-5 years	More than 5 years
As at December 31, 2022					
ABLE	51,580	384,322	2,783	6,143	375,396
FCLRC	1,497	10,511	527	-	9,984
	53,077	394,833	3,310	6,143	385,380
As at December 31, 2021					
ABLE	126,194	844,696	217	6,221	838,258
FCLRC	6,075	30,567	1,041	2,233	27,293
	132,269	875,263	1,258	8,454	865,551

Note 20 - Finance income/finance expense/other income

Finance income for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest income on cash in banks	2	2,769	1,268	1,282
Interest income on receivables from TCAMI	8	46,178	-	23,357
Finance lease income	18	215,684	1,411	1,564
		264,631	2,679	26,203

Finance expense for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest expense on loans payable	13	271,118	185,182	254,712
Interest expense on lease liabilities	18	95,989	39,349	49,153
Others		9,598	23,199	8,943
		376,705	247,730	312,808

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLGI with BDO. The Group recognized amortization of transaction costs amounting to P10,205 for the year ended December 31, 2022 (2021 - P11,132; 2020 - P11,132) (Note 13).

The Group recognized gain on lease concession amounting to P3,969 for ABLGI resulting from forgiveness of rental payments from April 2020 up to March 2021. The gain is recognized as deduction in interest expense on lease liabilities.

Other income, net for the years ended December 31 consists of:

	Note	2022	2021	2020
Finance charges		(12,705)	(2,570)	(2,859)
Gain on reversal of liabilities	12	42,940	-	-
Marketing allowance		-	-	5,660
Application fee income		-	-	4,619
Others, net		(1,209)	4,176	4,748
		29,026	1,606	12,168

Marketing allowance refers to the payments made by e-bingo machine vendors to the Group used to finance marketing expenses of the Group (e.g. advertisement, etc.).

Others, net mainly consists of other income from the Group’s investment, professional fee and replacement fee for lost bingo cards.

Note 21 - Related party disclosures

The table below summarizes the Group's transactions and balances with its related parties as at and for the years ended December 31:

Nature of transaction	Terms and conditions	2022 Amount of transaction	2022 Outstanding receivables (payables)	2021 Amount of transaction	2021 Outstanding receivables (payables)
a) Advances	These pertain to cash advances provided by the Group to its related parties that are due and demandable, non-interest bearing and to be settled in cash. The advance to a stockholder is presented as current assets in the statements of financial position. The advance to an individual stockholder is presented as part of receivables, net in the statements of financial position (Note 3).				
Stockholder		-	157,156	-	157,156
Individual stockholder		-	53,106	-	53,106
		-	210,262	-	210,262
b) Receivables and advances	Refer to Notes 3 and 7 for the details.				
Joint venture		118,652	118,652	-	-
Associate		-	87,127	-	107,810
		118,652	205,779		107,810

Advances to stockholder consist mainly of advances for working capital requirements to Cyberpoint Holdings and Management Corporation (CHMC), a holding company which owns 3.7% of DigiPlus' outstanding shares.

Advances to an individual stockholder is unsecured, noninterest-bearing advances and collectible on demand.

All intra-group balances, transactions, including income and expenses and profits and losses resulting from intra-group transactions are eliminated. Intergroup balances and transactions before eliminations amounted to P6,830,190 in 2022 (2021 - P9,984,309).

All intragroup transactions are eliminated during consolidation are unsecured, non-interest bearing and payable on demand. Related party transactions are to be settled in cash.

There are no collaterals held or guarantees issued with respect to related party transactions and balances.

For the years ended December 31, the details of key management and directors' compensation representing short-term benefits are as follows:

	2022	2021	2020
Salaries and employee benefits	69,104	60,454	56,864
Directors' fees	6,547	3,490	6,920

Note 22 - Income taxes

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in a newspaper of general circulation on April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Group has been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company in 2020 is 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as at December 31, 2020, amounting to P7,531 and P1,941, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

The components of the Group's income tax expense are as follows:

	2022	2021	2020
Current tax expense	8,212	8,415	20,580
Deferred tax expense	(169,419)	(25,539)	81,277
	(161,207)	(17,124)	101,857

The Group's income tax expense consists of the 30% regular corporate income tax and the 5% gross income tax on FCLRC and FCCDCI's operations with CSEZFP and LRLDI operations (Note 16).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2022	2021	2020
Income (loss) before income tax	525,650	(911,747)	(1,236,238)
Income tax (benefit) using statutory tax rate 25% (2020 - 30%)	131,413	(273,524)	(370,871)
Additions to (reductions in) income taxes resulting from tax effects of:			
Non-deductible expenses	2,463,737	2,297,085	3,036,677
Income exempt from income tax	(2,584,473)	(2,238,497)	(2,688,262)
Expired NOLCO	-	165,326	147,298
Change in unrecognized deferred tax assets	-	(6,555)	(53,077)
Equity in net loss of joint ventures	24,510	74,093	30,732
Interest income subject to final tax	(548)	(804)	(854)
Change in deferred tax accounts	(195,846)	-	-
Equity in net loss of associates	-	-	214
	(161,207)	17,124	101,857

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2022	2021
Unrealized gain on changes in fair value of investment properties	1,434,773	1,594,431
Accrued rental income	3,480	1,048
Unamortized transaction cost	-	6,401
Unrealized gain on foreign exchange differences	-	2,222
Others	5,930	9,500
	1,444,183	1,613,602

Movements of DIT liabilities for the years ended December 31 are as follows:

	2022	2021
As at January 1	1,613,602	1,639,141
Recognized in profit or loss	(169,419)	(25,539)
	1,444,183	1,613,602

As at December 31, the Group's unrecognized deferred tax assets pertain to the following items:

	2022	2021
NOLCO	263,705	24,701
Lease liabilities	123,495	36,393
Allowance for impairment loss	19,783	35,558
Retirement benefits liability	4,611	17,160
Unrealized loss on foreign exchange differences	835	2,987
MCIT	727	720
Unearned revenue	531	4,430
	413,687	121,949

Deferred tax assets were not recognized since management believes it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Group has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are shown below:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	403,809	-	403,809	December 31, 2025
2021	311,119	-	311,119	December 31, 2026
2020	339,892	-	339,892	December 31, 2025
2019	737,523	(737,523)	-	December 31, 2022
	1,792,343	(737,523)	1,054,820	

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25- 2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2021 and 2022 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next 3 consecutive taxable years.

The details of MCIT which can be claimed as credit against future RCIT liabilities are as follows:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	29	-	29	December 31, 2025
2021	171	-	171	December 31, 2024
2020	527	-	527	December 31, 2023
2019	22	(22)	-	December 31, 2022
	749	(22)	727	

On April 23, 2013, the BIR issued Revenue Memorandum Circular (RMC) 33-2013 clarifying the taxability of PAGCOR, its contractees and licensees. Pursuant to Section 1 of Republic Act No. 9337, amending Section 27 (C) of the National Internal Revenue Code (NIRC), as amended, effective November 1, 2005, PAGCOR is no longer exempt from corporate income tax as it has been effectively omitted from the list of government-owned or controlled corporations that are exempt from income tax. Accordingly, PAGCOR and its contractees and licensees' income from its operations and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, and other related operations are subject to corporate income tax under the NIRC, as amended.

Until March 31, 2013, in accordance with PAGCOR's directives, ABLE continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% franchise tax.

On July 9, 2013, a memorandum was issued by PAGCOR to all its bingo contractees and grantees clarifying that they are no longer subject to the 5% franchise tax, and are subject to the corporate income tax, instead. In compliance with the said RMC, ABLE has changed to corporate income tax as its basis for determining the tax expense starting second quarter of 2013.

On December 10, 2014, a resolution in favor of PAGCOR was rendered by the Supreme Court regarding the change from franchise tax to corporate income tax. The resolution pertains only to PAGCOR and not to its grantees and contractees.

The Group made legal opinion on the implications of the Supreme Court's decision in the case of Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue in relation to the contract entered by PIKI, BCGLC and HEPI with PAGCOR. These components of the Group are duly organized and existing under the laws of the Philippines having existing agreements with PAGCOR.
The Group determined its income taxes on these components on the premise that the results from casino operations are no longer subject to regular income taxes in pursuant to Sec 13(2) of Presidential Decree 1869 (PAGCOR Charter) which states that "the five (5%) percent franchise tax of the gross revenue or earnings derived by PAGCOR and all its contractees and licensees shall be due and payable quarterly to the National Government and shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority".

The Group assessed that it is exempt from the corporate income tax on these components pursuant to the Supreme Court's decision to a tax case which categorically held PAGCOR and its contractees and licensees exempt from the payment of corporate income tax and other taxes.

Effective January 1, 2018, in accordance with the Amendments to the Regulatory Manual issued by PAGCOR on April 6, 2018, ABLE and its subsidiaries, as a licensee of PAGCOR, is exempt from all taxes and is only subject to 5% franchise tax on revenues from bingo gaming operations pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487.

Note 23 - 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 network and license group, casino group, retail group and investment group, and only one (1) reportable geographical segment which is the Philippines. The description of the reportable segments are as follows:

<u>Retail</u>

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 PAGCOR eGames Station (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.

<u>Network and license</u>

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.

<u>Casino</u>

The casino group is involved in arcade leasing.

<u>Property</u>

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 in 2022 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	356,595	341,251	8,163,770	43,974	-	-	8,905,590
Cost and operating expenses	(247,161)	(188,505)	(7,169,270)	(44,711)	(248,817)	-	(7,898,464)
EBITDA	109,434	152,746	994,500	(737)	(248,817)	-	1,007,126
Depreciation and amortization	(22,800)	(146,196)	(200,624)	(3,595)	(2,612)	-	(375,827)
Finance expense	(6,690)	(18,738)	(116,774)	(225,819)	(8,684)	-	(376,705)
Unrealized gains on changes in fair values of investment properties, net	2,230	-	-	295,542	-	-	297,772
Impairment loss on financial assets	-	(83,497)	(24,225)	-	(10,793)	-	(118,515)
Impairment loss on non-financial assets	(832)	-	(5,382)	(2,464)	23	-	(8,655)
Equity in net earnings of a joint venture	(19,625)	-	-	-	(48,058)	19,625	(48,058)
Provision for probable losses	-	-	-	-	(18,803)	-	(18,803)
Finance income	207,440	32	442	48,392	61	-	256,367
Foreign exchange loss, net	(2,222)	(3,855)	(5,469)	(114,670)	(174)	-	(126,390)
Other income (expense), net	(2,524)	42,889	(10,046)	(42)	7,061	-	37,338
Income tax	(4,166)	(1,446)	-	166,819	-	-	161,207
Net income	260,245	(58,065)	632,422	163,426	(330,796)	19,625	686,857
Other information							
Total assets	2,504,368	1,623,276	2,644,296	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,825,142	1,804,411	2,517,178	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	929	18,403	105,053	3,340	5,514	-	133,239

Analysis of financial information by business segment in 2021 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	559,415	204,758	1,995,973	45,824	-	-	2,805,970
Cost and operating expenses	(481,004)	(160,007)	(1,988,096)	(79,026)	(178,681)	-	(2,886,814)
EBITDA	78,411	44,751	7,877	(33,202)	(178,681)	-	(80,844)
Depreciation and amortization	(29,474)	(151,012)	(148,729)	(4,152)	(18,319)	-	(351,687)
Finance expense	(7,545)	(36,611)	(70,145)	(115,068)	(18,362)	-	(247,730)
Unrealized gains on changes in fair values of investment properties, net	815	-	-	14,926	-	-	15,741
Impairment loss on financial assets	(151,108)	-	-	-	(912)	-	(152,020)
Impairment loss on non-financial assets	(8,116)	(5)	(8,803)	(10,846)	-	-	(27,770)
Equity in net earnings of a joint venture	(176,100)	-	(2,048)	(1)	4,347	118,043	(55,759)
Gain (loss) on sale of an asset	-	-	-	-	-	-	-
Finance income	1,458	9	100	4	1,108	-	2,679
Foreign exchange loss, net	(13,720)	(1,602)	(631)	-	(9)	-	(15,962)
Equity in net earnings of associates	-	-	-	-	-	-	-
Other income (expense), net	3,089	384	(1,909)	42	-	-	1,606
Remeasurements of defined benefit liability, net of tax	-	-	-	-	-	42,866	42,866
Unrealized gain on investment in FVOCI	-	-	-	-	(59,049)	-	(59,049)
Income tax	(6,725)	(1,758)	-	25,607	-	-	17,124
Total comprehensive income (loss)	(309,016)	(145,844)	(224,288)	(122,690)	(269,877)	160,909	(910,806)
Other information							
Segment assets	3,606,387	1,388,659	2,315,691	14,369,645	6,105,267	(11,418,294)	16,367,355
Investments and advances	50,092	-	136,459	1,059,059	4,847,713	(3,865,948)	2,227,375
Total assets	3,656,479	1,388,659	2,452,149	15,428,704	10,952,980	(15,284,242)	18,594,730
Total liabilities	2,656,622	1,635,851	3,043,051	8,822,125	4,618,271	(11,865,759)	8,910,161
Capital expenditures	177	748	966	12	33	-	1,936

Analysis of financial information by business segment in 2020 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	806,090	344,599	2,404,143	28,488	-	-	3,583,320
Cost and operating expenses	(653,518)	(326,622)	(2,491,233)	(46,294)	(161,339)	-	(3,679,006)
EBITDA	152,572	17,977	(87,090)	(17,806)	(161,339)	-	(95,686)
Depreciation and amortization	(43,972)	(157,226)	(300,979)	(4,270)	(27,843)	-	(534,290)
Finance expense	(9,029)	(27,362)	(91,011)	(169,452)	(15,954)	-	(312,808)
Unrealized gains on changes in fair values of investment properties, net	1,130	-	-	281,185	-	-	282,315
Impairment loss on financial assets	(101,670)	(518)	(44,341)	-	(94,139)	-	(240,668)
Impairment loss on non-financial assets	-	(1,525)	(51,775)	-	-	(164,792)	(218,092)
Equity in net earnings of a joint venture	-	–	-	-	(102,440)	-	(102,440)
Gain (loss) on sale of an asset	(52,329)	-	4,895	-	-	-	(47,434)
Finance income	1,703	120	458	23,849	73	-	26,203
Foreign exchange loss, net	(29,539)	96	(70)	24,720	1	-	(4,792)
Equity in net earnings of associates	(69,635)	-	(714)	-	-	69,635	(714)
Other income (expense), net	4,380	75	10,530	(31)	(72)	(2,715)	12,168
Remeasurements of defined benefit liability, net of tax	7,634	-	(14,162)	-	-	-	(6,529)
Unrealized gain on investment in FVOCI	-	-	-	-	5,905	-	5,905
Income tax	(12,518)	(1,967)	-	(87,572)	200	-	(101,857)
Total comprehensive income (loss)	(151,273)	(170,330)	(574,259)	50,623	(395,608)	(97,872)	(1,338,719)
Other information							
Segment assets	3,347,271	1,596,313	2,378,736	12,185,198	4,118,095	(7,258,258)	16,367,355
Investments and advances	214,518	-	104,799	1,058,397	4,841,174	(3,991,513)	2,227,375
Total assets	3,561,789	1,596,313	2,483,535	13,243,595	8,959,269	(11,249,771)	18,594,730
Total liabilities	2,279,925	1,697,553	2,856,679	7,969,088	2,335,624	(8,228,708)	8,910,161
Capital expenditures	3,609	15,225	18,184	246	655	-	37,919

There were no intersegment sales recognized among reportable segments in 2022, 2021 and 2020. 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 24 - 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 25 - Critical accounting estimates and assumptions

Use of estimates and judgment

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

25.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of lease term of contracts with renewal and termination options - Group as a lessee.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as significant number of the lease agreements can be renewed only upon mutual agreement by both parties.

Determination and classification of joint arrangement

The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD and joint control over the joint venture.

Distinction between investment property and property and equipment

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Recoverability of property and equipment

The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For the Group's impaired property and equipment in 2020, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group assessed that the carrying amount of property and equipment as at and for the years ended December 31, 2022 and 2021 are fully recoverable. The Group recognized impairment loss in 2020 on its property and equipment amounting to P18,333 presented as part of the other expenses and losses, net in the consolidated statements of total comprehensive income. The carrying value of the Group's property and equipment amounted to P1,076,596 as at December 31, 2022 (2021 - P1,191,770) (Note 5).

Recoverability of investment in joint venture

The Group assess recoverability of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

The COVID-19 pandemic significantly affected HEPI's operations and substantially reduced the of guests and reduced room rates in its hotels, consequently impacting Group's share in net losses of HEPI. In 2022 and 2021, with the ease of quarantine restrictions, HEPI shown recovery in terms of reduced net losses.

Based on the assessment, the Group assessed that the investment in joint venture as at and for the years ended December 31, 2022 and 2021 is not impaired. The carrying value of the Group's investment in HEPI amounted to P1,522,302 as at December 31, 2022 (2021 - P1,042,911) (Note 7).

Estimating realizability of deferred tax assets.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The Group's unrecognized deferred tax assets amounted to P413,687 in 2022 (2021 - P121,949) (Note 22).

25.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 6.

Investment properties amounted to P10,942,553 as at December 31, 2022 (2021 - P10,644,781). Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to P297,772 in 2022 (2021 - P15,741 gain; 2020 - P283,315 gain) (Note 6).

Impairment of goodwill

Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units. As at December 31, 2022 and 2021, the carrying amounts of goodwill amounted to P1,329,092 (Note 10).

Expected credit loss - Receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Group also evaluates specific account of customers and other counterparties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the debtor's payment history and the result of the Group's follow-up action to recover overdue debts.

Any change in the Group's assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

As at December 31, 2022, the Group recognized an allowance for impairment of receivables amounting to P590,640 (2021 - P472,125). Management believes that the recorded allowance is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

Estimating provisions and contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group's estimates of the probable costs for the resolution of its obligations have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. In 2022, the Group has recognized a provision probable losses amounting to P18,803(Note 24).

Leases - Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to P630,463 as at December 31, 2022 (2021 - P651,911) (Note 18).

Estimating retirement benefits liability

The cost of defined benefit pension plans and other postemployment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2022, retirement benefits liability amounted to P53,077 (2021 - P132,269) (Note 19).

Note 26 - Financial risk and capital management objectives and policies

26.1 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.

26.2 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 December 31, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Notes	2022	2021
Cash and cash equivalents	2	1,285,179	369,509
Receivables, current portion, net	3	1,086,372	924,490
Receivables, non-current portion, net	8	425,308	452,053
Advances	7	1,251,083	1,184,464
Lease receivables	18	207,542	18,231
Rental deposits	11	454,558	435,822
Cash performance bonds	11	394,427	403,950
Performance cash deposits	11	32,450	32,450
Due from related parties	21	157,156	157,156
		5,294,075	3,978,125
FVOCI	9	78,513	53,582
		5,372,588	4,031,707

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P71,302 as at December 31, 2022 (2021 - P47,015).

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 P741,502 as at December 31, 2022 (2021 – P617,431) (Notes 3 and 8).

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 December 31:

	2022					
	Current	30 days	60 days	90 days and above	ECL	Total
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

	2021					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	369,509	-	-	-	-	369,509
Receivables, current portion, net	1,396,615	-	-	-	(472,125)	924,490
Receivables, non-current portion, net	452,053	-	-	-	-	452,053
Advances	1,329,770	-	-	-	(145,306)	1,184,464
Lease receivables	18,231	-	-	-	-	18,231
Rental deposits	435,822					435,822
Cash performance bonds	403,950	-	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	-	32,450
Due from related parties	157,156					157,156
Financial assets at FVOCI	53,582	-	-	-	-	53,582
	4,649,138	-	-	-	(617,431)	4,031,707

Credit risk under general and simplified approach

	2022				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
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

	2021				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	369,509	-	-	-	369,509
Receivables, current portion, net	-	-	-	924,490	924,490
Receivables, non-current portion, net	-	-	-	452,053	452,053
Advances	1,184,464	-	-	-	1,184,464
Lease receivables	-	-	-	18,231	18,231
Rental deposits	435,822	-	-	-	435,822
Cash performance bonds	403,950	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	53,582	-	-	-	53,582
	2,636,933	-	-	1,394,774	4,031,707

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 December 31:

	2022					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
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

	2021					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	548,078	76,359	20,545	749,792	472,125	1,866,899
Expected credit loss	-	-	-	-	472,125	472,125
	548,078	76,359	20,545	749,792	-	1,394,774

26.3 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 December 31, 2022, there are no commitments under the line of credit (2021 - P1,115,000). As at December 31, 2022, there were no amounts drawn against the line of credit (2021 - P983,013). All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (Note 13).

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

	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	501,726
Deposits	81,516	81,516	-	-	81,516
	6,219,726	6,219,726	5,636,484	128,737	583,242

	2021				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-5 years
Trade and other payables	1,613,695	1,613,695	1,613,695	-	-
Short-term and long-term loans payable	4,465,643	4,465,643	1,255,796	368,885	2,840,962
Lease liabilities	651,912	651,912	65,760	67,362	518,790
Deposits	88,473	88,473	-	-	88,473
	6,819,723	6,819,723	2,935,251	436,247	3,448,225

Trade and other payables exclude payable to government agencies and contract liabilities as at December 31, 2022 amounting to P57,724 and 166,528, respectively (2021 – 20,201 and 14,768, respectively).

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from the deferral of principal and interest payments of loans and issuance of shares through a new private placement.

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. As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (Note 1).

To further improve the results of operations and address the cashflow requirements, a new business line, was launched in January 2022. On November 22, 2021, the BOD authorized to issue shares of up to 1.5 billion common shares from the unissued capital stock through a private placement. On March 7, 2022, the BOD approved a private placement of DigiPlus' unissued capital stock of 1.2 billion common shares at an issue price of P1.65 per share or a total of P2.1 billion (Note 1).

26.4 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 that 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.

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2022		2021	
	In USD	In PHP	In USD	In PHP
Cash in banks	50	2,888	366	18,061
Trade receivables	7,230	417,569	13,242	652,572
Rental deposits	400	23,102	400	19,690
Trade and other payables	(1,772)	(102,351)	(3,364)	(165,799)
Net assets	5,908	341,208	10,644	524,524

The exchange rate used to translate the net assets in foreign currency as at December 31, 2022 is P57.76 (2021 - P51).

The Group's foreign exchange (loss) for the years ended December 31 are as follows:

	2022	2021	2020
Realized loss	(7,540)	(3,322)	-
Unrealized loss	(118,850)	(12,640)	(4,792)
	(126,390)	(15,962)	(4,792)

Sensitivity analysis

A 2% weakening of the Philippine peso against the US dollars would have increased equity and net income by P6,825 (2021 - increased equity and net income by P9,220).

A 2% strengthening of the Philippine peso against the US dollars as at December 31, 2022 and 2021 would have had the equal but opposite effect, on the basis that all other variables remain constant.

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 2022 and 2021.

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31 follows:

Change in interest rates (in basis points)	2022	2021
300bp rise	(87,067)	(123,923)
225bp rise	(65,300)	(92,942)
300bp fall	87,067	123,923
225bp fall	65,300	92,942

100 basis point is equivalent to 1%.

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 (Note 9).

The effect on equity, as a result of a possible change in the fair value of the Group's equity instruments held as FVOCI as at December 31, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Change in interest rates (in basis points)	2022	2021
Increase by 10%	7,851	11,263
Increase by 5%	3,926	5,631
Decrease by 10%	(7,851)	(11,263)
Decrease by 5%	(3,926)	(5,631)

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 December 31, 2021 and 2021. The fair value is under Level 1 of the fair value hierarchy.

26.5 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 BOD also monitors the level of dividends to shareholders.

	2022	2021
Profit (loss) before income tax	525,650	(911,747)
Total average equity	11,345,647	10,119,977
	4.63%	(9.00%)

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 December 31, 2022 and 2021.

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.

Note 27 - Notes to consolidated statement of cash flows

The changes in the Group's liabilities arising from financing activities are as follows:

	Note	January 1, 2022	Cash flows	Noncash changes	December 31, 2022
Short term loans	13	1,057,607	(940,868)	-	116,739
Long term loans	13	3,408,036	(372,012)	124,877	3,160,901
Lease liabilities	18	651,912	(241,806)	95,989	506,095
Total liabilities from financing activities		5,117,555	(1,554,686)	220,866	3,783,735

	Note	January 1, 2021	Cash flows	Noncash changes	December 31, 2021
Short term loans	13	983,013	74,594	-	1,057,607
Long term loans	13	3,147,745	249,159	11,132	3,408,036
Lease liabilities	18	815,842	(203,279)	39,349	651,912
Total liabilities from financing activities		4,946,600	120,474	50,481	5,117,555

	Note	January 1, 2020	Cash flows	Noncash changes	December 31, 2020
Short term loans	13	893,893	89,120	-	983,013
Long term loans	13	2,995,958	165,375	(13,588)	3,147,745
Lease liabilities	18	781,777	(246,997)	281,063	815,843
Total liabilities from financing activities		4,671,628	7,498	267,475	4,946,601

The non-cash changes are disclosed in the specific notes.

Note 28 - Summary of significant accounting policies

28.1 Basis of preparation and presentation

The 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 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.

Statement of compliance

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

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 25.

28.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Group.

- PFRS 3: Reference to the Conceptual Framework

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

  The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

  At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendment does not have a material impact on the consolidated financial statements.

- PAS 16: Property, Plant and Equipment - Proceeds before Intended Use

  The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment does not have a material impact on the consolidated financial statements.

- Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. On January 1, 2022, the Group applied these amendments to contracts for which it has not yet fulfilled all its obligations.

- Annual Amendments PFRS 2018-2020 Cycle – Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact to the Group.

- Annual Amendments PFRS 2018-2020 Cycle - PFRS 9 Financial Instruments - Fees in 10% est for Derecognition of Financial Liabilities

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. In January 1, 2022, the Group applied the amendments to financial liabilities that are modified or exchanged. The amendments do not have a material impact to the Group.

New standards, amendments or interpretations issued but not yet effective

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

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

  Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

  - the definition of right to defer settlement;
  - that a right to defer must exist at the end of the reporting period;
  - that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

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

  The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

  - A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Group's financial statements.

28.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of LWRC and its subsidiaries as at December 31 each year and for the years then ended. 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 consolidated financial statements include the financial statements of the Group and the following subsidiaries as at December 31, 2022 and 2021:

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.

The following table summarizes the information relating to the Group entities with material NCI, before intra-group eliminations:

	December 31, 2022				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	16,759	2,031,393	61	140,716	2,188,929
Noncurrent assets	1,902	297,533	33	93,465	392,933
Current liabilities	(29,306)	(912,650)	(87,144)	(193,912)	(1,223,012)
Noncurrent liabilities	(2,240)	(82,453)	-	(72,494)	(157,187)
Net assets (liabilities)	(12,885)	1,333,823	(87,050)	(32,225)	1,201,663
Carrying amount of non controlling interests	(2,577)	404,415	(34,820)	(13,596)	353,422
Revenue	6,724	242,096		107,865	356,685
Net income (loss) for the year	(990)	301,647		(32,148)	268,509
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(990)	301,647		(32,148)	268,509
Net income (loss) allocated to non-controlling interests	(198)	91,459		(13,563)	77,698
Other comprehensive income allocated to non-controlling interests	-	-	-	-	-
Cash flows from operating activities	(3,482)	39,554	-	8,357	44,429
Cash flows from (used in) investment activities	-	-	-	(929)	(929)
Cash flows used in financing activities	-	(19,410)	-	(558)	(19,968)
Net decrease in cash	(3,482)	20,144	-	6,870	23,532

	December 31, 2021				
	LRDCSI	**FCLRC**	**BBL**	**FCCDCI**	**Grand Total**
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	169,895	2,776,263	61	409,480	3,353,346
Noncurrent assets	2,435	176,478	33	121,927	303,226
Current liabilities	(184,085)	(1,849,662)	(87,144)	(450,691)	(2,579,010)
Noncurrent liabilities	(261)	(99,898)	-	(72,024)	(164,756)
Net assets (liabilities)	(12,017)	1,003,181	(87,050)	8,692	912,807
Carrying amount of non controlling interests	(2,403)	304,164	(34,820)	3,667	270,608
Revenue	53,137	292,569	-	213,710	559,416
Net loss for the year	(36,802)	(52,088)	-	(220,127)	(309,017)
Other comprehensive income	-	944	-	-	944
Total comprehensive loss	(36,802)	(51,144)	-	(220,127)	(308,073)
Net income (loss) allocated to non-controlling interests	1,445	24,252	-	(92,872)	(67,174)
Other comprehensive income allocated to non-controlling interests	-	286	-	-	286
Cash flows from operating activities	(14,190)	421,228	-	16,562	423,600
Cash flows from (used in) investment activities	-	(413,133)	-	(20,437)	(433,570)
Cash flows used in financing activities	-	(13,165)	-	(14,079)	(27,244)
Net decrease in cash	(14,190)	(5,070)	-	(17,954)	(37,214)

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 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 consolidated financial statements also include the following indirect subsidiaries owned through ABLE as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership 2022	2021	Country of incorporation
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
Gamexperience 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 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership	Country of incorporation
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
G-Boracay Beta Holdings Inc. (GBBHI)	100	Philippines
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.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

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 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, ABLE resumed its sites' operations.

TGXI's principal office is at W-1801A, 18th Flr., West Tower, PSE-C, Exchange Rd., Ortigas Center, Pasig 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 portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. DigiPlus owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides 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. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

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 16).

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.

28.4 Financial assets

Classification and presentation

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group has cash, receivables, due from related parties and rent deposits (included in "Other noncurrent assets" account in the Group statement of financial position) classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as financial asset at FVPL.

Recognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Measurement

At initial recognition, the Group measures a financial asset at amortized cost, FVOCI and fair value through profit or loss (FVPL). In the case of a financial asset at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at amortized cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income. The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits (Note 26).

Financial assets designated at FVOCI (equity instruments)

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends are recognized as other income in the Group statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable., a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and

- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

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

For cash in banks, receivables, due from related parties and rent deposits. the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL. depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

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

Credit-impaired financial assets

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

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

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

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

28.5 Financial liabilities

Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities include trade and other payables (excluding payables to government agencies for value-added tax, withholding and other taxes), short-term and long-term loans payable, accrued expenses and other payables, due to related parties and lease liability.

Initial recognition and subsequent measurement

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

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Loans payable measured net of directly attributable transaction costs.

Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the Group statement of total comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Group statement of total comprehensive income.

28.6 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity:
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer‘s own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments: or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately. with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part. The amount separately determined as the fair value of the liability component on the date of issue.

28.7 Determination of fair value

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

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

The Group's FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

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

28.8 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparties.

29.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

28.10 Receivables

Trade receivables arising from services with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Note 25.2.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers). Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

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

28.11 Prepaid expenses and other current assets

Prepayments are recognized in the consolidated statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the consolidated statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

28.12 Investments and advances

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Joint arrangements

Under PFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group does not have arrangements classified as joint operations.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 26.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

28.13 Property and equipment

Property and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers. A revaluation surplus is credited to other comprehensive income in the statement of shareholders' equity. Land is not depreciated.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e.. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses. and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of-use assets are depreciated on a straight - line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation on other assets is computed on the straight-line method to allocate
the cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Asset	Number of years
Leasehold improvements	5 or term of the lease, whichever is shorter
Aircraft and transportation equipment	5-15
Gaming equipment	5
Office furniture, fixtures, and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1-25

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their accumulated depreciation are removed from the disposal accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

28.14 Investment properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date.

The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

28.15 Lease rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

28.16 Business combination

The Group applies the purchase or acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

28.17 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of total comprehensive income.

28.18 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, and equipment, lease rights, and investment properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

28.19 Trade payables and other current liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

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

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

28.20 Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Loans payable are derecognized when the obligation is settled, paid or discharged.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

28.21 Provisions

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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

28.22 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

28.23 Deposit for future stock subscription

Deposits for future stock subscriptions represent cash receipts to be applied as payment for additional subscription of unissued shares or shares from an increase in authorized capital stock, outstanding subscriptions receivables, or additional paid-in capital, and are reported as a separate line item in the consolidated statement of financial position upon compliance with the requirements of the Philippine SEC.

The Group classifies deposits for future stocks subscriptions under equity as a separate account from capital stock if, and only if, all of the following elements are present as of the end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of said proposed increase has been presented for filing or has been filed with the Philippine SEC.

If any of the foregoing elements are not present, the deposit is recognized as a liability.

28.24 Equity

Capital stock

Common and preferred shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Additional paid-in capital

Any amount received by the Group in excess of par value of the Parent Company's shares is credited to Additional paidoin capital which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate code.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to the additional paid in capital in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair value reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

Foreign currency translation reserve

The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine Peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

28.25 Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

The diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Group has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

28.26 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Bingo games

- Online traditional bingo - Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.
- Electronic bingo games- Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts and share of machine vendors
- Traditional bingo, rapid bingo and pull tabs - Revenue from these bingo games is satisfied at a point in time and are recognized upon sale of bingo cards.

Electronic games

Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.

Rental income and revenue from sub-lease

Rent income from investment properties and revenue from sub-lease is recognized on a straight-line basis over the term of the lease.

Service and hosting fees

Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations

Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

Commission income

Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Interest income

Interest income from cash in banks and receivables, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

Other income

Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15.

28.27 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

28.28 Cost and expense recognition

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized:

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

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

28.29 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

28.29.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- payments of penalties for terminating the lease, if the lease term reflects the termination.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

28.29.2 The Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of total comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

28.30 Employee benefits

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

Retirement benefits liability

The Group has a defined benefit retirement plan managed by its subsidiaries, ABLE and FCLRC, which is based on the provisions of Republic Act RA 7641. A defined benefit plan is a pension plan that defined an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

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

The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

28.31 Income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized, or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Group re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

28.32 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in “Foreign currency translation reserve” in equity.

28.33 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment’s assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

The Group has one geographical segment and derives substantially of its revenues from domestic operations.

28.34 Related party transactions and relationships

(a) Related party relationship

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

28.35 Subsequent events (or events after the reporting period)

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

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

Index to Supplementary Schedules

I	Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)
II	A map showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates
III	Supplementary schedules
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
D	Long term Debt
E	Indebtedness to Affiliates and Related Parties (Long-term loans from Related Companies
F	Guarantees of Securities of Other Issuers
G	Capital Stock
H	Financial Soundness Indicators

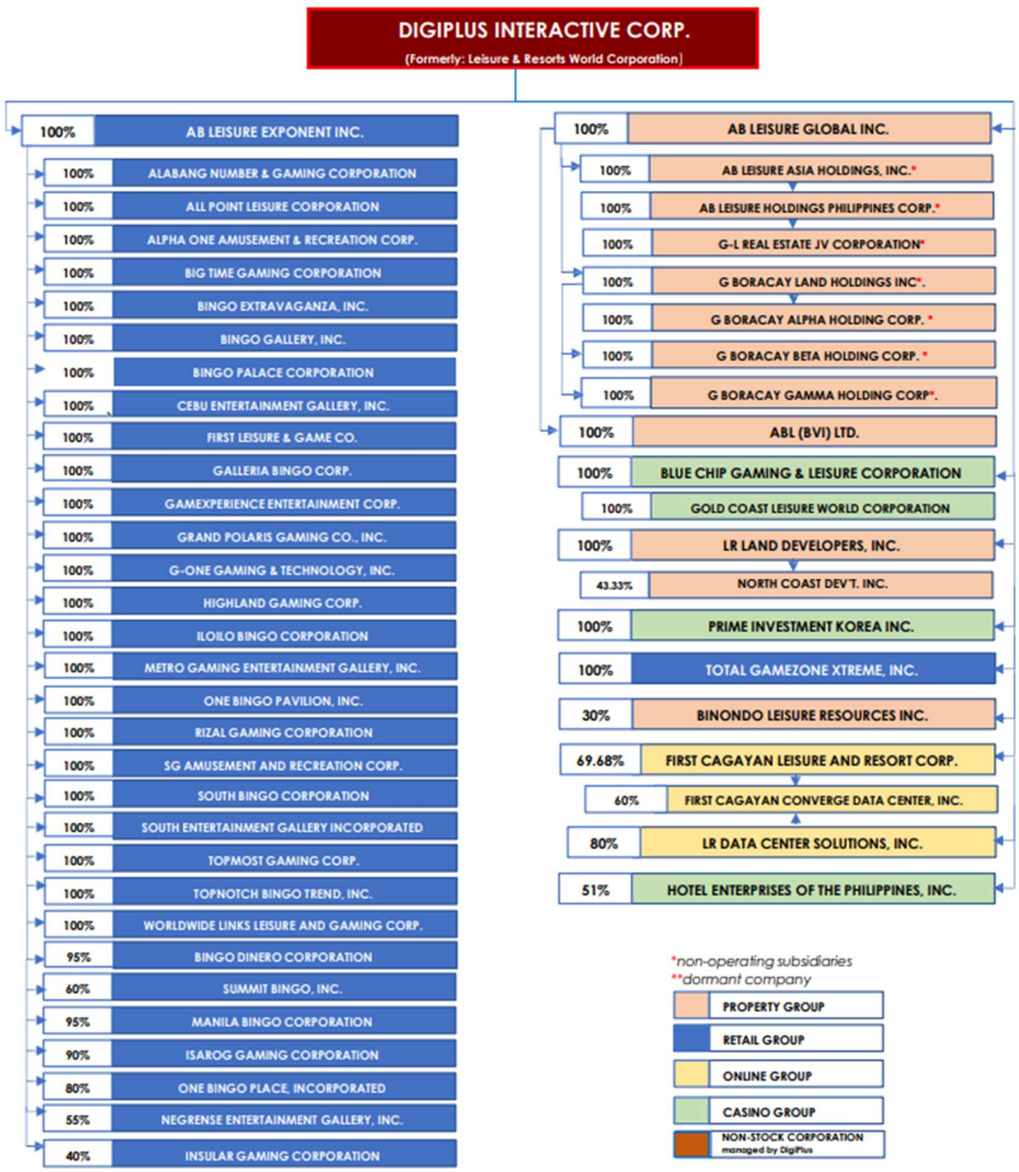
DigiPlus Interactive Corp.
(formerly Leisure & Resorts World Corporation)

Reconciliation of Parent Company's Retained Earnings
Available for Dividend Declaration
As at December 31, 2022
All amounts in thousand Philippine Peso
(Part 1, 4C, Annex 68-C)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		(309,306)
Add:	Net income actually earned/realized during the period	
	Net loss during the year closed to Retained Earnings	(319,096)
Less:	**Non-actual/unrealized income net of tax**	
	Equity in net loss of associate/joint venture	48,058
	Unrealized foreign exchange gain - (after tax) except those attributable to cash and cash equivalents	-
	Unrealized actuarial gain	-
	Fair value adjustment (mark-to-market gain)	-
	Fair value adjustment of Investment Property resulting to gain	-
	Adjustment due to deviation from PFRS – gain	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Add:	**Non-actual losses**	
	Depreciation on revaluation increment (after tax)	-
	Adjustment due to deviation from PFRS -loss	-
	Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year		(271,038)
Add (less):		
	Dividend declarations during the year	-
	Appropriation of retained earnings during the year	-
	Reversals of appropriations	-
	Effects of prior period adjustments	-
	Treasury shares	-
Total Retained Earnings Available for Dividend Declaration, end		(580,344)

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

Map of Conglomerate



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

Financial Assets
(All amounts in thousand Philippine Peso)

Financial Asset	Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Loans and receivables:			
Cash in bank	Union Bank	391,199	2,769
	BDO	260,519	
	AUB	188,569	
	UCPB	167,938	
	Others	34,846	
		1,043,471	
Cash equivalents	Others	242,108	-
Cash on hand		71,302	-
Receivables		1,511,680	46,178
Advances		1,251,083	-
Lease receivables		207,542	215,684
Rental deposits		454,558	-
Cash performance bonds		394,427	-
Performance cash deposits		32,450	-
Due from related parties		157,156	-
Equity investments designated at FVOCI:			
Financial assets at FVOCI	DFNN, Inc.	78,513	-
		5,444,290	264,631

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

Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written Off	Current	Non-current	Balance at end of period
Stockholders	53,106	-	-	-	53,106	-	53,106

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

Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Non-current	Balance at End of Period
Due to DigiPlus:							
ABLE	215,108	1,102,133	-	-	1,317,241	-	1,317,241
AB Leisure Global, Inc.	1,463,938	535,298	-	-	1,999,236	-	1,999,236
Blue Chip Gaming and Leisure Corporation	5,685	361,204	-	-	366,889	-	366,889
LR Land Developers, Inc.	154,434	-	(154,434)	-	-	-	-
PIKI	282,005	9,044	-	-	291,049	-	291,049
FCCDCI	-	234,556	-	-	234,556	-	234,556
TGXI	72,845	-	(72,845)	-	-	-	-
Due to LR Land:							
LR Land Developers	-	584,272	-	-	584,272	-	584,272
TGXI	-	360,222	-	-	360,222	-	360,222
FCLRC	-	1,675,493	-	-	1,675,493	-	1,675,493
LR Data Center	-	1,232	-	-	1,232	-	1,232
	2,194,015	4,863,454	(227,279)		6,830,190		6,830,190

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

Long Term Debt
(All amounts in thousand Philippine Peso)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current Portion of Long-term Debt" in related Statement of Financial Position	Amount shown under caption "Long-term Debt" in related Statement of Financial Position
Banco De Oro	2,250,000	2,250,000	-
Chip Leader	910,901	910,901	-
	3,160,901	3,160,901	

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

Indebtedness to Related Parties (Long-term loans from Related Companies
(All amounts in thousand Philippine Peso)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not applicable		

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

Guarantees of Securities of Other Issuers
(All amounts in thousand Philippine Peso)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owed by Person for which Statement is Filed	Nature of Guarantee
Not applicable				

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

Capital Stock
(All amounts in thousand Philippine Peso)

Title of Issue	Number of Shares Authorized	Number of Shares issued as Shown under Related Balance Sheet caption	Number of Treasury Shares	Number of Outstanding Shares	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares held by Related Parties	Number of Shares Held by Directors and Officers	Others
Common	5,000,000,000	4,094,106,666	377,647,488	3,716,459,178	-	21,567,000	14,264,314	3,680,627,864

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

Schedule of Financial Soundness Indicators
(All amounts in Philippine Peso)

Key Performance Indicator	Formula	2022	2021
Current Ratio	Current Assets / Current Liabilities	**0.52:1**	0.46:1
Acid Test Ratio	Cash and cash equivalents + Receivables, net + Due from related parties / Current Liabilities	**0:44:1**	0.42:1
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	**0.61:1**	0.92:1
Asset to Equity Ratio	Total Assets / Stockholders' Equity	**1.61:1**	1.92:1
Return on Average Equity	Net Income / Average Stockholders' Equity	**6.05%**	(8.84%)
Return on Average Assets	Net Income / Average Total Assets	**3.47%**	(4.73%)
Solvency Ratio	Net Income + Depreciation / Average Total Liabilities	**0.13:1**	(0.06:1)
Interest Coverage Ratio	Income Before Interest, Tax & Depreciation / Interest Expense	**2.67:1**	(0.33:1)
Net Book Value Per Share	Stockholders' Equity / Shares Outstanding	**3.50**	3.96
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	**0.1768**	(0.3414)
Net Profit Margin	Net income / Revenue	**7.71%**	(31.88%)

COVER SHEET

1	3	1	7	4							

SEC Registration Number

DIGIPLUS INTERACTIVE CORP.
(Formerly Leisure & Resorts World
Corporation)

(Company's Full Name)

ECOPRIME BUILDING, 31ST. COR. 9TH
AVE. BONIFACIO GLOBAL CITY,
TAGUIG CITY

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

Mr. Wilfredo Pielago	8 637-5291 5291 to 93
(Contract Person)	(Company Telephone Number)

1 2 / 3 1	17-Q	0 7 / 2 9
Month *Day* (Fiscal Year)	(Form Type)	*Month* *Day* (Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

	Not Applicable
Dept. Requiring this Doc.	Amended Articles Number/section

Total Amount of Borrowings

1,821		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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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 **March 31, 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, 31ST 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	3,716,459,178/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 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).

As one of the leading icons of the industry, DigiPlus is aggressive in innovations and improvement of its products and services. One of the most recent notable achievements would be BingoPlus. It is the first platform in the country which offers traditional Bingo on technology platform. The technology platform, bingoplus.com, was launched in January 2022 and had quickly become a community favorite.

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 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 March 31, 2023, ABLE also had 126 land-based sites, of which 124 were operational sites, while 2 sites remained temporary closed mainly due to renovation and relocation.

TGXI
TGXI is engaged in operates e-games stations under licensee of PAGCOR.

As of March 31, 2023, TGXI had 31 sites, of which 30 were operational sites while 1 site remained temporary closed mainly due to renovation and relocation.

Casino

BCGLC
BCGLC operates Slot Arcades at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by PAGCOR.

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

PIKI
Together with PAGCOR, PIKI executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City.

In 2020, PIKI already ceased its operations.

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.

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.

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.

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. DigiPlus as Surety and signed an Omnibus Loan and Security Agreement (OLSA) for ₱2,500,000,000.00 with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and the Company since October 2017.

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 (LOSS)

Breakdown of consolidated gross revenues, other revenues and its related costs and expenses are as follows:

	For three months ended March 31			%
Amounts in Thousands	**2023**	2022	Inc/(Dec)	Change
GROSS REVENUE				
Retail games	**₱3,975,733**	₱751,880	₱3,223,853	429%
Rental income - casino	**102,308**	66,345	35,963	54%
Service and hosting fees	**80,856**	94,371	(13,515)	-14%
Revenue from leases	**18,819**	16,418	2,401	15%
Total Gross Revenue	**4,177,716**	929,014	3,248,702	350%
COSTS AND EXPENSES				
Franchise fees and taxes	**2,284,063**	654,072	1,629,991	249%
Advertising and promotion	**482,329**	17,989	464,340	2581%
Outside services	**414,690**	43,599	371,091	851%
Salaries and other benefits	**207,732**	106,061	101,671	96%
Rent	**161,867**	91,035	70,832	78%
Communications and utilities	**74,503**	54,748	19,755	36%
Depreciation and amortization	**40,780**	49,854	(9,074)	-18%
Taxes and licenses	**25,592**	12,550	13,042	104%
Repairs and maintenance	**8,653**	10,785	(2,132)	-20%
Bandwith and co-location costs	**8,048**	37,612	(29,564)	-79%
Others	**-**	51,615	(51,615)	-100%
Total Costs and Expenses	**3,708,257**	1,129,920	2,578,337	228%
Operating Income (Loss)	**₱469,459**	(₱200,906)	₱670,365	334%

Consolidated Revenue
In the first quarter of 2023, consolidated gross revenue increased by 350% or ₱3,248.7 million from ₱929.0 million of the first quarter of 2022 to ₱4,177.7 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 quarter of 2023 amounting to ₱3,975.7 million, an increase of 429% or ₱3,223.9 million. This was mainly due to an increase in retail business operations and new licenses obtained from PAGCOR.

As of March 31, 2023, there were 154 sites in operation with full capacity.

In July 2021, TGXI received a new PAGCOR license to start a new business product "Electronic Gaming System (EGS)" to replace Electronic games. Previously TGXI earned 29% gross gaming revenue (GGR) from IEST a gaming platform provider and now TGXI generated GGR 52.50% after PAGCOR share.

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, Arena Plus.

Casino
BCGLC and GCLWC revenue increased by 54% or ₱36.0 million from ₱66.3 million in the first quarter of 2022 to ₱102.3 million in the first quarter of 2023. The increase was mainly due to increase in operating capacity and sites' operating hours.

Network and Licenses
There was a decrease in network and licenses revenue from ₱94.4 million to ₱80.9 million in the first quarter of 2023 as compared to 2022. The decrease amounted to ₱13.5 million or 14%. 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 in 2022 increased by 15% 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 228% or ₱2,578.3 million in the first quarter 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 (LOSS)

Details of EBITDA and net income (loss) are as follows:

	For three months ended March 31			
Amounts in thousands	**2023**	2022	Inc/(Dec)	% Change
Gross revenues	**₱4,177,716**	₱929,014	₱3,248,702	350%
Costs and expenses (excluding depreciation and amortization)	**(3,667,477)**	(1,080,066)	2,587,411	240%
EBITDA*	**510,239**	(151,052)	661,291	438%
Depreciation and amortization	**(40,780)**	(49,854)	(9,074)	-18%
Finance expense	**(24,657)**	(21,970)	2,687	12%
Equity in net loss of joint venture:	**(10,959)**	-	10,959	100%
Foreign exchange gain (loss)	**17**	(1,116)	1,133	102%
Finance income	**5,620**	21	5,599	26662%
Other income (expenses) - net	**(2,710)**	900	3,610	401%
Net Income (loss) after tax	**436,770**	(223,071)	659,841	296%
Minority interest	**12,387**	(679)	13,066	1924%
Net income (loss) attributable to Parent Company	**₱424,383**	(₱222,392)	₱646,775	291%

*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 ₱222.4 million net losses in the first quarter of 2022 to ₱436.7 million net income in the first quarter of 2023 or 296% increase. EBITDA also improved from a loss of ₱151.1 million in the first quarter of 2022 to ₱510.2 million in the same period of 2023. This was mainly due to significant increase in revenue from retail and casino segments, 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 March 31, 2023, our total assets stood at ₱21.4 billion, an increase of ₱0.4 billion or 2% as compared to total assets as of December 31, 2022 amounting to ₱20.9 billion. The increase was attributable to increase in receivables, prepaid expenses, property and equipment and other noncurrent assets, net of the decrease in cash, and investment and advances. The increase is mainly due to on-going and completed construction of BingoPlus studio and head office and renovation of BingoPlus land-based sites.

Cash and cash equivalents decreased by ₱178.3 million or 13% mainly due to payments of existing loans, property and equipment additions, advances to suppliers for the new studio and head office. This is net of deposits received for future stock subscription and cash flows generated from the operations.

Receivables and lease receivables increased by ₱74.4 million or 4% mainly due to lease amendments to increase rental rate of certain sub-lease agreements of the

Group. Prepaid and other current assets also increased by 55% mainly due to increase in prepaid expenses such as advertising, taxes and licenses, insurance and increase in advances to existing suppliers.

Property and equipment increased by 4% or ₱42.2 million, mainly due to renovations of land-based sites and acquisition of office equipment, net of straight-line depreciation and amortization during the quarter.

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 24% or ₱275.1 million due to on-going construction of new BingoPlus studio and new office in BGC.

The total liabilities as of March 31, 2023 and December 31, 2022 amounted to ₱8.0 billion and ₱7.9 billion, respectively. The slight increase was mainly due to the receipt of deposits for future stock subscriptions, partially offset by the settlement of the Group's outstanding loans.

Cash Flows

Cash balance as of March 31, 2023 and December 31, 2022 amounted to ₱1.2 billion and ₱1.4 billion, respectively. The decrease was mainly due to net cash used in investing and financing amounting to ₱365.9 million and ₱315.3 million, respectively, net of cash flows provided by operating activities amounting to ₱502.9 million in the first quarter 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

<u>Retail</u>

In 2022, we were able to overcome changes brought by the pandemic and successfully launched our online products, which had brought significant revenue growth to the company.

For 2023, we expect to expand more physical sites in the different areas, especially the provincial regions. We are also expecting to explore on additional game offerings and gaming machine acquisitions to support the growing operations. 2023 is also expected to be a year of continued growth for our online products. We plan to add new online games to increase revenue and player retention and we believe that these expansions will adequately address the changing consumer trends and demographics. We shall also remain cost-efficient to protect our margins.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards a more digital, sustainable and cost-efficient business structure.

Casino

Product Improvement
For 2023, BCGLC expect to purchase additional new slot machines from 2 world top slot machines manufacturer (Aristocrat Gaming and Light and Wonder gaming). All are top performing games in Asia include Duo Fu Duo Cai Grand, Jin Ji Bao Xi Grand, Dragon Link, Tian Ci Jin Lu etc.

At the same time, for jackpot setting, Bluechip VIP club will be one of the highest jackpot prize in the Philippines. The ultimate goal is to be the number one VIP slot machine club in the Philippines.

Marketing and Promotion
BCGLC marketing plan in 2023 will be based on the following: (1) Product – increase the game mix; (2) Price – various denomination games installed in each club to attract all levels of players; (3) Promotion – intense marketing activities will be held on a weekly, monthly and quarterly basis.

Bluechip Club is the fastest loyalty point earning club in the Philippines with variety of products for our members to redeem for as we want to make every member to have the chance to win after visiting of the slot club.

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

May 12, 2023

WILFREDO M. PIELAGO
Chief Financial Officer / Treasurer

May 12, 2023

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

Consolidated Statements of Financial Position

As at March 31, 2023 and December 31, 2022
(All amounts in thousand Philippine Peso)

	Notes	2023*	2022**
ASSETS			
Current asset			
Cash and cash equivalents		1,178,143	1,356,481
Receivables, net		1,155,279	1,086,372
Current portion of lease receivables		64,618	64,618
Due from related parties		157,156	157,156
Prepaid expenses and other current assets		679,938	437,992
Total current assets		3,235,134	3,102,619
Non-current assets			
Receivables, net of current portion		430,812	425,308
Lease receivables, net of current portion		142,924	142,924
Investments and advances, net		2,762,438	2,773,385
Financial assets at fair value through other comprehensive income (FVOCI)		70,640	78,513
Property and equipment, net		1,118,772	1,076,596
Investment properties		10,942,553	10,942,553
Goodwill		1,329,092	1,329,092
Other noncurrent assets		1,360,244	1,077,315
Total noncurrent assets		18,157,475	17,845,686
Total assets		21,392,609	20,948,305
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities		2,736,950	2,454,359
Short-term loans payable	2	441,739	116,739
Current portion of:			
Long-term loans payable	2	710,901	3,160,901
Lease liabilities		260,511	260,511
Income tax payable		343	343
Total current liabilities		4,150,444	5,992,853
Non-current liabilities			
Long-term loans payable, net of current portion	2	-	-
Lease liabilities, net of current portion		369,952	369,952
Deposits for future stock subscriptions	3	1,852,416	-
Retirement benefits liability		53,077	53,077
Customer deposits, net of current portion		86,916	81,516
Deferred tax liabilities		1,444,183	1,444,183
Total noncurrent liabilities		3,806,544	1,948,728
Total liabilities		7,956,988	7,941,581
Equity			
Capital stock		4,094,107	4,094,107
Additional paid-in capital		5,090,997	5,090,997
Treasury shares		(431,598)	(431,598)
Retirement benefits reserve		20,502	20,502
Fair value reserve		491,962	499,835
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		(19,488)	(19,488)
Retained earnings		3,751,397	3,327,014
Equity attributable to equity holders of the Parent Company		12,995,779	12,579,269
Non-controlling interests		439,842	427,455
Total equity	3	13,435,621	13,006,724
Total liabilities and equity		21,392,609	20,948,305

**Unaudited*
***Audited*

(The notes on are integral part of these financial statements)

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

Consolidated Statements of Total Comprehensive Income
For the three months ended March 31, 2023 and 2022
(All amounts in thousands Philippine Peso)

	Notes	2023*	2022*
Revenues			
Retail games		3,975,733	751,880
Rental income		102,308	66,345
Service and hosting fees		80,856	94,371
Revenue from leases		18,819	16,418
		4,177,716	929,014
Cost and operating expenses	6	(3,708,257)	(1,129,920)
Operating profit (loss)		469,459	(200,906)
Other expenses and losses, net			
Finance expense	2	(24,657)	(21,970)
Equity in net loss of joint venture:		(10,959)	-
Foreign exchange gain (loss)		17	(1,116)
Finance income		5,620	21
Other income (expense), net		(2,710)	900
		(32,689)	(22,164)
Profit (loss) before income tax		436,770	(223,071)
Provision for income tax		-	-
Profit (loss) for the period		436,770	(223,071)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Revaluation loss - FVOCI		(7,873)	-
		(7,873)	-
Total comprehensive income (loss) for the period		428,897	(223,071)
Profit (loss) for the period attributable to:			
Equity holders of the Parent Company		424,383	(222,392)
Non-controlling interests		12,387	(679)
		436,770	(223,071)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company		416,510	(222,392)
Non-controlling interests		12,387	(679)
		428,897	(223,071)
Earnings (loss) per share			
Basic and diluted	3	0.1142	(0.0920)

**Unaudited*

(The notes are integral part of these financial statements)

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

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022
(All amounts in thousands Philippine Peso)

	Equity attributable to equity holders of the Parent Company											
	Capital stock											
	Common	Preferred	Additiona l paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
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												
Loss for the period	-	-	-	-	-	-	-	-	(222,392)	(222,392)	(679)	(223,071)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(222,392)	(222,392)	(679)	(223,071)
Balances at March 31, 2022	2,444,107	1,650,000	4,276,691	(1,703,951)	24,244	(52,546)	(2,100)	(19,488)	2,503,917	9,120,874	340,624	9,461,498

	Equity attributable to equity holders of the Parent Company											
	Capital stock											
	Common	Preferred	Additional paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
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	-	-	-	-	-		-	-	424,383	424,383	12,387	436,770
Other comprehensive income for the period	-	-	-	-	-	(7,873)	-	-	-	(7,873)	-	(7,873)
Total comprehensive income for the period	-	-	-	-	-	(7,873)	-	-	424,383	416,510	12,387	428,897
Balances at March 31, 2023	4,094,107	-	5,090,997	(431,598)	20,502	491,962	(2,100)	(19,488)	3,751,397	12,995,779	439,842	13,435,621

**Unaudited*

(The notes are integral part of these financial statements)

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

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022
(All amounts in thousands Philippine Peso)

	Notes	2023*	2022*
Cash flows from operating activities			
Income (loss) before income tax		436,770	(223,071)
Adjustments for:			
Depreciation and amortization		40,780	49,854
Finance expense		24,657	21,970
Equity in net loss of joint venture and associates		10,959	-
Unrealized foreign exchange loss (gain)		(17)	1,116
Interest income		(5,620)	(21)
Operating income (loss) before working capital changes		507,529	(150,152)
Increase in:			
Receivables		(68,905)	(32,906)
Prepaid expenses and other current assets		(241,947)	(56,190)
Increase (decrease) in:			
Trade payables and other current liabilities		300,664	434,572
Customer deposits		5,400	(6,926)
Net cash generated from operations		502,741	188,398
Interest received		115	21
Net cash provided by operating activities		502,856	188,419
Cash flows from investing activities			
Proceeds from sale of property and equipment		-	-
Additions to:			
Property and equipment		(82,955)	(22,679)
Investment and advances		-	(331,358)
Other noncurrent assets		(282,928)	977
Net cash used in investing activities		(365,883)	(353,060)
Cash flows from financing activities			
Proceeds from:			
Deposit for future stock subscription	3	1,852,416	-
Loans payable	2	325,000	190,046
Payments for:			
Loans payable	2	(2,450,000)	(213,165)
Interest		(42,727)	(21,970)
Net cash used in financing activities		(315,311)	(45,089)
Net decrease in cash and cash equivalents		(178,338)	(209,730)
Cash and cash equivalents at beginning of period		1,356,481	416,524
Cash and cash equivalents at end of period		1,178,143	206,794

**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 Financial Statements
As at March 31, 2023 and December 31, 2022
And for the three months ended March 31, 2023 and 2022
(In the notes, all amounts are shown in thousands Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Company 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 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.

1.2 Status of operations

Impact of COVID-19

In March 2020, in a move to contain the COVID-19 outbreak, the Office of the President of the Philippines issued Proclamation No. 929, declared a State of Calamity throughout the Philippines and mandated various quarantine restrictions (Enhanced Community Quarantine or ECQ) on commercial activities and material limitations on the conduct of business to contain the spread of the virus. This resulted in the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location. In line with this declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine.

On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine. On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence of COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted under ECQ starting March 29, 2021 and as a result, gaming sites within Metro Manila and nearby provinces suspended operations. In April 2021, alert level was downgraded to Modified Enhanced Community Quarantine (MECQ) and in the mid of May, was further downgraded to GCQ and sites are allowed to reopen.

To prevent the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 15 to September 15, 2021. During this time, gaming sites were closed to the public.

On September 16, 2021, the government amended its quarantine classification system for Metro Manila to allow for granular lockdowns. The new system employs an "Alert Level" approach, where major classifications include only ECQ (Alert Level 5) and GCQ (Alert Level 4 to 1). Under GCQ, each classification level from Alert Level 4 corresponds to less strict limitations on mobility with Alert Level 1 being the most relaxed. Metro Manila was then placed under GCQ Alert Level 4 and the gaming sites reopened at limited capacity.

On October 6, 2021, the Philippine government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2. As the government eased the quarantine restrictions, the Group continued to maintain health and safety protocol mandates in its sites and acts with caution to satisfy customer requirements under the "new normal" arrangements.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group's business, operations, and financial results. In 2022, with the ease of quarantine restrictions and the launching of the traditional bingo on a technology platform, BingoPlus, the Group's operations started to recover. As a result, the Group generated a net income of P686,857 and positive operating cash flows of P1,131,773. The Group's current liabilities still exceeded current assets by P2,158,504 as at March 31, 2023. In February 2023, the Group has launched a new brand for its sports betting operations, Arena Plus.

Short-term liquidity issues of DigiPlus are being dealt on a group level as treasury and cash management functions remains centralized. 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.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis.

Note 2 - Loans payable

Short-term loans

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

	Ref	2023	2022
Classic Finance (CFI)	a	116,739	116,739
Banco De Oro (BDO)	b	325,000	-
		441,739	116,739

Long-term loans

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

		2023		2022	
	Ref	Current portion	Non-current portion	Current portion	Non-current portion
BDO	c	-	-	2,250,000	-
Chip Leader	d	710,901	-	910,901	-
		710,901	-	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.

b. In January 2023, ABLE entered into 6-month short-term credit facility agreement with BDO with maturity date of July 2023 with interest of 7.75%, subject to repricing.

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 March 31, 2023 amounting to nil (December 31, 2022 - 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 March 31, 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.

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.

Interest expense related to the loans for the three months ended March 31, 2023 and 2022 amounted to P24,657 and P21,970, respectively.

Note 3 - Equity

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

	March 31, 2023		December 31, 2022	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	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
Conversion of preferred shares to common shares	-	-	1,650,000	1,650,000,000
Balance at end of period	4,094,107	4,094,106,666	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. As of reporting date, the Group is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

As of March 31, 2023 and December 31, 2022, the Parent Company has 1,821 common stockholders.

Warrants

On June 10, 2013, the BOD of the Parent Company approved the listing of 1,650,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

In September 2021, 26,606,666 warrants were exercised and converted into shares for an exercise price of P1.503 per share, which is the weighted average trading price for three (3) months prior to the exercise date with a 10% discount. Consequently, common shares with par value aggregating to P26,607 were issued for the exercised warrants resulting in additional paid-in capital of P13,383.

The remaining 55,893,334 warrants which were not exercised in September 2021 are deemed expired and are no longer exercisable.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000 preferred shares at P1.00 per share. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statements of changes in equity.

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 March 31, 2023 and December 31, 2022, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to P175,387.

Treasury Shares

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

	Parent Company Treasury Shares		Parent Company Shares held by ABLE	
Number of shares	2023	2022	2023	2022
Balance at beginning of period	377,646,488	1,650,000,000	21,567,000	21,567,000
Issuance of shares	-	(1,272,353,512)	-	-
Balance at end of period	377,646,488	377,646,488	21,567,000	21,567,000

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

Deposits for future stock subscriptions

On September 15, 2022, the Board of Directors approved and authorized the issuance of 691,200,000 common shares of stock via private placement at an issue price of P1.70 per share or 5% above 30-day volume-weighted average price, whichever is higher. On November 24, 2022, the stockholders approved and authorized the issuance of 691,200,000 common shares. On December 21, 2022, the Board of Directors approved the ninety (90) days extension from the original period of December 21, 2022 to fully pay for the subscription in the private placement shares. In March 2022, payments for the subscription amounting to P1,852,416 were received by the Parent Company. This was presented as "Deposits for future stock subscriptions" in the consolidated statement of financial position as at March 31, 2023.

Earnings (loss) per share

Basic/diluted earnings (loss) per share for the three months ended March 31 is computed as follows:

	2023	2022
Net income (loss) attributable to equity holders of the Parent Company (a)	424,383	(222,392)
Adjusted weighted average number of shares outstanding (b)	3,716,459	2,417,500
Basic earnings (loss) per share (a/b)	0.1142	(0.0920)

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.

Note 4- Gaming licenses to operate bingo games

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. 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.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

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.

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.

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.

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.

The Group pays PAGCOR 25%-47.5% of its revenue as franchise fee.

Note 5 - 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 sublicences 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 6 - Costs and operating expenses

Cost and operating expenses for the three months ended March 31 consist of:

	2023	2022
Franchise fees and taxes	2,284,063	654,072
Advertising and promotion	482,329	17,989
Outside services	414,690	43,599
Salaries and other benefits	207,732	106,061
Rent	161,867	91,035
Communications and utilities	74,503	54,748
Depreciation and amortization	40,780	49,854
Taxes and licenses	25,592	12,550
Repairs and maintenance	8,653	10,785
Bandwith and co-location costs	8,048	37,612
Others	-	51,615
	3,708,257	1,129,920

Note 7 - 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 network and license group, casino group, retail group and investment 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 PAGCOR eGames Station (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 in as at and for the three months ended March 31, 2023 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	80,856	102,308	3,975,733	18,819	-	-	4,177,716
Cost and operating expenses	(51,514)	(66,570)	(3,477,197)	(10,828)	(61,368)	-	(3,667,477)
EBITDA	29,342	35,738	498,536	7,991	(61,368)	-	510,239
Depreciation and amortization	(4,092)	(24,678)	(10,993)	(297)	(720)	-	(40,780)
Finance expense	-	-	(4,074)	(20,583)	-	-	(24,657)
Equity in net losses of a joint venture	-	-	-	-	(10,959)	-	(10,959)
Finance income	4	2	92	5,506	16	-	5,620
Foreign exchange gain, net	-	-	17	-	-	-	17
Other income (expense), net	(3)	(147)	(2,408)	(23)	(129)	-	(2,710)
Income tax	-	-	-	-	-	-	-
Net income (loss)	25,251	10,915	481,170	(7,406)	(73,160)	-	436,770
Other information							
Total assets	865,710	1,532,328	4,957,042	14,674,948	7,574,327	(8,211,746)	21,392,609
Total liabilities	2,589,792	2,087,577	4,298,474	9,071,355	110,678	(10,200,888)	7,956,988
Capital expenditures	-	-	80,933	-	2,022	-	82,955

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

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	94,371	66,345	751,880	16,418	-	-	929,014
Cost and operating expenses	(65,214)	(48,555)	(890,409)	(15,394)	(60,494)	-	(1,080,066)
EBITDA	29,157	17,790	(138,529)	1,024	(60,494)	-	(151,052)
Depreciation and amortization	(26,520)	(10,632)	(12,223)	(243)	(236)	-	(49,854)
Finance expense	-	-	(3,679)	(13,512)	(4,779)	-	(21,970)
Finance income	-	-	2	19	-	-	21
Foreign exchange loss, net	1	-	(1,117)	-	-	-	(1,116)
Other income (expense), net	(4,322)	1,065	(8,722)	10,491	2,388	-	900
Income tax	-	-	-	-	-	-	-
Net income	(1,684)	8,223	(164,268)	(2,221)	(63,121)	-	(223,071)
Other information							
Total assets	2,504,368	1,623,276	2,644,296	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,825,142	1,804,411	2,517,178	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	1,410	-	21,269	-	-	-	22,679

There were no intersegment sales recognized among reportable segments in for the three months ended March 31, 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 8 - 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 9 - Critical accounting estimates and assumptions

Use of estimates and judgment

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

9.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of lease term of contracts with renewal and termination options - Group as a lessee.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as significant number of the lease agreements can be renewed only upon mutual agreement by both parties.

Determination and classification of joint arrangement

The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD and joint control over the joint venture.

Distinction between investment property and property and equipment

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Recoverability of property and equipment

The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For the Group's impaired property and equipment in 2020, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group assessed that the carrying amount of property and equipment as at March 31, 2023 and December 31, 2022 are fully recoverable.

Recoverability of investment in joint venture

The Group assess recoverability of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

The COVID-19 pandemic significantly affected HEPI's operations and substantially reduced the of guests and reduced room rates in its hotels, consequently impacting Group's share in net losses of HEPI. In 2023 and 2022, with the ease of quarantine restrictions, HEPI shown recovery in terms of reduced net losses.

Based on the assessment, the Group assessed that the investment in joint venture as at March 31, 2023 and December 31, 2022 is not impaired.

Estimating realizability of deferred tax assets.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The Group's unrecognized deferred tax assets amounted to P413,687 as at March 31, 2023 and December 31, 2022.

9.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 6 to the annual consolidated financial statements.

Investment properties amounted to P10,942,553 as at March 31, 2023 and December 31, 2022.

Impairment of goodwill

Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units. As at March 31, 2023 and December 31, 2022, the carrying amounts of goodwill amounted to P1,329,092.

Expected credit loss - Receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Group also evaluates specific account of customers and other counterparties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the debtor’s payment history and the result of the Group’s follow-up action to recover overdue debts.

Any change in the Group’s assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

As at March 31, 2023 and December 31, 2022, the Group recognized an allowance for impairment of receivables amounting to P590,640. Management believes that the recorded allowance is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

Estimating provisions and contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group’s estimates of the probable costs for the resolution of its obligations have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. As of March 31, 2023 and December 31, 2022, the Group has allowance for probable losses amounting to P18,803.

Leases - Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to P630,463 as at March 31, 2023 and December 31, 2022.

Estimating retirement benefits liability

The cost of defined benefit pension plans and other postemployment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at March 31, 2023 and December 31, 2022, retirement benefits liability amounted to P53,077.

Note 10 - Financial risk and capital management objectives and policies

10.1 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.

10.2 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 March 31, 2023 and December 31, 2022, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	1,105,621	1,285,179
Receivables, current portion, net	1,155,279	1,086,372
Receivables, non-current portion, net	430,812	425,308
Advances	1,251,083	1,251,083
Lease receivables	207,542	207,542
Rental deposits	456,229	454,558
Cash performance bonds	405,427	394,427
Performance cash deposits	32,700	32,450
Due from related parties	157,156	157,156
	5,201,849	5,294,075
FVOCI	70,640	78,513
	5,272,489	5,372,588

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P72,522 and P71,302 as at March 31, 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 P741,502 as at March 31, 2023 and December 31, 2022.

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 March 31, 2023 and December 31, 2022:

	March 31, 2023					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	1,105,621	-	-	-	-	1,105,621
Receivables, current portion, net	1,745,919	-	-	-	(590,640)	1,155,279
Receivables, non-current portion, net	430,812	-	-	-	-	430,812
Advances	1,401,945	-	-	-	(150,862)	1,251,083
Lease receivables	207,542	-	-	-	-	207,542
Rental deposits	456,229	-	-	-	-	456,229
Cash performance bonds	405,427	-	-	-	-	405,427
Performance cash deposits	32,700	-	-	-	-	32,700
Due from related parties	157,156	-	-	-	-	157,156
Financial assets at FVOCI	70,640	-	-	-	-	70,640
	6,013,991	-	-	-	(741,502)	5,272,489

	December 31, 2022					
	Current	30 days	60 days	90 days and above	ECL	Total
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

	March 31, 2023				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	1,105,621	-	-	-	1,105,621
Receivables, current portion, net	-	-	-	1,155,279	1,155,279
Receivables, non-current portion, net	-	-	-	430,812	430,812
Advances	1,251,083	-	-	-	1,251,083
Lease receivables	-	-	-	142,924	142,924
Rental deposits	456,229	-	-	-	456,229
Cash performance bonds	405,427	-	-	-	405,427
Performance cash deposits	32,700	-	-	-	32,700
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	70,640	-	-	-	70,640
	3,478,856	-	-	1,729,015	5,207,871

	December 31, 2022				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
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 March 31, 2023 and December 31, 2022:

	March 31, 2023					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	659,401	33,412	9,170	1,027,032	590,640	2,319,655
Expected credit loss	-	-	-	-	(590,640)	(590,640)
	659,401	33,412	9,170	1,027,032	-	1,729,015

	December 31, 2022					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
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

10.3 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 March 31, 2023 and December 31, 2022, there are no commitments under the line of credit. As at March 31, 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:

	March 31, 2023				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	2,410,416	2,410,416	2,410,416	-	-
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	81,516	81,516	-	-	81,516
	6,400,035	6,400,035	5,816,793	128,737	454,505

	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	1,152,640	1,152,640	1,152,640	-	-
Lease liabilities	630,463	630,463	128,737	128,737	372,989
Deposits	86,916	86,916	-	-	86,916
	4,100,126	4,100,126	3,511,484	128,737	459,905

Trade and other payables exclude payable to government agencies and contract liabilities as at March 31, 2023 amounting to P91,882 and P234,652, 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 the deferral of principal and interest payments of loans and issuance of shares through a new private placement.

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 reporting date, the Group is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

10.4 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 that 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.

The exchange rate used to translate the net assets in foreign currency as at March 31, 2023 and December 31, 2022 is P54.36 and P57.76, respectively.

The Group's foreign exchange gain (loss) for the three months ended March 31, 2023 and 2022 amounted to P17 and (P1,116), respectively

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 March 31, 2023 and December 31, 2022. The fair value is under Level 1 of the fair value hierarchy.

10.5 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 March 31, 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.

Note 11 - Summary of significant accounting policies

11.1 Basis of preparation and presentation

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

Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 9.

11.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Group.

- PFRS 3: Reference to the Conceptual Framework

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

  The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

  At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendment does not have a material impact on the consolidated financial statements.

- PAS 16: Property, Plant and Equipment - Proceeds before Intended Use

  The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment does not have a material impact on the consolidated financial statements.

- Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. On January 1, 2022, the Group applied these amendments to contracts for which it has not yet fulfilled all its obligations.

- Annual Amendments PFRS 2018-2020 Cycle – Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact to the Group.

- Annual Amendments PFRS 2018-2020 Cycle - PFRS 9 Financial Instruments - Fees in 10% est for Derecognition of Financial Liabilities

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

  An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. In January 1, 2022, the Group applied the amendments to financial liabilities that are modified or exchanged. The amendments do not have a material impact to the Group.

New standards, amendments or interpretations issued but not yet effective

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

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

  Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

  - the definition of right to defer settlement;
  - that a right to defer must exist at the end of the reporting period;
  - that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

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

  The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

  - A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

  The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- PFRS 17, Insurance Contracts

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Group's financial statements.

11.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of LWRC and its subsidiaries March 31, 2023 and December 31, 2022 each period and for the periods then ended. 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 consolidated financial statements include the financial statements of the Group and the following subsidiaries as at March 31, 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.

<u>ABLE</u>

ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 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 consolidated financial statements also include the following indirect subsidiaries owned through ABLE as at March 31, 2023 and December 31, 2022:

Subsidiaries	Percentage of Ownership 2023	2022	Country of incorporation
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
Gamexperience 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 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

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

Subsidiaries	Percentage of Ownership	Country of incorporation
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
G-Boracay Beta Holdings Inc. (GBBHI)	100	Philippines
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.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

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 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, ABLE resumed its sites' operations.

TGXI's principal office is at W-1801A, 18th Flr., West Tower, PSE-C, Exchange Rd., Ortigas Center, Pasig 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 portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. DigiPlus owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides 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. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

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.

11.4 Financial assets

Classification and presentation

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group has cash, receivables, due from related parties and rent deposits (included in "Other noncurrent assets" account in the Group statement of financial position) classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as financial asset at FVPL.

Recognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Measurement

At initial recognition, the Group measures a financial asset at amortized cost, FVOCI and fair value through profit or loss (FVPL). In the case of a financial asset at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at amortized cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income. The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits.

Financial assets designated at FVOCI (equity instruments)

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends are recognized as other income in the Group statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable., a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and

- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

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

For cash in banks, receivables, due from related parties and rent deposits. the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL. depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

11.5 Financial liabilities

Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities include trade and other payables (excluding payables to government agencies for value-added tax, withholding and other taxes), short-term and long-term loans payable, accrued expenses and other payables, due to related parties and lease liability.

Initial recognition and subsequent measurement

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

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Loans payable measured net of directly attributable transaction costs.

Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the Group statement of total comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Group statement of total comprehensive income.

11.6 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity:
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer‘s own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments: or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately. with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part. The amount separately determined as the fair value of the liability component on the date of issue.

28.7 Determination of fair value

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

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

The Group's FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

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

11.8 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparties.

29.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

11.10 Receivables

Trade receivables arising from services with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Note 25.2 to annual consolidated financial statements.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers). Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

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

11.11 Prepaid expenses and other current assets

Prepayments are recognized in the consolidated statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the consolidated statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

11.12 Investments and advances

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Joint arrangements

Under PFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group does not have arrangements classified as joint operations.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 26 to the annual consolidated financial statements.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

11.13 Property and equipment

Property and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers. A revaluation surplus is credited to other comprehensive income in the statement of shareholders' equity. Land is not depreciated.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e.. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses. and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of-use assets are depreciated on a straight - line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation on other assets is computed on the straight-line method to allocatethe cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Asset	Number of years
Leasehold improvements	5 or term of the lease, whichever is shorter
Aircraft and transportation equipment	5-15
Gaming equipment	5
Office furniture, fixtures, and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1-25

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their accumulated depreciation are removed from the disposal accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

11.14 Investment properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date.

The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

11.15 Lease rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

11.16 Business combination

The Group applies the purchase or acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

11.17 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of total comprehensive income.

11.18 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, and equipment, lease rights, and investment properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

11.19 Trade payables and other current liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

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

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

11.20 Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Loans payable are derecognized when the obligation is settled, paid or discharged.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

11.21 Provisions

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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

11.22 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

11.23 Deposit for future stock subscription

Deposits for future stock subscriptions represent cash receipts to be applied as payment for additional subscription of unissued shares or shares from an increase in authorized capital stock, outstanding subscriptions receivables, or additional paid-in capital, and are reported as a separate line item in the consolidated statement of financial position upon compliance with the requirements of the Philippine SEC.

The Group classifies deposits for future stocks subscriptions under equity as a separate account from capital stock if, and only if, all of the following elements are present as of the end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of said proposed increase has been presented for filing or has been filed with the Philippine SEC.

If any of the foregoing elements are not present, the deposit is recognized as a liability.

11.24 Equity

Capital stock

Common and preferred shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Additional paid-in capital

Any amount received by the Group in excess of par value of the Parent Company's shares is credited to Additional paid0in capital which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate code.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to the additional paid in capital in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair value reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

Foreign currency translation reserve

The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine Peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

11.25 Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

The diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Group has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

11.26 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Bingo games

- Online traditional bingo - Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.
- Electronic bingo games- Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts and share of machine vendors
- Traditional bingo, rapid bingo and pull tabs - Revenue from these bingo games is satisfied at a point in time and are recognized upon sale of bingo cards.

Electronic games

Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.

Rental income and revenue from sub-lease

Rent income from investment properties and revenue from sub-lease is recognized on a straight-line basis over the term of the lease.

Service and hosting fees

Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations

Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

Commission income

Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Interest income

Interest income from cash in banks and receivables, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

Other income

Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15.

11.27 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

11.28 Cost and expense recognition

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized:

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

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

11.29 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

11.29.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- payments of penalties for terminating the lease, if the lease term reflects the termination.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

11.29.2 The Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of total comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

11.30 Employee benefits

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

Retirement benefits liability

The Group has a defined benefit retirement plan managed by its subsidiaries, ABLE and FCLRC, which is based on the provisions of Republic Act RA 7641. A defined benefit plan is a pension plan that defined an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

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

The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

11.31 Income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized, or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Group re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

11.32 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in “Foreign currency translation reserve” in equity.

11.33 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment’s assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

The Group has one geographical segment and derives substantially of its revenues from domestic operations.

11.34 Related party transactions and relationships

(a) Related party relationship

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

(b) Related party transaction

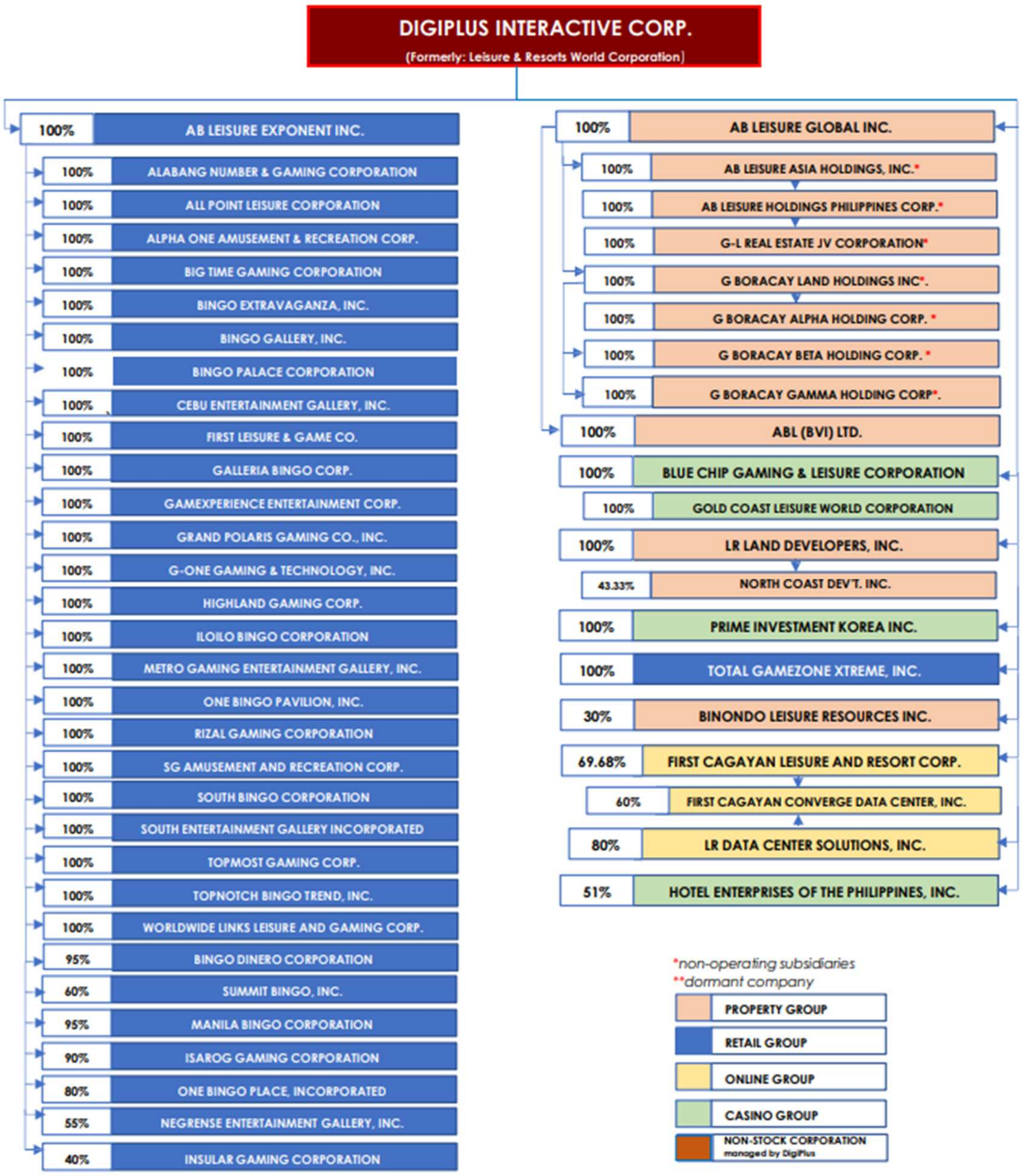
Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

11.35 Subsequent events (or events after the reporting period)

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

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 March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022)

(All amounts in Philippine Peso)

Key Performance Indicator	Formula	2023	2022
Current Ratio	Current Assets / Current Liabilities	**0.78:1**	0.52:1
Acid Test Ratio	Cash and cash equivalents + Receivables, net + Due from related parties / Current Liabilities	**0:62:1**	0:44:1
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	**0.59:1**	0.61:1
Asset to Equity Ratio	Total Assets / Stockholders' Equity	**1.59:1**	1.61:1
Return on Average Equity	Net Income / Average Stockholders' Equity	**3.30%**	(2.08%)
Return on Average Assets	Net Income / Average Total Assets	**2.06%**	(1.12%)
Solvency Ratio	Net Income + Depreciation / Average Total Liabilities	**0.06:1**	(0.02:1)
Interest Coverage Ratio	Income Before Interest, Tax & Depreciation / Interest Expense	**20.37:1**	(6.88:1)
Net Book Value Per Share	Stockholders' Equity / Shares Outstanding	**3.62**	3.50
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	**0.1142**	(0.0920)
Net Profit Margin	Net income / Revenue	**10.45%**	(24.01%)

COVER SHEET

1	3	1	7	4							

SEC Registration Number

DIGIPLUS INTERACTIVE CORP.
(Formerly Leisure & Resorts World
Corporation)

(Company's Full Name)

ECOPRIME BUILDING, 31ST. COR. 9TH
AVE. BONIFACIO GLOBAL CITY,
TAGUIG CITY

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

Mr. Wilfredo Pielago	8 637-5291 5291 to 93
(Contract Person)	(Company Telephone Number)

1 2	3 1		1 7 - A		0 7	2 9
Month	*Day*		(Form Type)		*Month*	*Day*
(Fiscal Year)					(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

	Not Applicable
Dept. Requiring this Doc.	Amended Articles Number/section

Total Amount of Borrowings

1,821		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. Commission identification number **13174**

3. BIR tax identification number **321-000-108-278**

   DIGIPLUS INTERACTIVE CORP.
4. Exact name of issuer as specified in its charter

   PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: ________ (SEC use only)

   ECOPRIME BUILDING, 31ST ST. COR. 9TH AVE. BONIFACIO GLOBAL CITY, TAGUIG CITY
7. Address of registrant's principal office

   8 637-5291
8. Issuer's telephone number, including area code

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	3,716,459,178 /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 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

    Yes [/] No [ ]

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

    Yes [/] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form (See definition of "affiliate" in "Annex B").

    Aggregate market value of voting stock held by non-affiliates: ₱2,102,227,462 (based on market price on April 12, 2023).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ]   No [ ]

    NOT APPLICABLE

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    (a) Any annual report to security holders;

    (b)Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);

    (c)Any prospectus filed pursuant to SRC Rule 8.1-1.

DIGIPLUS INTERACTIVE CORP.

ANNUAL REPORT
(SEC FORM 17-A)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business Development

Primary Purpose

DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (hereinafter referred to as (the "Company" or "DigiPlus" or "the Registrant") was incorporated on October 10, 1957. As part of the corporate restructuring of the Company in 1996, the Company's primary purpose was amended in 1999 to engage in realty development focusing on leisure business. However, for several years, it had minimal operations and functioned as a holding company.

In October 1999, the Board of Directors (BOD) of the Company approved the Share Exchange Agreements ("Agreements") with the shareholders of AB Leisure Exponent, Inc. (ABLE), operator of a number of bingo parlors, for the acquisition of the entire outstanding capital stock of ABLE in exchange for 750 million new shares of the Company valued at ₱750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On September 19, 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock to ₱2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at ₱1 par value, a total of 750 million common shares with aggregate par value of ₱ 750.0 million have been subscribed and fully paid for through the assignment in favor of the Company of 500,000 common shares of ABLE representing the entire outstanding capital stock thereof by ABLE shareholders. This subscription and payment in ABLE shares was an implementation of the duly executed Agreements between the Company and ABLE's shareholders. Initially, 236,626,466 shares were approved by SEC for release to previous ABLE shareholders. The remaining shares corresponding to 513,373,534 were principally held in escrow with a local commercial bank. In 2003, the stockholders of the Parent Company approved the decrease in authorized capital stock from 2.5 billion shares to 1.6 billion shares at ₱1 par value per share. Accordingly, the Company's issued capital stock decreased from ₱1,162,678,120 to ₱744,114,784. This equity restructuring resulted in a reduction of ₱418,563,336 in the Company's deficit as at January 1, 2004 and reduced shares held in escrow to ₱328,559,059. In 2007 and 2008, SEC approved the release of 322,616,462 shares held in escrow. The remaining shares totaling 5,942,597 were finally approved for release on October 10, 2011.

On March 11, 2011, the BOD authorized the issuance, through private placement, of ₱150 million shares from its unissued capital stock at a price of ₱7.50 per share. The newly issued shares were subscribed by third parties. Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements on March 24, 2011, while the remaining seventy five percent (75%) was settled on May 15, 2011. The issuance of these shares was filed with SEC on May 2011 and was approved and ratified by the stockholders on July 29, 2011. As a result of this issuance, the total issued and outstanding stocks of the registrant as at December 31, 2011 increased to 999,877,094 shares.

In 2013, the Parent Company issued ₱1.65 billion preferred shares through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares have a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, the Parent Company has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by the Parent Company. A nil-paid, detachable warrant was issued to the investor/s for every twenty (20) preferred shares. Each warrant shall entitle the investor/s to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or DigiPlus' weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

On November 26, 2018, the BOD proposed to issue up to 1,300,147,488 common shares to investors from the unissued capital stock of the Company. The Company will apply for confirmation of an exempt transaction from the Securities and Exchange Commission pursuant to Section 10.1 (c) of the Securities Regulation Code as an isolated transaction where the shares shall be issued from the unissued capital stock. The proposed shares to be issued shall be common shares which shall have the same features as the existing common shares outstanding including voting rights and dividend rights. The Board also approved to hold a Special Stockholders' Meeting on January 11, 2019 to seek the shareholders' approval for the proposed private placement.

On December 3, 2018, the Board approved a private placement from its unissued capital stock (Newly Issued Shares) at a price based on a premium over the closing price of the shares of the Company on November 29, 2018. The proceeds of the proposed private placement will be used to refinance some of the company's existing obligations and for general corporate purposes.

On January 11, 2019, the Stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of the Company on November 29, 2018 and approved the grant of authority to the Board to implement the private placement including but not limited to the determination of the issue price and the subscriber or subscribers to the shares to be issued.

In March and April 2019, 1,217,647,488 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Company with its investors. The proceeds from the issuance of will be used to refinance the Company's existing obligations, for expansion programs and working capital requirements.

On June 15, 2021 and July 30, 2021, the BOD and stockholders of DigiPlus' respectively approved the reclassification of DigiPlus' 1.65 million preferred shares into common shares. 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 20 and 26, 2022, the SEC approved the amendments of the Articles of Incorporation.

On March 7, 2022, the BOD approved and authorized the issuance of 1,272,352,512 common shares at an issue price of ₱1.65 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 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.

On September 15, 2022, the BOD approved the amendment of the Parent Company's Articles of Incorporation to change the: (a) name of the Parent Company to "Digiplus Interactive Corp."; and (b) business address of the Parent Company from Pasig City to Taguig City. On the same date; the BOD further approved the: (a) issuance of 691,200,000 common shares to various subscribers at ₱1.70 per share or 5% above the 30-day volume-weighted average price prior to stockholders' meeting; and (b) increase in authorized capital stock from ₱5 billion to ₱7 billion."

On February 28, 2023, the Securities and Exchange Commission approved the change of corporate name of the Company from “Leisure & Resorts World Corporation” to “DigiPlus Interactive Corp.”

In view of the foregoing, the Company has changed its stock symbol from “LR” to “PLUS”.

Subsidiaries

AB Leisure Exponent, Inc. (ABLE)

On March 31, 1995, ABLE was registered with the SEC. The primary purpose of ABLE and its subsidiaries is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic, pull tabs and rapid bingo games. Doing business as Bingo Bonanza Corporation, ABLE has established itself as the pioneer in professional bingo gaming in the Philippines. It has thirty (30) subsidiaries including two (2) bingo parlors operated by minority owned affiliates. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and subsidiaries/affiliates the authority to operate bingo games pursuant to PD 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.

Total Gamezone Xtreme, Inc. (TGXI)

On July 21, 2014, the Company entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter’s 100% stake in TGXI. TGXI is the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) e-games stations.

On November 9, 2020, the Company’s BOD approved the increase in the authorized capital stock from ₱500,000,000 to ₱1,000,000,000 divided into 10,000,000 shares with par value of ₱100 each. The SEC approved the increase on January 5, 2021.

As of December 31, 2022, TGXI is a wholly owned subsidiary of DigiPlus with 3,429,995 shares and paid up subscription in the amount of ₱249,999,500, with par value of ₱100 per share.

Blue Chip Gaming and Leisure Corporation (BCGLC)

On October 9, 2009, BCGLC was registered with Philippine SEC. 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 April 27, 2011, DigiPlus purchased 26,250 shares of BCGLC representing 70% of BCGLC’s outstanding capital stock. The purchase was ratified by DigiPlus’ BOD on May 24, 2011. On December 1, 2015, DigiPlus purchased the remaining 30% or 11,250 shares from BCGLC’s minority stockholders.

On July 24, 2015, BCGLC incorporated a subsidiary, Gold Coast Leisure World Corp. (GCLWC) with authorized capital stock of ₱15,000,000 divided into 150,000 shares with par value of ₱100 per share, of which ₱3,750,000 has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained an Enterprise Registration with the Subic Bay Metropolitan Authority in 2016.

On December 17, 2015, BCGLC received a letter from PAGCOR, informing that its BOD approved and confirmed the assignment in favor of BCGLC of the Contracts of Lease over four PAGCOR VIP Clubs at: (1) Venezia at Subic Bay Freeport Zone, Subic Zambales with Palmgold International Limited; (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.

On January 18, 2016, BCGLC assigned the VIP Club at Venezia at Subic Bay Freeport Zone to its subsidiary, GCLWC.

On January 28, 2016, the Amended Contracts of Lease of three (3) VIP Clubs, namely Pan Pacific, Paseo Premier Hotel and Apo View Hotel were executed under the name of BCGLC, while the other VIP Club, Venezia at Subic Bay Freeport Zone was under the name of GCLWC.

Prime Investment Korea, Inc. (PIKI)

On March 22, 2013, DigiPlus purchased 10,000,000 shares of PIKI representing 100% ownership at a price of ₱1,000,000. The purchase was ratified by DigiPlus' BOD on June 10, 2013. The acquisition is in line with the Group's goal to expand and venture in other forms of gaming.

PIKI started its commercial operations on July 26, 2013. Together with Philippine Amusement and Gaming Corporation (PAGCOR), PIKI executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City.

In 2020, PIKI ceased its operations.

Hotel Enterprises of the Philippines, Inc. (HEPI)

On November 11, 2012, DigiPlus executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. ("Eco Leisure") and HEPI for the acquisition of 51% of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. DigiPlus' total investment in HEPI, paid in cash, is ₱750.0 million. DigiPlus and Eco Leisure executed a Shareholders' Agreement to embody their mutual agreements and covenants concerning the sale and purchase of HEPI's shares, respective rights and obligations while certain covenants and conditions have not been fully complied by the parties under the Investment Agreement.

On December 26, 2012, HEPI filed an application for the amendment of its Articles of Incorporation to extend its corporate life, which application, however, was disallowed by the Corporate Registration and Monitoring Department (CRMD) of the Securities and Exchange Commission (SEC). In compliance with the rules of procedure of the SEC, HEPI appealed the SEC-CRMD's decision before the SEC En Banc via a Memorandum on Appeal.

On October 1, 2013, the SEC En Banc denied HEPI's appeal and affirmed the SEC-CRMD's denial of HEPI's application. On October 22 , 2013, HEPI filed a Petition for Review (Petition) with the Court of Appeals seeking the reversal of the SEC Decision citing, among others, the following grounds: (a) HEPI's failure to file the application for the amendment of its articles of incorporation is due to justifiable reasons similar to cases where the SEC has allowed the filing, and eventually approved, application for extension of corporate term notwithstanding its expiration; (b) there is substantial evidence of HEPI's clear and unequivocal intention to continue with its corporate existence; (c) there are practical and socio-economic considerations in favor of allowing the extension of HEPI's corporate term; and (d) recent developments relating to the corporate term negate the rationale behind the SEC's strict application of the rules.

The Office of the Solicitor General (OSG) filed its Comment dated January 28, 2014 to the Petition on behalf of the respondents essentially reiterating the arguments of the SEC En

Banc in denying HEPI's Memorandum on Appeal. HEPI filed its Reply to the Comment on February 25, 2014.

On July 25, 2014, HEPI filed its Memorandum. The OSG filed its manifestation that it is adopting its Commend dated 28 January 2014 as its Memorandum.

On December 2, 2014, the Court of Appeals issued a Decision finding for HEPI and directing the SEC to give due course to HEPI's application for amendment of articles of incorporation to extend its corporate term.

On March 10, 2016, the BOD approved the amendment of HEPI's Articles of Incorporation particularly on: (a) Article II Primary Purpose, (b) Article IV extending the term of the corporate existence of the HEPI to another fifty (50) years from July 30, 2012, (c) Article VI decreasing the number of the BOD to 7, and (d) Article XI adding new provisions governing the issuance and transfer of shares of the corporation.

First Cagayan Leisure & Resort Corporation (FCLRC)

On April 26, 2000, FCLRC was incorporated. DigiPlus acquired 35% of the outstanding capital stock of FCLRC by purchasing 43,750 shares with a par value of ₱100 per share on September 20, 2005. 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 Cagayan Special Economic Zone Free Port (CSEZFP). Pursuant to the License Agreement, FCLRC was 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. On March 3, 2006, DigiPlus' BOD approved the additional investment of 40,000 shares in FCLRC for an aggregate amount of ₱32 million. This additional subscription to FCLRC's shares brought DigiPlus' total investment to 83,750 shares representing 50.75% of the issued and outstanding capital stock. On April 3, 2006, the BOD approved the acquisition of 31,250 shares (prior to issuance of the additional subscription) of FCLRC, from one of its shareholders, Joanna Heights, Inc., for an aggregate amount of ₱25 million on the same terms as the earlier additional subscription. The acquisition was completed upon execution of the Deed of Assignment of Rights on September 27, 2006. With this acquisition, DigiPlus now holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC.

LR Data Center and Solutions, Inc. (LRDCSI)

On May 20, 2016, LRDCSI was registered with SEC primarily to engage in information technology and communication and to own, develop, produce, design, integrate, install, sell buy, rent, establish, manage, audit, rehabilitate, operate, lease except financial leasing or otherwise dispose of and generally deal in and with systems, facilities, equipment, devices and services involving the processing, movement, monitoring and retrieval of information including but not limited to data, voice, image, video, audio, tone or any form or kind of communication whatsoever, such as but not limited to Internet Protocol (IP) Systems products and their improvements, provide services related thereto, such as value added services (VAS), voice over internet protocol (VOIP), internet merchant payment processing and payment solution, premium dial up access services, IP-wide area network services, software development and applications, data center services, co-location services, bandwidth, disaster recovery services and managed services and such allied undertakings, and as a consequence and as may be necessary useful and convenient in the premises, carry on and undertake such activities which may be reasonably and conveniently carried on in connection with or incidental to above purpose, or calculated, directly or indirectly, to enhance the value of or render profitable, any of the Corporation's property or rights.

The Company is 80% owned by DigiPlus.

The Company started its commercial operations on October 1, 2017.

First Cagayan Converge Data Center, Inc. (FCCDCI)

On November 14, 2007, FCLRC and IP Converge Data Center Corporation (IPCDCC), a wholly owned subsidiary of listed firm IPVG Corp., formed a joint venture corporation with the name First Cagayan Converge Data Center Inc. The joint venture corporation was formed 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.

FCCDCI commenced its commercial operations on January 1, 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

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 with a par and issue value of ₱1 for a total consideration of ₱16.4 million to LRDCSI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, DigiPlus obtained a 57.808% 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.

AB Leisure Global, Inc. (ABLGI)

On October 20, 2009, SEC approved the incorporation of another wholly owned subsidiary, AB Leisure Global Inc. (ABLGI), whose 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 sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. The authorized capital stock of ABLGI is ₱5,000,000, divided into 50,000 shares with par value of ₱100 per share, of which ₱1,250,000 has been subscribed and ₱312,500 has been paid up. On May 6, 2013, the Company's BOD approved the increase in the authorized capital stock from ₱5,000,000 to ₱2,000,000,000 divided into 20,000,000 with par value of ₱100 per share. The SEC approved the increase in February 2014. As of December 31, 2013, DigiPlus has subscribed and paid ₱1,450,000,000.

In 2014, DigiPlus subscribed and paid additional ₱98,750,000 bringing its total investment to ₱1,550,000,000.

In 2017, ABLGI incorporated 7 subsidiaries (direct and indirect) including its land holding company for the Boracay project.

On November 27, 2017, the BOD authorized ABLGI to avail a loan facility with BDO Unibank, Inc. and approved the terms and transactions contemplated by the Omnibus Loan and Security Agreement by and among ABLGI as borrower, share mortgagor, mortgagor and assignor, ABLGI subsidiaries as sureties, share mortgagors, mortgagors and assignors, DigiPlus as share mortgagor, mortgagor and surety, ABLE, TGXI, PIKI, BCGLC and FCLRC as sureties, BDO Unibank, Inc. as lender, and BDO Unibank, Inc. - Trust and Investments Group as security trustee. The loan was paid in full in January 2023.

LR Land Developers, Inc. (LRLDI)

On December 11, 2007, the SEC approved the incorporation of a wholly owned subsidiary, Northern Philippines Land and Property Development Inc. (NPLPDI), whose primary purpose is to engage in the business of purchasing, leasing, owning, using, improving, developing, subdividing, selling, mortgaging exchanging, leasing, and holding for investment or otherwise, real estates of all kinds and build or cause to be built on any such land owned, held or occupied for management or disposition buildings, houses, or other structures with their appurtenances. On March 3, 2008, SEC approved the amendment to the Articles of Incorporation changing its name to LR Land Developers, Inc.

On April 16, 2012, Techzone Philippines, Inc. (TPI) was incorporated, a 50% owned associate of LRLDI, which is engaged in the acquisition, lease, donation, etc. of real estate of all kinds. TPI started its commercial operations in 2016.

On November 4, 2019, the Company sold the 50% interest of TPI shares for the selling price of ₱1,750,000,000.

Binondo Leisure Resources, Inc. (BLRI)

On February 11, 2003 BLRI was incorporated and subsequently amended on July 2, 2003. On July 25, 2003, the Company signed a Memorandum of Agreement (MOA) with BLRI. In accordance with the MOA, the Company acquired a 30% interest in BLRI through the assignment of shares. The MOA also indicated that the Company would subscribe to 200,000 preferred shares of BLRI with a par value of ₱100. On May 13, 2004, the SEC approved BLRI's application for the increase in its authorized capital stock from ₱5,000,000 divided into 50,000 common shares with par value of ₱100 per share, to ₱50,000,000 divided into 200,000 common shares and 300,000 preferred shares both with par value of ₱100 per share.

On June 4, 2018, the BOD approved the declaration of cash dividend equivalent to ₱0.0425 per share payable to all preferred stockholders of record as of June 20, 2018. On July 19, 2019, the BOD approved the declaration of cash dividend equivalent to ₱0.0942 per share payable to all preferred stockholders of record as of August 2, 2019. On October 24, 2019, the BOD approved the declaration of cash dividend equivalent to ₱0.0471 per share payable to all preferred stockholders of record as of December 31, 2019.

There were no cash dividends declared by the BOD to common stockholders of the Company in 2022 and 2021.

Products, Games and Distribution Methods

AB Leisure Exponent, Inc. (ABLE)

ABLE is the pioneer in professional bingo gaming in the Philippines, is a 100% subsidiary of the Company.

As one of the leading icons of the industry, DigiPlus is aggressive in innovations and improvement of its products and services. One of the most recent notable achievements would be BingoPlus. It is the first platform in the country which offers traditional Bingo on technology platform. The technology platform, bingoplus.com, was launched in January 2022 and had quickly become a community favorite.

ABLE initially launched the E-bingo games (EBG) in 2002 with only 20 machines. As of December 31, 2022, 9,619 machines were installed in 123 affiliated bingo parlors.

Traditional Bingo continues to thrive by implementing game variations, including among others, Quick Shot, Circle 8, Instant Bingo Bonanza, Player's Choice, and X Game.

In August 2005, ABLE introduced Rapid Bingo with 14 terminals in 14 bingo parlors. As of December 31, 2022, a total of 138 Rapid Bingo terminals were installed in 121 bingo parlors.

ABLE also introduced Pull Tabs in the latter part of 2005 and continues to market said product to all its operational bingo parlors and other non-affiliated establishments.

As of December 31, 2022, ABLE and its subsidiaries/affiliates own 123 bingo parlors nationwide. Most of these bingo parlors are in major shopping malls in Metro Manila and in key provincial cities. Enumerated below is a list of bingo branches, subsidiaries/affiliates, its locations, date of organization and ABLE's equity interest:

Company-Owned Bingo Parlors			
		Location	
		1	SM Mega Mall, EDSA, Mandaluyong City
		2	Sta. Lucia East Mall, Cainta, Rizal
		3	SM City, North EDSA, EDSA, Quezon City
		4	New Farmers Plaza, EDSA, Quezon City
		5	Makati Cinema Square, Pasong Tamo, Makati City
		6	SM Southmall, Almanza, Las Pinas City
		7	IL Centro, Sta.Lucia East Grandmall Marcos Highway,cor Felix Ave., Cainta Rizal
Bingo Parlors Owned Through Subsidiaries/Equity			
	Date of Organization	**Location**	
Alabang Numbers & Gaming Corp., 100%	11/18/1997	1	V-Central Mall, Molino Bacoor, Cavite
All Point Leisure Corporation, 100%	7/16/1997	2	3rd Floor, SM Centerpoint, Araneta Avenue cor Magsaysay
Alpha One Amusement and Recreation Corp., 100%	5/23/2013	3	GF & 2F Romero Bldg., 1337 Balintawak Market, EDSA, Balingasa, Quezon City

Big Time Gaming Corporation, 100%	3/27/2006	4	G/F QY Plaza, 233 Tomas Morato Ave., South Triangle 4, Quezon City
		5	Robinsons' Supermarket, EMA Town Center, Brgy. Camalig, Meycauayan Bulacan
		6	G/F Madison Square Alabang Zapote Road, Las Pinas City
		7	2/F Bocobo Commercial Center, #1244 Legaspi St., Bocobo cor Padre Faura St., Ermita Manila
		8	G/F A.S. Commercial Bldg., Unit A, B, C, Falcon St., Brgy Poblacion 5, Sta. Cruz, Laguna
		9	G/F Sogo Bldg., Brgy San APA Mahalika Highway, Cabanatuan City
		10	Puregold San Mateo, Km 21 Gen. Luna St., Brgy Banaba, San Mateo Rizal
		11	G/F Icon Hotel, #967 EDSA corner West Avenue, Brgy Philam, Quezon City
		12	2F Parkmall E. Ouano Ave. Brgy. Tipolo City South Mandaue Reclamation Area,Special Economic Administrative Zone Mandaue City
		13	SkyOne Bldng., Brgy. Isidro Angono Rizal
		14	G/F Roben Theatre, C. M Recto Avenue Brgy. 313 Zone 31, Sta. Cruz Manila
		15	G/F Jea Bldg. Lopez St., Corner Jalandoni St., Iloilo City
		16	31 J.P. Rizal St, Brgy. Tabok, Mandaue City
		17	Lucky Chinatown Mall, #293 Lachambre St., Binondo, Manila
		18	Ground Floor, Robinson’s Place,J. Catolico Sr. Avenue, Barangay Lagao , General Santos City
		19	Syquio Business Center Maharlika Highway, Brgy. Daan Sarile Cabanatuan City.
		20	2nd flr. Blue Horizon Bldg.Quezon Avenue Poblacion Alaminos City Pangasinan 2404
		21	Dizon Building # 244 Entiero Street, Brgy. Sto. Cristo, Angeles City Pampanga
		22	2nd flr. Sir Thomas Square. No.18 Matalino St. corner Matatag st. Diliman Quezon City.
		23	#14 Tanjuatco Building, Sampaloc Road, Plaza Aldea, Tanay Rizal
		24	G/F Alabang Zapote Rd. Talon Uno, Las Piñas City

		25	Bldg Sitio Kanluran, Kumintang Ibaba, Batangas City
Bingo Dinero Corporation, 100%	8/19/1998	26	SM City, North Reclamation Area, Cebu City
Bingo Extravaganza Inc., 100%	1/11/1999	27	SM Sucat, Sucat Road, Paranaque City
		28	SM City Bicutan, Don Bosco, Paranaque City
		29	Tonie's Mart, Puerto Princesa, Palawan
		30	A. Salvador St., Sta. Veronica, Guimba, Nueva Ecija
		31	#424 Division Road, Brgy. Sta. Rosa, Bayombong Nueva Vizcaya
Bingo Gallery, Inc., 100%	10/16/1998	32	Liana's Mutya ng Pasig Mall, Caruncho, Pasig City
		33	SM City Mastersons Ave., Canitoan, Cagayan de Oro City
		34	Robinsons Metro East, Santolan, Pasig City
		35	Ground Flr., Molino Blvd., 678 Dampa Wet & Dry Commercial Complex, Brgy Bayaran, Bacoor Cavite
Bingo Palace Corporation, 100%	8/19/1998	36	Robinson's Place, Ermita, Manila
		37	SM Mall of Asia, Pasay City
		38	LGF Congresssional Town Center, #23 Congressional Avenue, Quezon City
		39	G/F Robinson's Luisita Brgy San Miguel, Hacienda Luisita Tarlac
		40	Ground Floor Sicangco Building, Mc. Arthur Highway, Brgy. San Rafael Tarlac
		41	242- C Manly Building Mac Arthur Hi-Way, Dalandanan Valenzuela City
		42	UG/F Puregold Novaliches 1018 Quirino Highway Novaliches Quezon City
		43	LG/F, Imall-Camarin. Kiko Rd., Camarin, Caloocan City
		44	GD Plaza, Mc Arthur Highway, brgy. Ilang Ilang, Guiguinto, Bulacan
Cebu Entertainment Gallery, Inc., 100%	9/7/1998	45	Elizabeth Mall, Leon Kilat St., Cebu City
First Leisure and Game Co., Inc., 100%	12/9/1997	46	G/F Art District Bldg., Lacson St.,Lopue's Mandalagan, Bacolod City
		47	G/F Gustilo Town Center & Northland Resort, Provincial Road cor National Highway, Manapla, Negros Occidental

		48	G/F Gaisano Mall, Araneta St., Brgy. Singcang, Bacolod City, Negros Occidental
		49	G/F Gaisano Mall, Cagba Brgy Tugbu, Masbate City
		50	G/F Centro Mall Lopez Ave., Batong Malake, Los Banos, Laguna
		51	Rosalie Bldg. Gaisano Door Brgy. Tabunok Talisay City Cebu
		52	2/F Felcris Centrale, Quimpo Boulevard, Brgy. 40-D Davao City
		53	Grand Gaisano Mall Quezon Ave. Digos City Davao
		54	G/F DOORS 107/108, JLF Parkway Building A. Pitchon Corner Quirino STS. Davao
		55	SM Lanang Premier, Jose P. Laurel Ave., Brgy. San Antonio Agdao, Davao City
		56	Chimes Mall, Brgy.27 C,Gov.Sales st. cor Sta. Ana Ave., Davao City
		57	City Mall Mandalagan, Lacson St. cor. G.M. Cordova Ave., Mandalagan, Bacolod City
Gamexperience Entertainment Corp, 100%	5/21/2013	58	G/F Greenhills Town Center , Valencia Quezon City
		59	Pueblo Verde, Mactan Economic Zone-11-Sez Brgy. Basak Lapu-Lapu City Cebu
		60	Ground flr. Gaisano Grandmall Mactan Basak, Marigondon Road corner Ibabao, Gisi-Agus Road, Lapu-Lapu City, Cebu
		61	2nd flr. Blocked D, Mactan Marina Mall, MEPZ 1 brgy. IB, Lapu-Lapu City Cebu
G-One Gaming and Technology, Inc., 100%	4/6/1998	62	SM City Bacoor, Tirona Highway, Cavite
Grand Polaris Gaming Co., Inc. 100%	5/24/2013	63	2/F SM City Cauayan, San Fermin, National Highway, Cauayan City, Isabela
		64	LGU Commercial Bldg., Osmena Avenue, Roxas, Isabela
Highland Gaming Corporation, 100%	6/6/2000	65	Baguio Centermall, Baguio City
		66	SM City Baguio, Luneta Hill, Baguio City
Iloilo Bingo Corporation, 100%	12/1/1999	67	SM City Iloilo, Manduriao, Iloilo City
Isarog Gaming Corporation, 90%	4/24/1998	68	SM City Naga, CBD2, Bgry Trianggulo, Naga City
		69	B3, Unit 1,2,3,544, 55 & 56 ALDP Mall, Roxas Ave Triangulo, Naga City

Manila Bingo Corporation, 95%	9/24/1997	70	SM City Fairview, Regalado, Fairview, Q.C.
Metro Gaming Entertainment Gallery, Inc., 100%	6/24/1998	71	SM Supercenter, Molino Rd., Bacoor, Cavite
		72	5/F 168 Divisoria Mall, Soler St. Binondo, Manila
		73	Unit GF, ANS-08 Pasay City Mall Ave cor Arnaiz, Pasay City
		74	RSAM Center Bldg, J.P. Laurel Cor. Munting Bayan St, Bgry Poblacion IX, Nasugbu, Batangas
		75	Starmall, Bgry Kaypian San Jose Del Monte, Bulacan
		76	Metro Towne Center, Marcos Alvarez Avenue, Las Pinas City
Negrense Entertainment Gallery, Inc. 55%	4/24/2012	77	Ground Floor, Lee Plaza Hypermart, Bagacan, Dumaguete City
		78	Ground Floor, CityMall Dumaguete, Veterans Avenue, National Highway, Dumaguete City
		79	G/F City Mall Golden Field-Bacolod West Side, Araneta Ave.
One Bingo Place, Inc., 80%	5/3/2000	80	SM City Manila, Arroceros St., Manila
One Bingo Pavillion, Inc. 100%	1/28/2013	81	Puregold Price Club, Magsaysay Road, Brgy San Antonio, San Pedro, Laguna
		82	Sky One Bldg, Brgy Baleleng, Bantay Iocos Sur
		83	TLJ Building G/F & 2F Brgy. Mabiga Mabalacat Pampanga
		84	S and R Centre, De Venecia Ave., Nalsian, Calasiao, Pangasinan
Rizal Gaming Corporation, 100%	11/12/1998	85	Robinson's Place, Cainta, Rizal
		86	Robinsons Boutique, Cainta, Rizal
		87	ITSP Bldg, Ortigas Ave., Bgry San Isidro, Taytay, Rizal
		88	2nd Flr., Graceland Plaza Bldg., J.P. Rizal St., Brgy. Malanday, Marikina City
		89	Hollywood Suites and Resort, Mac Arthur Highway, Brgy Ibayo, Marilao Bulacan
		90	RMR Graceland, 858 Tandang Sora Avenue, Brgy. Tamo, Quezon City
		91	2/F, Ardi Commercial Complex, A.Bonifacio Ave. Parola, Cainta, Rizal
SG Amusement and Recreation Corp., 100%	8/24/2005	92	Wilson Square, P.Guevarra, San Juan City
		93	San Juan Commercial Bldg. F. Manalo corner F. Blumentritt San Juan City

		94	SM Land Anza Bldg. Makati Ave. Cor Anza St., Bel -Air, Makati City
		95	3/F Ayala Circuit Mall, A.P Reyes Avenue, Brgy. Carmona, Makati City
South Bingo Corporation, 100%	12/10/1997	96	SM City Davao, Quimpo Blvd., Davao City
		97	G/F Victory Town Center, Lemery Batangas
South Entertainment Gallery, Inc., 100%	12/13/2000	98	SM City, San Fernando City, Pampanga
		99	SM City Tarlac, San Roque, Tarlac City
		100	Robinsons Calasiao, Calasiao, Pangasinan
Summit Bingo, Inc., 60%	1/19/1999	101	2nd Flr., New St Bldg., Macarthur Highway, Balibago, Angeles City, Pampanga
Topnotch Bingo Trend, Inc. 100%	6/1/2009	102	G/F Metropoint Mall, Edsa Taft, Pasay City
		103	2/F SM City Batangas, Pallocan West, Batangas City
		104	2/F SM City Rosario, Brgy. Tejero Convention, Rosario, Cavite City
		105	2/F SM City Rosales, Mc Arthur Highway, Carmen East, Rosales, Pangasinan
		106	2/F Sm City Marikina, Brgy. Calumpang, Marikina City
		107	2/F SM City Clark, M.A. Roxas Highway, Brgy. Malabanias, Clark, Pampanga
		108	2/F SM City Lipa, Ayala Highway, Brgy Maraouy, Lipa City, Batangas
		109	LGF SM City San Lazaro. F. Huertas St., Sta. Cruz, Manila
		110	SM City Taytay, B1 Bldg. A, Brgy. Dolores, Taytay, Rizal
		111	94 Timog Ave., Ybardolaza street Cor.,Sacred Heart, Quezon City
TOPMOST GAMING CORP. 100%	01/13/1998	112	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		113	2nd Floor, Fortune Plaza Bldg. MacArthur Highway, Brgy. Wawa Balagtas, Bulacan
		114	Sapphire Bldg., Govic Avenue, Paulien Dirita, Iba Zambales
Worldwide Links Leisure and Gaming Corp., 100%	12/8/2011	115	Silver City, Frontera Drive, Dona Julia Vargas Avenue, Pasig City
		116	2nd Floor SGC Bldg, 172 C. Raymundo Avenue, Brgy. Maybunga, Pasig City (Relocated from IT Reliance)

Bingo Parlor Owned Through An Affiliate/Equity:		
	Date of	**Location**

	Organization		
Insular Gaming Corporation, 40%	12/13/2000	1	G/F, Berds Bldg., Iligan City

Total Gamezone Xtreme, Inc. (TGXI)

TGXI is the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) eGames stations. The company continues to expand its operations through rebranding of existing PAGCOR e-Games Station (PeGS), setting up new gaming venues in new locations, and acquiring existing branches from other operators.

PeGS outlets act as a medium where one can play in an online casino with players from other virtual stations. The total amount of bets placed in these online games is monitored by a centralized server run by the platform provider.

As of 31 December 2022, TGXI has 29 branches with a total 798 terminals.

Branch	Location	
BANAWE	1	238 Banawe Center, 240 Banawe cor. Panalturan st., Brgy. Manresa Village, Quezon City
BF PARANAQUE 2	2	R.F. Lopez Bldg., Lopez Avenue, Brgy. San Isidro, Parañaque City
CAINTA 4	3	2ndFloor Saunterfield Bldg. Km 20 Brgy. Sto. Nino Ortigas Ave. Extension Cainta, Rizal
CARMONA	4	Unit 5, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite
CUEVAS VILLE/ MOLINO 2	5	Units 10&11, Cuevasville Commercial Building 3, Daanghari Road, Molino 4, Bacoor, Cavite
DEL MONTE	6	716 Del Monte Avenue, Talayan, QC
DON ANTONIO	7	2F, Don Antonio Sports Complex, Brgy Holy Spirit, Quezon City
GUIGUINTO	8	2nd Flr., GD Plaza, Mc Arthur Highway, Brgy. Ilang ilang, Guiguinto, Bulacan
DJET PASIG	9	GF, D'Jet Commercial Bldg., Imelda Ave., Phase 11-A Lot C, No. 25 and 26, Karangalan Village, Pasig City
KATIPUNAN	10	175 Katipunan Ave., Loyola Heights, Quezon City
KAWIT	11	GF, Bautista Arcade, Brgy Binakayan, Kawit, Cavite
MABALACAT 2	12	Stall 19, Pineda Building, Mc. Arthur Highway, Mabalacat, Pampanga
MADISON	13	GF, Bldg. B, Madison Square #4, Pioneer Street, Mandaluyong City
MALABON	14	Unit 3 Francis Market , Gov. Halili cor M.H Del Pilar Sts., Tenajeros Malabon
MANGGAHAN 1	15	2F, MSI Building, Governor's Drive, Brgy Manggahan, Gen. Trias, Cavite
MAYBUNGA	16	2F, SGC Building, 172 C. Raymundo Ave., Brgy. Maybunga, Pasig City
MEYCAUAYAN	17	665-A, McArthur Highway, Nrgy Bancal, Meycauayan, Bulacan
METROTOWNE	18	Metro Towne Center ,2020 Marcos Alvarez Ave., Talon 5, Las Piñas City
PACO	19	Unit 3, Topmark Building, Paz Mendoza Guazon St., Paco, Manila
PASO DE BLAS 1	20	2F, LB Bldg., Paso de Blas Road, Valenzuela City
SAN JOSE DEL MONTE	21	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan

SAN MIGUEL	22	Total Gas Station, National Highway, Cagayan Valley Road, Brgy. Kamias, San Miguel, Bulacan
SAN RAFAEL	23	141 Cagayan Valley Road, Brgy. Sampaloc, San Rafael, Bulacan
SILANG	24	Brgy. Buho, Silang, Cavite
SILVER CITY	25	GF, Silver City Bldg., Frontera Verde, Bo. Ugong, Paisg City
STA MARIA	26	112 C Gov. Halili Avenue, Brgy. Bagbaguin, Sta. Maria, Bulacan
STARMALL EDSA	27	2F, Starmall Building, EDSA cor Shaw Blvd., Mandaluyong City
VALENZUELA 2	28	GF, Puregold Valenzuela, 419 McArthur Highway, Brgy Dalandanan, Valenzuela City
VISAYAS AVE	29	2F, MSK Building, Tandang Sora, Visayas Avenue, Quezon City

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC has a contract with the Philippine Amusement and Gaming Corporation (PAGCOR) in connection with the VIP Slot Arcade Operation (PAGCOR VIP Club) at Pan Pacific Hotel, Manila, Paseo Premier Hotel, Sta. Rosa, Apo View Hotel, Davao, and Kings Royal Hotel, Bacolor, Universal Park Manila and San Pedro Town Center. Pursuant to the said contract, BCGLC provides the gaming space, high end slot machines, furnitures, fixtures, equipment and systems for the operations of the aforesaid VIP Slot Arcades. The wholly-owned subsidiary of BCGLC, Gold Coast Leisure World Corporation has a contract with PAGCOR for the PAGCOR VIP Club in Venezia Hotel, Subic Bay Economic Zone and Freeport.

First Cagayan Leisure & Resort Corporation (FCLRC)

On February 3, 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 authority for FCLRC in the following capacity: (1) Appointment as Master Licensor for internet gaming activities and shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive gamines in CSEZFP; (2) Assist CEZA in its functions as regulator for interactive gaming activities on behalf of CEZA in accordance with CSEZFP Interactive Gaming Rules and Regulations; (3) The authorization as Master Licensor shall be exclusive for twenty-five (25) years starting from 2006 until 2031; (4) Authorized to collect a sub-license fee to two (2) percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, the Company is authorized to collect from sub-licenses, a monthly fixed amount equivalent to $10,000 from sportsbook operators; and (5) the Company must pay CEZA, on a monthly basis to commence upon the start of actual operations, an amount equivalent to one (1) percent of the monthly gross winnings payable not later than the twenty-first (21st) day of the subsequent month. Starting on the sixth (6th) year after the start of the Company's operation, it shall pay a minimum guaranteed amount of $250,000 per year.

FCLRC proposed a Master Development Plan in keeping its authority under the License Agreement. The Master Development Plan 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 as envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

> Phase I: which shall be completed one (1) year after authorization of the CEZA BOD, 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 II: which shall be completed three (3) years from completion of Phase I, shall include the telecommunication connectivity via fiber optic, redundant telecommunication connectivity and construction of a leisure and resort complex;
>
> Phase III: which shall be completed three (3) years from completion of Phase II, 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.

Previous years' developments significantly affected FCLRC's business and operations due to the issuance on September 1, 2016 by PAGCOR of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulation was adopted to regulate the issuance of licenses which provide and participate in offshore gaming services or online games of chance via the Internet.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) 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; (4) 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.

As at December 31, 2022 and 2021, there were 11 and 13 licensed locators, respectively.

First Cagayan Converge Data Center, Inc. (FCCDCI)

FCLRC and IP Converge Data Center Corporation (IPCDCC), a wholly-owned subsidiary of listed firm IPVG Corp., formed a joint venture corporation with the name First Cagayan Converge Data Center, Inc. which was incorporated on November 14, 2007 with FCLRC owning 60% of the outstanding capital stock. This joint venture corporation was formed 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 (VOIP), 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. These revenue streams include but are not limited to the following:

- connectivity using wide bandwidth capabilities
- physical housing of the server to host the Internet site, in a high security site
- high quality monitoring and maintenance services for the Internet infrastructure
- hosting services which include connection of servers and data networking equipment to the same monitoring and management system.
- a range of call center services
- a range of value added services for ongoing operation of the Internet Site and management of the Internet Casino Site
- office space
- administration services which includes facilities management, server management and network monitoring

- payment and receipt of gaming funds services telecommunication services
- physical security and monitored access
- off-site storage of back up materials in secure premises
- second level help desk service that includes provision of a single answering point for operational, performance, reporting and commercial issues
- value added services, such as website monitoring, traffic analysis, marketing analysis, telemarketing, and customer relationship management among others.

FCCDCI commenced its commercial operations on January 1, 2008 thus, FCLRC's statement of income includes its 60% equity in net earnings from FCCDCI.

In 2009, FCLRC and FCCDCI agreed to apply ₱3.75 million of FCLRC's cash dividend against the subscription payable to FCCDCI.

LR Data Center and Solutions, Inc. (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 online gaming operators. DigiPlus owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

AB Leisure Global, Inc. (ABLGI)

AB Leisure Global Inc. (ABLGI) and DigiPlus entered into various agreements with Belle Corporation (Belle), Premium Leisure and Amusement, Inc. (PLAI) and Belle Grande Resource Holdings, Inc. (Belle Grande) which secured for ABLGI a 30% share of Belle's and PLAI'S economic interests in the City of Dreams-Manila Integrated Resort and Casino located at Aseana Business Park, Paranaque City.

On November 4, 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with DigiPlus and ABLGI ("DigiPlus Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the DigiPlus Group a total of ₱5,090 million, with ₱1,018 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on March 31, 2017. ABLGI received ₱4,072 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to ₱3,762 million, and (2) ₱310 million, of which ₱111 million was a collection of the advances made to Belle while the remaining ₱200 million was lodged under "Other Income" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective March 31, 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	Incorporation Date	Nature of Business
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate/Leasing
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, DigiPlus signed an Omnibus Loan and Security Agreement with (OLSA) for P2,500 million with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and DigiPlus as Surety. As disclosed, the OLSA was executed to partially fund the acquisition of parcels of land for the planned resort development in Boracay. The loan was paid in full in January 2023.

LR Land Developers, Inc. (LRLDI)

In 2010, LRLDI entered into an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), both third parties and corporations incorporated in the Philippines, to finance the construction of the airport at Lal-lo, Cagayan. The terms and conditions of the agreement include the following: (1) LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum of P700 million. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction development of the airport; (2) LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share; (3) CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and (4) CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and FCLRC have significant operations within the CSEZFP which will benefit from the construction of the airport. The construction of the airport is expected to be finished by the first quarter of 2014 when all the documents needed by the Civil Aviation Authority of the Philippines are submitted.

The Group intends to convert portion of the advances into shares of stocks upon consolidation and issuance of land titles.

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

<u>Competition</u>

AB Leisure Exponent, Inc. (ABLE)

ABLE manages to stay on top of competition with its extensive network of bingo parlors, and by continuing the development and acquisition new parlors and game products.

Ever mindful of the growing major competitors such as OK Bet, Bingo Mania, Bingo Amusement Corporation, as well as small players and new entrants, ABLE sustains its market presence by aggressively offering huge jackpot payouts and launching new products to attract more players.

Total Gamezone Xtreme, Inc. (TGXI)

TGXI has successfully established its position as one of the major front runners among PeGS operators in the country through the acquisition of Digiwave Solutions, Inc (DSI) and by continuously increasing its number of PeGS gaming terminals. PEGS are open 24 hours a day, 7 days a week and are located all over Metro Manila and nearby areas.

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC and GCLWC are competitive with other game operators because of the expertise of its management team in the selection of top of the line & popular slot machines to cope with market demand. Also, the team is effectively managing the venues with appropriate marketing & promotions for the targeted audience.

First Cagayan Leisure & Resort Corporation (FCLRC)

Being the pioneer master licensor of Internet gaming in Southeast Asia, FCLRC is in the forefront in leading the Cagayan Free Port as the premiere Gaming licensing jurisdiction. Prior to September 2016, FCLRC virtually has no competition in the industry in the Southeast Asia region. FCLRC's main competitor now is PAGCOR that can issue Philippine Offshore Gaming Operator (POGO) licenses.

Major Suppliers

AB Leisure Exponent, Inc. (ABLE)

Currently, ABLE sources its bingo cards and supplies mainly from BK Systems Philippines, exclusive distributor of Bingo King, USA, one of the world's largest manufacturers and suppliers of bingo cards and bingo related products.

In 2002, ABLE entered into a Lease and Technical Assistance Agreement with NTT Philippines Solutions, Inc. (previously, FBM Gaming Arizona, Inc.), to provide the necessary equipment, systems, facilities and technical support for the conduct and operation of Electronic Bingo Games.

In 2005, ABLE entered into a Memorandum of Understanding with Intralot S.A. Integrated Lottery Systems and Services to supply state-of-the-art hardware/software machines, equipment and accessories for the operation and conduct of computerized "on-line" bingo system known as the Rapid Bingo.

In 2007, ABLE entered into a Lease and Services Agreement with D2R Limited to supply and lease gaming equipment and systems for the operation of the "Dingo Thunder Series System and Games".

In 2011, ABLE and Intralot S.A. Integrated Lottery Systems and Services amended its Equipment Lease and Services Agreement which includes: (1) Assignment of parent company Intralot S.A. Integrated Lottery Systems and Services to Intralot, Inc. and (2) Extension of Equipment lease and Services Agreement from its original scheduled expiration in August 2010 to September 2015.

In 2013, ABLE and Intralot, Inc. entered into a new Equipment Lease and Services Agreement covering a new system and upgraded equipment, with a provision that the contract mentioned in the preceding paragraph automatically terminates on the date that the new Bingo System is ready to accept bets.

Also in 2013, ABLE entered into a System Lease and Technical Assistance Agreement with Gaming Arts, LLC to provide license to their Optima Bingo Software and to lease certain elements of Equipment (collectively the "System") and to render technical support for the conduct and operation of the System.

In 2020, ABLE entered into a service agreement with Solid Leisure Solutions, Inc. to cover a new system for its traditional bingo in a technology platform and other electronic games.

Blue Chip Gaming and Leisure Corporation (BCGLC)

As of December 31, 2022, BGLC has 854 slot machines which are supplied by Aristocrat (Australia), IGT (USA), Scientific Gaming (USA), Konami (Japan), Jumbo (Taiwan) and Alfastreet (Slovenia). The PAGCOR VIP CLUBs only cater to its registered members.

Dependence if any to Major Customers

The Company and its subsidiaries are not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the company and its subsidiaries taken as a whole.

Patents, trademarks and licenses

AB Leisure Exponent, Inc. (ABLE)

PAGCOR granted ABLE and its subsidiaries/affiliates (the Group), the authority to operate bingo halls pursuant to Presidential Decree No. 1869 (P.D. 1869). In consideration for the Grants, the Group shall pay PAGCOR 20% of its gross cards sales, representing franchise fees and taxes, which shall be remitted to PAGCOR on weekly basis. Pursuant to P.D. 1869, the BIR Franchise Tax shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. The Group deposited cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants.

In 2008, PAGCOR approved and issued to its bingo grantees the Bingo Regulatory Order No. 2008-01 entitled “Modified Computation of the Five Percent (5%) Franchise Tax”. The regulation modified the basis for the computation of the BIR Franchise Tax being remitted to PAGCOR by the bingo grantees for their Traditional Bingo operations as follows: fifteen percent (15%) of its gross receipts from bingo card sales (representing PAGCOR share), and five percent (5%) of its gross revenue (i.e. gross sales less payouts), representing BIR franchise tax retroactive to January 1, 2008.

On June 13, 2000, PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) cards to complement its existing bingo game operations pursuant to Presidential Decree No. 1869. In consideration for the Grant, ABLE shall pay PAGCOR, upon withdrawal of Instant Charity Bingo Game II cards, the regulatory fee of 12.5% of the gross sales value of the cards sold/purchased. However, because of the poor sales performance, ABLE discontinued the distribution of the cards during 2005 and wrote off the unsold cards amounting to ₱10,197,124 in 2005. On February 2, 2007, ABLE received a letter from PAGCOR stating the conditions to continue the operations of ICBG2. On December 12, 2008, ABLE resumed commercial operations of ICBG2 scratch cards.

On May 8, 2001, PAGCOR granted the Group the authority to operate and conduct Electronic Bingo Games (E-bingo). In consideration for the Grants, ABLE shall pay PAGCOR 60% (representing 5% BIR franchise tax and 55% PAGCOR franchise fee) of their gross revenues from E-bingo operations. Starting May 1, 2010, ABLE shall remit to PAGCOR 52.5% of the gross revenues from E-bingo games to be distributed as follows: 5% representing BIR franchise tax and 47.5% as PAGCOR franchise fee.

On August 3, 2005, PAGCOR granted ABLE, the authority to distribute and sell pull-tabs or break-open cards in all branches and subsidiaries of ABLE. Distribution and sales of pull-tabs or break-open cards followed thereafter. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price, which will be remitted to PAGCOR upon draw-down of cards from the supplier regardless of quantity of cards sold.

On September 27, 2005, PAGCOR granted the Group, the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of the New Rapid Bingo System (NRBS) operations and the use of the prescribed NRBS card format. In consideration of the Grant, the Group shall pay PAGCOR 15%, representing franchise fees and taxes, of its gross sales from its conduct and operations.

On June 20, 2007, Philippine Congress passed Republic Act No. 9487, an act further amending P.D. 1869, otherwise known as the PAGCOR Charter. PAGCOR was granted from the expiration of its original term on July 11, 2008, another period of twenty-five (25) years, renewable for another twenty-five (25) years.

In September 2016, ABLE received notices from PAGCOR informing that the PAGCOR's BOD issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games of its 36 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, DigiPlus sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations. Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's BOD to recall the revocation to operate E-Bingo. 20 E-Bingo sites resumed its operations by virtue of the aforesaid approval. The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor the licenses of operators whose gaming sites are located inside malls, arcades and hotels and consider them exempted from distance requirements.

The PAGCOR's BOD allowed the resumption of E-Bingo operations until the respective expiration of the licenses of the sites which are renewable every two years. PAGCOR's BOD, GLDD and CLSD are still in the process of studying whether they will permanently maintain the exemption of malls, arcades and hotels from the distance requirements.

For all bingo venues, the Group has secured all other necessary licenses and permits at the local government level.

Total Gamezone Xtreme, Inc. (TGXI)

Due to the expiration of Intellectual Property Licensing and Management Agreement (IPLMA) license of Philweb Corporation last August 10, 2016, TGXI closed 3 of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's BOD issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, DigiPlus sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations. Subsequently, PAGCOR allowed the re-opening of 5 sites.

Blue Chip Gaming and Leisure Corporation (BCGLC)

To comply with the requirements of doing business in the Subic Special Economic Zone, the PAGCOR VIP Club at Venezia Hotel, Subic Bay Special Economic Zone with PAGCOR is with GCLWC, a wholly owned subsidiary of BCGLC.

Prime Investment Korea, Inc. (PIKI)

On July 26, 2013, PIKI and the PAGCOR executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

On September 13, 2013, the parties executed a Supplement Junket Agreement to offer supplementary services to enhance the existing junket gaming operations within PAGCOR's Casino Filipino-Midas. The Supplementary Services will allow PAGCOR and PIKI to tap into foreign gaming markets in order to attract foreign tourist arrivals in the Philippines.

The Supplementary Services shall include operating gaming tables equipped with high definition video cameras, VOIP facilities, internet data facilities, among others, which shall allow PIKI to broadcast PAGCOR-approved table gaming activities from within the gaming rooms to PAGCOR-approved locations outside the Casino Filipino-Midas.

In 2020, PIKI already ceased its operations.

Hotel Enterprises of the Philippines, Inc. (HEPI)

On December 8, 2011, HEPI and PAGCOR executed a Contract of Lease for the operation of a casino on the ground floor, second floor, and penthouse of Midas Hotel and Casino. The term of the lease is ten (10) years, renewable at the option of PAGCOR. In consideration of the lease, PAGCOR shall pay HEPI the amount of ₱9.36 million per month, payable within the first fifteen (15) days of the succeeding month.

Also on same date, HEPI and PAGCOR entered into a Marketing and Cooperation Agreement which shall be co-terminus with the Contract of Lease. Under the Marketing and Cooperation Agreement, HEPI shall formulate the marketing, advertising, and promotion of the casino while PAGCOR shall provide the necessary expertise for the day-to-day operation of the casino. HEPI and PAGCOR agreed to share in net monthly gaming revenues of the casino (total bets placed less payouts less 5% franchise tax) in the following proportion:

a) 65% to PAGCOR
b) 35% to HEPI

PAGCOR's ₱9.36 million expense (monthly rentals under this Contract of Lease) is deducted from the 35% share of HEPI and in addition, HEPI is required to devote another 5% of the net monthly gaming revenues (taken from HEPI's share) exclusively for advertising, publicity, marketing and promotional activities for the casino.

First Cagayan Leisure & Resort Corporation (FCLRC)

By virtue of CEZA Board Resolution No. 05-003-01, dated May 30, 2001, FCLRC was granted by CEZA the exclusive authority as Master Licensor of internet gaming games and facilities in the CSEZFP for a renewable period of 2 years. CEZA also authorized FCLRC to assist CEZA in its functions as a Regulator of interactive gaming activities. Said appointment of FCLRC as Master Licensor was extended for 25 years by CEZA under Board Resolution No. 09-002-06, dated September 15, 2006. The same resolution also granted FCLRC the authority to manage and operate the telecommunication facility in CSEZFP.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) 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; (4) 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.

Government Regulations

AB Leisure Exponent, Inc. (ABLE)

ABLE is the biggest contributor to the Company's gross revenue. Bingo Bonanza is the trade name used by ABLE in its traditional and electronic bingo gaming operations.

Prior to April 2013, ABLE and its subsidiaries have been paying only the 5% franchise tax due to the following legal guidelines provided to ABLE by PAGCOR in the previous years.

Effective November 1, 2005, Republic Act No. (R.A.) 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27 (c), excluded PAGCOR from the provision which identifies government-owned or controlled corporations or agencies exempted from the corporate income tax.

The management believes that ABLE's payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) was effectively equivalent to the payment of corporate income tax. Based on consultations with tax advisers, the management also believes that the collection of income tax in addition to the 5% Franchise Tax has no legal basis.

Pursuant to P.D. 1869, also known as PAGCOR Charter and as amended by R.A. 9487, the 5% Franchise Tax shall be in lieu of all kinds of taxes, incurred or otherwise, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. This exemption inures to the benefits of corporations, associations, agencies or otherwise, or individuals with whom PAGCOR has a contractual relationship in connection with the operations of casinos under the PAGCOR Franchise. Thus, the exemption referred to under PD 1869 is extended to its Bingo grantees/licensees.

In accordance with PAGCOR's directives, the Company continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it paid the 5% Franchise Tax.

In view of the above, management has not provided for provision for income tax in previous years up to the first quarter of 2013.

The applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated July 9, 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the second quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, for the third quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead. For the year ended 31 December 2017, provision for income tax amounted to P97.14 million.

In 2017, ABLE's business and operations were significantly affected by the signing of Executive Order (EO) No. 26 (Smoking Ban) which prohibits smoking within enclosed public places and public conveyances, except in "Designated Smoking Areas" fully compliant with the standards set in the EO.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings took effect in the first quarter of 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax in the first quarter of 2018.

First Cagayan Leisure & Resort Corporation (FCLRC)

As Master Licensor for interactive operations in the CSEZFP, 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 5% of their gross income less allowable deductions. Gross income shall refer to gross sales or gross revenues derived from business activity within the CSEZFP, net of sales discounts, sales returns and allowances and minus costs of sales or direct costs but before any deduction is made for administrative, marketing, selling and/or operating expenses or incidental losses during a given taxable period.

In the local scene, recent developments significantly affected FCLRC's business and operation from the last quarter of 2016 because of the issuance on 01 September 2016 by the Philippine Amusement and Gaming Corporation (PAGCOR) of the "Rules and Regulations for Philippine Offshore Gaming Corporations." The said PAGCOR Regulations was adopted to regulate the issuance of licenses to entities which provide and participate in offshore gaming services or online games of chance via the internet.

Blue Chip Gaming and Leisure Corporation (BCGLC)

Pursuant to Presidential Decree No. 1869, the Company shall pay PAGCOR equivalent to five (5%) of its gross revenues in relation to its sublease contract with PAGCOR. Such consideration shall represent the Bureau of Internal Revenue (BIR) Franchise Tax. The Franchise Tax shall be deducted by PAGCOR from its lease payments and shall be remitted to the BIR on behalf of the Company on a monthly basis.

Transactions with and/or Dependence on Related Parties

The Company's transaction with its subsidiaries and/or affiliates consist mainly of non-interest-bearing advances to and from subsidiaries and/or affiliates, officers, and employees which are subject to liquidation within 12 months from date granted or collectible in cash upon demand.

Research and Development

AB Leisure Exponent, Inc. (ABLE)

Development of other bingo games/variants does not require that much expenditure since most are only ideas developed by ABLE's marketing people. ABLE also participates in Bingo and related gaming trade shows to evaluate if new games offered may be introduced to its own operations. The expenses in attending these trade shows are not significant.

First Cagayan Converge Data Center Inc. (FCCDCI)

Telecommunication facilities and services of FCCDCI are continuously updated to the latest advances in hardware and software technology to ensure that FCCDCI's clients are provided with quality broadband and high-speed data services.

Cost and effects of compliance with environmental laws

All ABLE and affiliate bingo parlors have complied with the provisions of Smoking Ordinances issued by most local government units. All bingo parlors have made provisions in its playing area to accommodate smokers and non-smokers alike. Future expansions and parlor upgrades will incorporate enclosures and advanced air-purifying systems. Same goes with TGXI's PeGs and BCGLC's arcades.

FCLRC also complies with environmental laws being enforced by CEZA in the Cagayan Special Economic Zone and Free Port (CSEZFP).

Employees

DigiPlus has 152 and 153 employees in 2022 and 2021, respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,883 and 564, in 2022 and 2021, respectively while TGXI has 145 in 2022 and 74 in 2021. On the other hand, FCLRC has 14 in 2022 and 21 employees in 2021 whereas BCGLC has 40 and 46 employees in 2022 and 2021, respectively. LRLDI has 3 and 4 employees in 2022 and 2021, respectively. In 2022, the Company and its subsidiaries increased its workforce mainly due to reopening and sites and continuous business growth. The Company did not have major changes in their employment portfolios. Their employees are not subject to a collective bargaining agreement.

The Company does not have a stock option plan as part of its remuneration to all directors. 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.

Major Risks Involved in the Business

AB Leisure Exponent, Inc. (ABLE)

ABLE and its subsidiaries operate bingo parlors. By the nature of the business (gaming), there is a risk of possible non-renewal of business permits by the local governments. To counter this risk ABLE and subsidiaries obtained ordinances to do business from the respective local Sanggunian Mangbabatas. The business is located in high traffic areas, specifically in SM and Robinson malls, thus there is also risk of difficulty in finding similar high traffic areas should the lease contracts not be renewed upon expiration. ABLE has expanded to other locations so the effect of non-renewal of one or two leases will not have significant effect on ABLE's results of operations.

First Cagayan Leisure & Resort Corporation (FCLRC)

As revenues are dependent to locators whose business is internet gaming operations outside the Philippines, potential or future government regulations in countries where internet gaming operations is presently allowed, can be considered as a major business concern for FCLRC.

Item 2. Properties

The major assets of the Company and its subsidiaries are: land, building, furniture & fixtures, leasehold improvements, slot machines, bingo equipment and paraphernalia. FCLRC and LRLDI own parcels of land within and outside the vicinity of Cagayan Special Economic Zone Free Port.

ABLE and its subsidiaries lease bingo parlors ranging in size from 90 to 2,000 square meters located in major shopping malls in Metro Manila and in key provincial cities. Lease term ranges from one (1) to five (5) years. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties. All lease payment computations are based on a fixed rate per square meter of occupied space or on a certain percentage of bingo cards sales.

In 2017, ABLGI through its subsidiary acquired 23 hectares of land in Malay, Aklan for its future project.

Item 3. Legal Proceedings

Except for the following, there are no other legal proceedings to which the Company or any of its subsidiaries is a party:

1. "Eco Leisure and Hospitality Holding Company, Inc. v. Leisure & Resorts World Corporation", PDRCI Ad Hoc Case No. 2021-124, PDRCI, Taguig City

An Arbitration case was filed by Eco Leisure and Hospitality Holding Company, Inc. on the alleged violations of the Shareholders' Agreement by DigiPlus.

On July 4, 2022, the Tribunal released a decision as follows:

a. DigiPlus did not breach the provisions of Clause 1.4 of the *Shareholders' Agreement* relative to the execution of a lease agreement between Hotel Enterprise of the Philippines, Inc. and First Cagayan Leisure & Resort Corporation.

b. DigiPlus did not breach the provisions of Clause 4.1 of the *Shareholders' Agreement* relative to Eco Leisure and Hospitality Holding Company, Inc.'s exercise of its right of first refusal thereunder.

c. Eco Leisure is not entitled to, and DigiPlus is thus not liable for, the following Claims:

    i. Actual damages in the amount of Nine Hundred Seventy-Six Million Nine Hundred Thirty-Three Thousand Five Hundred Fifty-Five and 60/100 Pesos (PhP976,933,555.60), representing loans obtained by HEPI;
    ii. Actual damages in the amount of Three Hundred Seventeen Million Eight Hundred Seventy-Five Thousand Eight Hundred Eighty-Six and 32/100 Pesos (₱317,875,886.32), representing running interest expense and debt issuance costs from loans obtained by HEPI as of 30 April 2021;
    iii. Actual damages in the amount of One Billion Two Hundred Sixty-Five Million Two Hundred Sixty-Two Thousand Nine Hundred Eighty-Five and 98/100 Pesos (₱1,265,262,985.98), representing loss of profits;

iv. Actual damages in the amount of Five Million Pesos (₱5,000,000.00), representing professional and legal fees and disbursements;

v. The full costs of arbitration which shall include the arbitrators' fees, administrative fees, miscellaneous expenses and all other amounts paid by Claimant in relation to this Arbitration; and

vi. Nominal damages in the amount of One Million Pesos (₱1,000,000.00) for Respondent's violation of Claimant's right of first refusal.

2. "Eco Leisure and Hospitality Holding Company, Inc. v. Leisure & Resorts World Corporation and PDRCI", Civil Case No. 02495-SP (For: Petition to Vacate Arbitral Award)

On August 3, 2022, Eco Leisure filed a Petition to Vacate Arbitral Award of even date under Rule 11 of the Special Rules of Court on Alternate Dispute Resolution (A.M. No. 07-11-08-SC) which sought to vacate the Final Award issued by the Arbitral Tribunal of the Philippines Dispute Resolution Center, Inc. in Ad Hoc Case No. 2021-124, which denied Eco Leisure's claims against the Corporation.

On December 19, 2022, the Corporation received the Order dated December 20, 2022, where the court stated that all pending incidents in the instant case are deemed submitted for resolution. The case remains pending resolution to date.

3. "Eric Joseph Y. Mananquil vs. Leisure & Resorts World Corp.", NLRC LAC No. 07-002844-19 and NLRC NCR Case No. 01-0003819; CA-GR CV No. 109489, Court of Appeals, Manila

This is a case for illegal dismissal filed by Eric Joseph Y. Mananquil ("Eric"). The Labor Arbiter ruled that the complainant was not illegally dismissed. On appeal, the NLRC Sixth Division dismissed the appeal of Eric for lack of merit. Eric filed a Petition for Certiorari before the Court of Appeals (CA) after the denial by NLRC of his Motion for Reconsideration.

On April 29, 2022, Court of Appeals issued a Resolution denying the Petition for Certiorari filed by Eric.

On July 8, 2022, the Corporation received Eric's Motion for Reconsideration dated June 2, 2022. The Corporation filed its Comment/Opposition thereto on August 22, 2022.

On October 14, 2022, Court of Appeal issued a Resolution denying the Motion for Reconsideration filed by Eric.

Item 4. Submission of Matters to a Vote of Security Holders

a) On January 7, 2022, a special stockholders' meeting was held. During this meeting, the following matters were submitted to a vote and duly approved by the stockholders of the registrant:

1. Approval of the Issuance of up to 1,555,893,334 Common Shares through private placement;
2. Approval of the Reclassification of 1,000,000,000 Preferred Shares into Common Shares
3. Amendment of the Seventh Article of the Company's Articles of Incorporation to Reflect the Reclassification of 1,000,000,000 Preferred Shares to Common Shares

b) An annual meeting of stockholders of the registrant was held on July 29, 2022.

c) During the said annual meeting the following persons were elected as directors of the registrant:

1. Eusebio H. Tanco
2. “Andy” Tsui Kin Ming
3. Paolo Martin O. Bautista*
4. Willy N. Ocier
5. Rafael Jasper S. Vicencio
6. Mardomeo N. Raymundo Jr.
7. Renato G. Nuñez

with the following as independent directors under Section 38 of the Securities Regulation Code (RA 8799):

8. Winston Chan
9. Timoteo B. Aquino

* Mr. Paolo Martin Bautista resigned on October 26, 2022, and his seat was later on filled up with the appointment of Atty. Jose Raulito E. Paras. Furthermore, with the SEC’s grant of exemptive relief to the appointment of Mr. Ramon Dizon as independent director, the latter was also appointed by the Board as such in the same meeting held on October 26, 2022, in view of the resignation of the independent director, Mr. Winston Chan, effective October 26, 2022.

d) During the annual meeting of stockholders of the registrant last July 29, 2022, the following matters was submitted to a vote of and duly approved by the stockholders of the registrant:

1. Approval of the Minutes of the Annual Meeting held on July 30, 2021
2. Approval of Annual Report and Audited Financial Statement for the fiscal year 2021
3. Ratification of actions taken by the BOD and Officers since the last annual meeting held on July 30, 2021
4. Amendment of the Articles of Incorporation to Decrease the Number of Directors from 11 to 9
5. Amendment of the By-Laws
6. Nomination and Election of Directors
7. Appointment of External Auditor

e) On November 24, 2022, a Special Meeting of the Stockholders was held. During this meeting, the following matters was submitted to a voite and duly approved by the stockholders of the registrant:

1. Issuance of 691,200,000 common shares through private placement
2. Increase in authorized capital stock from ₱5 billion to ₱7 billion
3. Amendment of the Articles of Incorporation to change the Company’s name and address, and to increase the authorized capital stock
4. Amendment of the By-Laws to separate the position of the President from the CEO

f) No other matter has been submitted to a vote of security holders otherwise than at such meetings of the security holders.

PART II–OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a) Market Information

Principal market where the equity is traded - Philippine Stock Exchange

The table shows the high & low prices of the company's share within the last two fiscal years, including the volume of transactions for each quarter.

QUARTER ENDING	IN PHILIPPINE PESO				VOLUME (MAIN BOARD)	VOLUME TOTAL
	HIGH	HIGH_ ADJ*	LOW	LOW_ ADJ*		
1Q 2020	3.10	3.10	1.02	1.02	51,252,000	51,270,967
2Q 2020	1.82	1.82	1.30	1.30	28,333,000	28,355,509
3Q 2020	1.49	1.49	1.12	1.12	19,153,000	19,159,148
4Q 2020	2.16	2.16	1.24	1.24	54,286,000	54,317,231
1Q 2021	2.30	2.30	1.60	1.60	73,838,000	73,882,712
2Q 2021	1.98	1.98	1.44	1.44	190,577,000	290,588,482
3Q 2021	2.09	2.09	1.40	1.40	97,325,000	97,338,158
4Q 2021	1.76	1.76	1.40	1.40	37,323,000	37,343,956
1Q 2022	1.68	1.68	1.21	1.21	76,094,000	126,104,625
2Q 2022	1.52	1.52	1.21	1.21	155,902,000	155,910,925
3Q 2022	2.55	2.55	1.36	1.36	161,043,000	161,057,201
4Q 2022	3.13	3.13	1.98	1.98	298,775,000	298,798,023
1Q 2023	3.09	3.09	2.37	2.37	171,061,000	171,074,554

*There were no adjustments during 2022 and 2021.

Closing Market Price as of April 14, 2023 is ₱2.80 per share.

The Company complied with the required minimum public ownership. As of December 31, 2022, total number of common shares owned by the public is 781,497,198 shares or equivalent to 21.03% of the total issued and outstanding common shares.

The Company's earnings (loss) per share are: ₱0.2034 per share and (₱0.3414) per share in 2022 and 2021, respectively.

b) Holders

The stock transfer agent reported 1,821 holders of common shares of the registrant, as of December 31, 2022. The top 20 shareholders, the number of common shares held, and the percentage of common shares held by each are as follows:

	Name	No. Of Shares Held	% To Total
1	PCD Nominee Corporation (Filipino)	1,122,709,923	30.21
2	PCD Nominee Corporation (Non-Filipino)	988,767,031	26.61
3	Sagathy Holdings Inc.	340,000,000	9.15
4	Euphonious Holdings, Inc.	230,000,000	6.19
5	Catchy Solution Limited	225,000,000	6.05
6	Leisure Advantage Inc.	187,352,512	5.04
7	Alfredo Abelardo	134,841,249	3.63
8	Grandshares Inc.	120,000,000	3.23
9	Colonial Group Holdings Corporation	100,000,000	2.69
10	XII Capital Inc.	100,000,000	2.69
11	Globalist Technology Company Limited	90,000,000	2.42
12	Dominique L. Benitez	31,680,000	0.85

	Name	No. Of Shares Held	% To Total
13	AB Leisure Exponent Inc.	21,567,000	0.58
14	Willy N. Ocier	2,125,200	0.06
15	Paul Luis P. Alejandrino	1,426,224	0.04
16	Jianxi Li	1,026,000	0.03
17	Liberty Farms, Inc.	809,129	0.02
18	Provident Insurance Corp.	591,023	0.02
19	Brisot Economic Development Corp.	512,004	0.01
20	Visayan Surety & Insurance Corp.	486,294	0.01

Below is the summary list of foreign ownership as of December 31, 2022, the nationality, number of shareholders, the number of common shares held and the percentage of common shares held by each:

Nationality	No. of Shareholders	No. of Shares Held	% To Total
American	10	141,117	0.00
Chinese	71	2,878,952	0.08
Filipino	1,732	2,409,621,153	64.84
Others	8	1,303,817,956	35.08

c) Dividends

The Company does not have any restrictions which limit the ability to pay dividends on common equity or that are likely to do so except in cases where the Company does not have enough retained earnings or is in a deficit position. Cash dividends declared to common shareholders were in the past years are as follows:

Year	Dividend per Share
2007	₱0.060
2008	0.060
2009	0.060
2010	0.080
2011	0.075
2012	0.075
2013	0.080
2014	0.080
2015	0.120
2016	0.080
2017	0.070

No dividends declared in 2018 to 2022.

d) Others

The issuance of ₱1.65 billion worth of preferred shares was approved by DigiPlus' BOD and stockholders on January 22, 2013 and March 22, 2013, respectively. The listing application was filed with the exchange on September 20, 2013 and approved on November 27, 2013. The exchange approved the listing of the preferred shares and warrants on December 20, 2013. The shareholders of the private placement transaction are as follows:

Name	Shares	Amount
PCD Nominee Corporation (Filipino)	1,596,860,000	₱1,596,860,000
GSIS Provident Fund	50,000,000	50,000,000
PCD Nominee Corporation (Non-Filipino)	1,440,000	1,440,000
Mary Lou Santos Cera-Garcia	1,000,000	1,000,000
Mary Lou Cera Garcia	700,000	700,000
TOTAL	**1,650,000,000**	**₱1,650,000,000**

The ₱1.65 billion perpetual preferred shares were issued through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares have a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, DigiPlus has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by DigiPlus. A nil-paid, detachable warrant was issued to the investor/s for every twenty (20) preferred shares. Each warrant shall entitle the investor/s to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or DigiPlus' weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

On September 25, 2013, DigiPlus filed the listing of 82,500,000 warrants and the underlying common shares with the PSE.

On January 31, 2020, all ₱1,650,000,000 preferred shares were redeemed at a redemption price of ₱1.00 and recorded as treasury shares in the books of the Company.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

<u>OVERVIEW</u>

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).

As one of the leading icons of the industry, DigiPlus is aggressive in innovations and improvement of its products and services. One of the most recent notable achievements would be BingoPlus. It is the first platform in the country which offers traditional Bingo on technology platform. The technology platform, bingoplus.com, was launched in January 2022 and had quickly become a community favorite.

Retail

ABLE
ABLE is the pioneer in professional bingo gaming in the Philippines. PAGCOR granted ABLE and its subsidiaries the authority to operate bingo games pursuant to 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 December 31, 2022, ABLE also had 125 land-based sites, of which 123 were operational sites, while 2 sites remained temporary closed mainly due to renovation and relocation.

TGXI
TGXI is engaged in operates e-games stations under licensee of PAGCOR.

As of December 31, 2022, TGXI had 31 sites, of which 29 were operational sites while 2 sites remained temporary closed mainly due to renovation and relocation.

Casino

BCGLC
BCGLC operates Slot Arcades at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by PAGCOR.

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

PIKI
Together with the Philippine Amusement and Gaming Corporation (PAGCOR), PIKI executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City.

In 2020, PIKI already ceased its operations.

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.

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.

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.

<u>Property</u>

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. DigiPlus as Surety and signed an Omnibus Loan and Security Agreement (OLSA) for ₱2,500,000,000.00 with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and the Company since October 2017.

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

2022 as Compared to 2021

CONSOLIDATED REVENUE AND OPERATING INCOME (LOSS)

Breakdown of consolidated gross revenues, other revenues and its related costs and expenses are as follows:

Amounts in Thousands	**2022**	2021	Inc/(Dec)	% Change
GROSS REVENUE				
Retail games	**₱8,163,680**	₱1,995,972	₱6,167,708	309%
Service and hosting fees	**351,793**	544,381	(192,588)	-35%
Casino	**385,225**	260,673	124,552	48%
Rent income	**4,892**	4,944	(52)	-1%
Total Gross Revenue	**8,905,590**	2,805,970	6,099,620	217%
COSTS AND EXPENSES				
Franchise fees and taxes	**4,707,648**	1,446,057	3,261,591	226%
Advertising and promotion	**951,863**	39,168	912,695	2330%
Outside services	**718,192**	180,426	537,766	298%
Salaries and other benefits	**508,281**	372,581	135,700	36%
Depreciation and amortization	**375,827**	351,687	24,140	7%
Rent	**287,203**	135,851	151,352	111%
Communications and utilities	**273,675**	162,029	111,646	69%
Bandwidth and co-location costs	**94,556**	252,754	(158,198)	-63%
Repairs and maintenance	**70,540**	53,046	17,494	33%
Professional and directors' fees	**68,404**	64,936	3,468	5%
Taxes and licenses	**66,501**	109,812	(43,311)	-39%
Transportation and travel	**18,579**	5,967	12,612	211%
Others	**133,022**	64,187	68,835	107%
Total Costs and Expenses	**8,274,291**	3,238,501	5,035,790	155%
Operating Income (Loss)	**₱631,299**	(₱432,531)	₱1,063,830	246%

Consolidated Revenue

In 2022, consolidated gross revenue increased by 217% or ₱6,099.6 million from ₱2,806.0 million of 2021 to ₱8,905.6 million of 2022. The increase was mainly due to increase in revenue from bingo and electronic games from retail segment and revenue from casino segment of the Group, net of the decrease in revenues from network and licenses segment.

Retail

ABLE and its subsidiaries, and TGXI recognized revenue in 2022 amounting to ₱8,163.7 million, an increase of 309% or ₱6,167.7 million. This was mainly due to increase in retail business operations and new licenses obtained from PAGCOR.

As of December 31, 2022, there were 152 sites in operations with full capacity. Retail group already prepared and submitted strategic return-to-work guidelines. Sites were disinfected, physical distancing markers were set-up, safety materials and reminder posters were procured and installed in the branches, and employees were trained on the new SOPs aimed to reduce COVID-19 transmission.

In July 2021, TGXI received a new PAGCOR license to start a new business product "Electronic Gaming System (EGS)" to replace Electronic games. Previously TGXI earned 29% gross gaming revenue (GGR) from IEST a gaming platform provider and now TGXI generated GGR 52.50% after PAGCOR share.

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

Casino
BCGLC and GCLWC revenue increased by 48% or ₱124.5 million from ₱260.7 million in 2021 to ₱385.2 million in 2022. The increase was mainly due to increase in operating capacity and sites’ operating hours.

Network and Licenses
There was a decrease in network and licenses revenue from ₱544.4 million to ₱351.8 million in 2022 as compared 2021. The decrease amounted to ₱192.6 million or 35%. The decline was attributable to: 1) non-renewal of CEZA Licensees and lower revenues reported by existing licensees; and 2) terminations of locators or discontinue their operations.

Property
ABLGI (Rental income) revenue in 2022 remains stable as compared to 2021. The revenue from property segment was generated from the lease of Binondo Suites.

Consolidated Costs and Expenses
Total costs and expenses increased by 155% or ₱5,035.8 million in 2022 as compared to 2021. This is mainly due to increase in franchise fees and taxes brought about by new games and licenses, advertising promotions, outside services, salaries and wages and rent expense.

CONSOLIDATED EBITDA AND NET INCOME (LOSS)

Details of EBITDA and net income (loss) are as follows:

Amounts in thousands	**2022**	2021	Inc/(Dec)	% Change
Gross revenues	**₱8,905,590**	₱2,805,970	₱6,099,619	217%
Costs and expenses (excluding depreciation and amortization)	**(7,898,464)**	(2,886,814)	(5,011,650)	174%
EBITDA*	**1,007,126**	(80,844)	1,087,970	1347%
Depreciation and amortization	**(375,827)**	(351,687)	(24,140)	-7%
Finance expense	**(376,705)**	(247,730)	(128,975)	-52%
Unrealized fair value gain on investment property	**297,772**	15,741	282,032	1792%
Income tax benefit	**161,207**	17,124	144,083	841%
Other income (expenses) - net	**(26,716)**	(247,227)	220,511	89%
Net Income (Loss) after Tax	**686,857**	(894,623)	1,581,480	177%
Minority interest	**86,152**	(66,188)	152,340	230%
Net income (loss) attributable to Parent Company	**₱600,705**	(₱828,435)	₱1,429,140	173%

*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 ₱894.6 million net losses in 2021 to ₱686.9 million net income in 2022 or 177% increase. EBITDA also improved by 1347% in 2022 or equivalent to ₱1,088.0million as compared to 2021. This was mainly due to significant increase in revenue from retail and casino segments, 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 December 31, 2022, our total assets stood at ₱20.9 billion, an increase of ₱2.35 billion or 13% as compared to total assets as of December 31, 2021 amounting to ₱18.6 billion. The increase was attributable to increase in cash, receivables, investment properties, investment and advances, and other assets. This was brought about by re-opening sites and increase in operational activities of retail segment of the Group and cash received for the issuance of treasury shares.

Cash and cash equivalents increased by ₱940.0 million or 226% mainly due to the positive results of operations primarily on launching the BingoPlus and the cash received from issuance of treasury shares, net of payments of loans.

Receivables and lease receivables increased by ₱324.4 million or 23% mainly due to lease amendments to increase rental rate of certain sub-lease agreements of the Group. Prepaid and other current assets also increased by 288% mainly due to increase in prepaid expenses such as advertising, rental, marketing and others, and increase in advances to suppliers.

Property and equipment decreased by 10% or ₱115.2 million, mainly due to straight-line depreciation and amortization, net of additions made during the year. On the other hand, investment properties increased by ₱297.7 mainly due to revaluation increment in 2022. Investment in associates and joint venture increased mainly due to share in net equity of HEPI.

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 as of December 31, 2022 and 2021 amounted to ₱1.1 billion.

The total liabilities as of December 31, 2022 amounted to ₱7.9 billion with a decrease of ₱1.0 billion or 11% from the total liabilities as of December 31, 2021 amounting to ₱8.9 billion. The decrease was mainly due to settlement of the Group's outstanding bank loans, reduction in deferred tax liabilities on fair value changes in investment properties, retirement liabilities and lease liabilities. This was partially offsetted by the increase in trade and other payables due to business volume growth.

Cash Flows

Cash balance as of December 31, 2022 and 2021 amounted to ₱1.4 billion and ₱0.4 billion, respectively. The increase was mainly due to net cash provided by operating and investing activities amounting to ₱1,131.8 million and ₱21.3 million, respectively, net of cash flows that were used in investing activities amounting to ₱213.5 million in 2022.

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.

2021 as Compared to 2020

CONSOLIDATED REVENUE AND OPERATING LOSS

Breakdown of consolidated gross revenues, other revenues and its related costs and expenses are as follows:

Amounts in Thousands	**2021**	2020	Inc/(Dec)	% Change
GROSS REVENUE				
Retail games	**1,995,972**	2,404,142	(408,170)	-17%
Service and hosting fees	**544,381**	800,450	(256,069)	-32%
Casino	**260,673**	378,728	(118,055)	-31%
Rent income	**4,944**	-	4,944	100%
Total Gross Revenue	**2,805,970**	3,583,320	(777,350)	-22%
COSTS AND EXPENSES				
Franchise fees and taxes	**1,446,057**	1,907,708	(461,651)	-24%
Advertising and promotion	**39,168**	111,022	(71,854)	-65%
Outside services	**180,426**	274,585	(94,159)	-34%
Salaries and other benefits	**372,581**	350,454	22,127	6%
Depreciation and amortization	**351,687**	534,290	(182,603)	-34%
Rent	**135,851**	150,740	(14,889)	-10%
Communications and utilities	**162,029**	161,790	239	0%
Professional and directors' fees	**64,936**	37,848	27,088	72%
Bandwidth and co-location costs	**252,754**	358,731	(105,977)	-30%
Repairs and maintenance	**53,046**	36,667	16,379	45%
Taxes and licenses	**109,812**	128,228	(18,416)	-14%
Transportation and travel	**5,967**	12,029	(6,062)	-50%
Others	**64,187**	149,204	(85,017)	-57%
Total Costs and Expenses	**3,238,501**	4,213,296	-974,795	-23%
Operating Loss	**(₱432,531)**	(₱629,976)	₱197,445	-31%

Consolidated Revenue

In 2021, consolidated gross revenue decreased by 22% or ₱777.4 million from ₱3,583.3 million of 2020 to ₱2,806.0 million of 2021. The increase was mainly due to COVID-19 community quarantine restrictions which resulted to temporary closure of land-based sites and non-renewal of CEZA licenses in Network and Licenses segment.

Retail
ABLE and its subsidiaries, and TGXI recognized revenue in 2021 amounting to ₱1,996.0 million, a decrease of 17% or ₱408.2 million. This was mainly due to COVID-19 community quarantine restrictions which resulted to temporary closure of land-based sites.

As of December 31, 2021, there were 163 sites, of which 22 sites remained temporary closed due to LGU community quarantine and for relocation.

Casino
BCGLC and GCLWC revenue decreased by 2% or ₱6.5 million from ₱267.2 million in 2020 to ₱260.7 million in 2021.

There was no income from junket operations of PIKI in 2021 because of its cessation of operations.

Network and Licenses
There was a decrease in network and licenses revenue from ₱800.5million to ₱544.4 million in 2021 as compared 2020. The decrease amounted to ₱256.1 million or 32%. The decline was attributable to: 1) non-renewal of CEZA Licensees and lower revenues reported by existing licensees; and 2) terminations of locators change business locations or discontinue their operations.

Consolidated Costs and Expenses
Total costs and expenses increased by 23% or ₱974.8 million in 2021 as compared to 2020. This is mainly due to decrease in franchise fees and taxes and bandwidth and co-location costs in relation to the decrease in total revenue. In addition, there were also significant decrease in depreciation and amortization, taxes and licenses, outside services, and advertising and promotions mainly due to decrease in business activities brought about by the pandemic.

CONSOLIDATED EBITDA AND NET LOSS

Details of EBITDA and net loss are as follows:

Amounts in thousands	**2021**	2020	Inc/(Dec)	% Change
Gross revenues	₱2,805,970	3,583,320	(777,350)	-22%
Costs and expenses (excluding depreciation and amortization)	(2,886,814)	(3,679,006)	(792,192)	-22%
EBITDA*	(80,844)	(95,686)	14,842	-16%
Depreciation and amortization	(351,687)	(534,290)	182,603	34%
Finance expense	(247,730)	(312,808)	65,078	21%
Unrealized fair value gain on investment property	15,741	282,315	(266,574)	-94%
Income tax expense (benefit)	17,124	(101,857)	118,981	117%
Other income (expenses) - net	(247,227)	(575,769)	328,542	57%
Net Loss after Tax	(894,623)	(1,338,095)	443,472	33%
Minority interest	(66,188)	(39,804)	26,384	66%
Net loss attributable to Parent Company	(₱828,435)	(1,298,291)	469,856	36%

*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 losses decreased from ₱1,338.1 million net losses in 2020 to ₱894.6 million net losses in 2021 or 33% improvement. EBITDA decreased by 16% in 2021 or equivalent to ₱14.8 million as compared to 2020. This was mainly due to continuing impact of COVID-19 pandemic which brought to imposition of community quarantine which resulted to closure of certain land-based sites.

Financial Position

As at December 31, 2021, our total assets amounted to ₱18.6 billion, a decrease of ₱0.7 billion or 3% as compared to total assets as of December 31, 2020 amounting to ₱19.3 billion. The decrease was attributable to decrease in receivables, property and equipment and other current assets.

Cash and cash equivalents increased by ₱42.6 million or 11% mainly due to the proceeds from loan availment and issuance of capital stock. This is net of negative operating cashflows and cash used in investment activities.

Receivables and lease receivables decreased by ₱320.7 million or 19% mainly due to collections of advances and provision of expected credit losses. Other current assets also decreased by 32% mainly due to decrease in advances to suppliers and employees.

Property and equipment decreased by 24% or ₱376.8 million, mainly due to straight-line depreciation and amortization, net of additions made during the year.

Investment properties mainly consists of land properties located in Cagayan and Boracay, Aklan.

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.

The total liabilities as of December 31, 2021 amounted to ₱8.9 billion with an increase of ₱0.2 billion or 2% from the total liabilities as of December 31, 2020 amounting to ₱8.7 billion. The increase was mainly due to availment of loans and receipt of deposits for future stock subscription in 2021. This is net of decrease in trade payables and other liabilities, retirement liabilities and lease liabilities.

Cash Flows

Cash balance as of December 31, 2021 and 2020 amounted to ₱416.5 million and ₱374.0 million, respectively. The increase was mainly due to net cash provided by financing activities amounting to ₱269.5 million, net of cash flows that were used in operating and investing activities amounting to ₱53.5 million and ₱174.4 million, respectively, in 2021.

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.

<u>2023 Plans</u>

<u>Retail</u>

In 2022, we were able to overcome changes brought by the pandemic and successfully launched our online products, which had brought significant revenue growth to the company.

For 2023, we expect to expand more physical sites in the different areas, especially the provincial regions. We are also expecting to explore on additional game offerings and gaming machine acquisitions to support the growing operations. 2023 is also expected to be a year of continued growth for our online products. We plan to add new online games to increase revenue and player retention and we believe that these expansions will adequately address the changing consumer trends and demographics. We shall also remain cost-efficient to protect our margins.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards a more digital, sustainable and cost-efficient business structure.

<u>Casino</u>

Product Improvement
For 2023, BCGLC expect to purchase additional new slot machines from 2 world top slot machines manufacturer (Aristocrat Gaming and Light and Wonder gaming). All are top performing games in Asia include Duo Fu Duo Cai Grand, Jin Ji Bao Xi Grand, Dragon Link, Tian Ci Jin Lu etc.

At the same time, for jackpot setting, Bluechip VIP club will be one of the highest jackpot prize in the Philippines. The ultimate goal is to be the number one VIP slot machine club in the Philippines.

Marketing and Promotion
BCGLC marketing plan in 2023 will be based on the following: (1) Product – increase the game mix; (2) Price – various denomination games installed in each club to attract all levels of players; (3) Promotion – intense marketing activities will be held on a weekly, monthly and quarterly basis.

Bluechip Club is the fastest loyalty point earning club in the Philippines with variety of products for our members to redeem for as we want to make every member to have the chance to win after visiting of the slot club.

<u>Network and Licenses, and Property</u>
Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility
FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. DIGIPLUS, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.

In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park
Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second half of 2022. Horizontal land development preparatory work should begin shortly after.

Licenses
To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA a land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and cryptocurrency.

LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The aggregate fees billed and paid by registrant in favor of its External Auditors for Audit and Audit Related Fees amounted to Seven Million Pesos (₱7,000,000) and Eight Million Seven Hundred Fifty Thousand Pesos (₱8,750,000) in 2022 and 2021, respectively. These fees comprise the audit and audit related services rendered in favor of registrant and its subsidiaries.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to registrant's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, of the external auditors has been submitted to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work, inflationary increase and the prevailing market price for such services in the audit industry. If the Audit Committee finds the audit plan and audit fees are in order, these are presented and recommended for final approval of the BOD. As regards to services that may be rendered by the external auditor other than the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the BOD.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On June 8, 2022, the Company's BOD, upon the recommendation of the Audit Committee, approved the change in external auditor from SyCip Gorres Velayo & Co. to Isla Lipana & Co.

There were no changes or disagreements with the Company's external auditors, Isla Lipana & Co. on accounting and financial statement disclosures.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Eusebio H. Tanco *(Director; July 29, 2011 to present)*	73	Asian Terminals Inc. PhilhealthCare Inc. Philippine Life Financial Assurance STI Education Systems Holdings, Inc. STI Education Services Group, Inc. iACADEMY Maestro Holdings, Inc. (formerly STI Investments, Inc.) Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc.) STI West Negros University Philippine First Insurance Co., Inc. Global Resources for Outsourced Workers, Inc. Mactan Electric Company International Hardwood & Veneer Corp. Cement Center Inc. United Coconut Chemicals, Inc. Manila Bay Spinning Mills, Inc. M. B. Paseo Grow Vite, Inc. Philippine Racing Club Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) First Optima Realty Corp. Marbay Homes Inc. Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) Classic Finance, Inc. Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) Delos Santos – STI College Total Consolidated Asset Management, Inc. Eujo Phils., Inc. Prime Power Holdings Corporation Venture Securities, Inc. Philplans First, Inc. Prudent Resources, Inc. AB Leisure Exponent, Inc. First Cagayan Converge Data Center, Inc. LR Land Developers, Inc. LR Data Center and Solutions, Inc. AB Leisure Global, Inc. and Subsidiaries Blue Chip Gaming and Leisure, Inc. Gold Coast Leisure and World Corporation Total Gamezone Xtreme, Inc. Prime Investment Korea, Inc. ***(All-Director)***	*Filipino*	Asian Terminals Inc. *(President)* STI Education Systems Holdings, Inc. *(Chairman)* Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc. *(Chairman)* iACADEMY *(Chairman)* STI West Negros University *(Director)* Mactan Electric Company *(Chairman)* International Hardwood & Veneer Corp. *(President)* Cement Center Inc. *(President)* First Optima Realty Corp. *(President)* Marbay Homes Inc. *(President)* Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) *(President)* Delos Santos – STI College *(Chairman)* Grow Vite, Inc. *(Chairman)* Venture Securities, Inc.*(Chairman)* Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) *(President)* Philippine First Insurance Co., Inc. *(Chairman and President)* Global Resources for Outsourced Workers, Inc. *(President)* Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) *(President)* Eujo Phils., Inc. *(President)* Total Consolidated Asset Management, Inc. *(President)* Prime Power Holdings Corporation *(Chairman and President)* Classic Finance Inc. *(CEO)* Prudent Resources, Inc. *(Chairman and President)*

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Willy N. Ocier *(Director, July 31, 2009 to present)*	66	Pacific Online Systems Corporation Philippine Global Communications Inc. Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. Tagaytay Highlands International Golf Club, Inc. ***(All-Director)*** Belle Corporation ***(Chairman)***	*Filipino*	Pacific Online Systems Corporation Philippine Global Communications Inc. *(Chairman and President)* Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. *(Chairman)* Belle Corporation *(Chairman)* *(Co-Vice Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)*
Renato G. Nuñez *(Director, June 11, 2019 to present)* *(Director, September 30, 2005 to February 16, 2012)*	54	All British Cars, Inc. Coventry Motors Corporation Philippine Realty and Holdings Corp. Total Consolidated Asset Management, Inc. Leisure Advantage, Inc. CATS Motor Inc. Techzone Philippines Corp. Techglobal Data Center Inc. PhilRealty Property Management Corp. First Cagayan Leisure and Resort Corporation ***(All-Director)***	*Filipino*	All British Cars, Inc. *(Director)* Coventry Motors Corporation *(Director)* Cats Motors, Inc. *(President)* Philippine Realty and Holdings Corp. *(Director)* Total Consolidated Asset Management, Inc. *(Director)* Leisure Advantage, Inc. *(Director)* Techglobal Data Center, Inc. *(President)* Techzone Philippines, Inc. *(President)*
Mardomeo Raymundo Jr. *(Director, August 28, 2020 to present)*	49	Marina Square Properties, Inc. New Coast Hotel, Inc. CTF Properties (Philippines), Inc. CTF Hotel and Entertainment, Inc. ***(All – Director)***	*Filipino*	Salvador Llanillo & Bernardo, Attorneys-at-Law *(Partner)*
Tsui Kin Ming	52	None	*Chinese*	Jimei International Ltd. MegStar International *(All – Chief Financial Officer)*

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Rafael Jasper S. Vicencio	46	AB Leisure Exponent, Inc. Alabang Number & Gaming Corporation Allpoint Leisure Corporation Alpha One Amusement & Recreation Corp. Big Time Gaming Corporation Bingo Extravaganza, Inc. Bingo Gallery, Inc. Bingo Palace Corporation Cebu Entertainment Gallery Inc. First Leisure & Game Co., Inc. Galleria Bingo Corp. Gamexperience Entertainment Corp. Grand Polaris Gaming Co., Inc. G-One Gaming & Technology Inc. Highland Gaming Corp. Iloilo Bingo Corp. Metro Gaming Entertainment Gallery Inc. One Bingo Pavilion, Inc. Rizal Gaming Corporation SG Amusement and Recreation Corp. South Bingo Corporation South Entertainment Gallery Incorporated Topmost Gaming Corp. Topnotch Bingo Trend Inc. Worldwide Links Leisure and Gaming Corp. Bingo Dinero Corporation Summit Bingo, Inc. Manila Bingo Corporation Total Gamezone Xtreme Inc.	*Filipino*	AB Leisure Exponent, Inc. Alabang Number & Gaming Corporation Allpoint Leisure Corporation Alpha One Amusement & Recreation Corp. Big Time Gaming Corporation Bingo Extravaganza, Inc. Bingo Gallery, Inc. Bingo Palace Corporation Cebu Entertainment Gallery Inc. First Leisure & Game Co., Inc. Galleria Bingo Corp. Gamexperience Entertainment Corp. Grand Polaris Gaming Co., Inc. G-One Gaming & Technology Inc. Highland Gaming Corp. Iloilo Bingo Corp. Metro Gaming Entertainment Gallery Inc. One Bingo Pavilion, Inc. Rizal Gaming Corporation SG Amusement and Recreation Corp. South Bingo Corporation South Entertainment Gallery Incorporated Topmost Gaming Corp. Topnotch Bingo Trend Inc. Worldwide Links Leisure and Gaming Corp. Bingo Dinero Corporation Summit Bingo, Inc. Manila Bingo Corporation Total Gamezone Xtreme Inc.
Timoteo B. Aquino	59	Dynamic Care Corporation	*Filipino*	Dynamic Care Corporation
Ramon D. Dizon	62	Megalink, Inc. (Independent Director) PAL Holdings, Inc. (Incoming Independent Director)	*Filipino*	Monde Nissin Corporation (Senior Consultant) Megalink, Inc. Management Association of the Phils. Financial Executives of the Phils.
Jose Raulito E. Paras	50	Benguet Corporation Manila Mining Corporation Zeus Holdings, Inc.	*Filipino*	Senior Partner, Padernal & Paras Law Offices

All of the independent directors possess all the qualifications and none of the disqualifications as independent directors under SRC Rule 38 from the time of their election as such independent directors.

Item 10. Executive Compensation

Data as to all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly during the last two completed calendar years and the ensuing calendar year to the Company's President and four other most highly compensated executive officers.

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
Tsui Kin Ming, President		Estimated	Estimated	Estimated
Wilfredo M. Pielago, Chief Finance Office (June 2022 - Present)				
Rafael Jasper Vicencio, ABLE President				
Dominic Villanueva, Chief Human Resource Officer (June 2022 to December 2022)				
Felbin Peter Soto, VP for Brand Marketing				
All above-named Officers as a group	2022	₱15,772,368		
All other officers as a group unnamed	2022	None	None	None

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
Eng Hun Chuah, President (until 17 December 2020)		Estimated	Estimated	Estimated
Thadeo Francis P. Hernando Vice President				
Katrina L. Nepomuceno, Vice President				
Alejandro P. Alonte, Vice President				
Ma. Christina Bautista, Vice President				
All above-named Officers as a group	2021	₱13,751,573		
All other officers as a group unnamed	2021	None	None	None

a) Compensation of Directors

Members of the BOD are elected for a term of one year. Except for the Company's President and Vice-President, all other directors receive no compensation except director's per diem of ₱50,000 per meeting, per diem of ₱30,000 per meeting for members of the executive committee, and per diem of ₱20,000 per meeting for other committees.

Cash bonus of ₱500,000 were given to each director in 2022.

Total payments to non-salaried directors amounted to ₱6,547,333 and ₱3,490,000 in 2022 and 2021, respectively.

b) Employment Contracts and Termination of Employment and Change in Control Arrangements

There are no agreements or employment contract existing between the Company and any of its directors or executive officers.

There are no arrangements for compensation to be received by these named executive officers from DigiPlus in the event of a change in control of DigiPlus.

c) Warrants and Options Outstanding

As of 31 March 2019, the Corporation has outstanding warrants of 82,500,000 which are listed with the Philippine Stock Exchange. The warrants shall entitle the investor/s to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or the Company's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

The Company has no outstanding options. 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.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of March 31, 2023

Title of Class (As of March 31, 2023)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Shares Held	Percent-age Held
Common	**PCD Nominee Corporation** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Filipino	® 1,112,406,058	29.93%
Common	**PCD Nominee Corporation** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Non-Filipino	® 999,020,011	26.88%
Common	**Sagathy Holdings Inc.** 8th Floor, STI Holdings Center 6764 Ayala Avenue, Makati City Stockholder	Tanco, Eusebio	Filipino	® 340,000,000	9.1%
Common	**Euphonious Holdings, Inc.** 8th Floor, STI Holdings Center 6764 Ayala Avenue, Makati City Stockholder	Tanco, Eusebio	Filipino	® 230,000,000	6.19%
Common	**Catchy Solution Limited** Suites 103, 106 and 107 Premier Building Victoria, Mahe, Republic of Seychelles Stockholder	Luen, Zhu de Andrew	Seychelles	® 225,000,000	6.05%

Common	**Leisure Advantage Inc.** 26th Floor West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City Stockholder	Chan, Brandon	Filipino	® 187,352,512	5.04%

** Beneficial owner under PCD Nominee Corporation that holds more than 5% shares is Venture Securities, Inc., which holds 208,807,982 shares or 8.64%. Venture Securities, Inc. will be asked to appoint and authorize a representative who will vote in behalf of said corporations.*

*Except for the above mentioned *beneficial owner, none of the common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's common stock. PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository and is the registered owner of the shares in the books of the Stock Transfer Securities, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.*

b) Security Ownership of Management as of March 31, 2023.

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	609,634,029	620,066,509	16.68
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0.1
Renato G. Nunez	Filipino	2	0	0	0
Mardomeo N. Raymundo Jr.	Filipino	304	0	304	0
Rafael Jasper S. Vicencio*	Filipino	39,409	0	39,409	0
Tsui Kin Ming	Chinese	304	0	304	0
Jose Raulito E. Paras	Filipino	305	0	305	0
Ramon D. Dizon	Filipino	304	0	304	0
Timoteo B. Aquino	Filipino	6	0	6	0
Kristine Margaret R. Delos Reyes	Filipino	0	0	0	0
Carol V. Padilla	Filipino	0	0	0	0
Wilfredo M. Pielago	Filipino	0	0	0	0
Total		14,264,314	609,634,029	623,898,343	16.78

c) Voting Trust Holders of 5% or More

No person holds more than 5% of a class under voting trust or similar arrangement.

d) Change in Control

There has been no change in control of the Corporation since the beginning of 2012 and the Corporation is not aware of any existing, pending, or potential transaction which may result in such a change in control.

Item 12. Certain Relationships and Related Transactions

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market. There were no transactions or proposed transactions during the last two (2) years to which the registrant or its subsidiaries, in which a director, executive officer, or stockholders owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

For transactions with related parties pertaining to those consummated with its subsidiaries and other related parties, please refer to Note 21 of Notes to the Consolidated Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Annual Corporate Governance Report will be filed separately in accordance with SEC Memorandum Circular No. 20, 2016 Annual Corporate Governance Report Submission.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code of the Philippines, this report is signed on behalf of the issuer by the undersigned thereunto duly authorized in the City of Pasig on April 14, 2023.

By:

EUSEBIO H. TANCO
Chairman

TSUI KIN MING
President

WILFREDO M. PIELAGO
Chief Finance Officer

CAROL PADILLA
Corporate Secretary

SUBSCRIBED AND SWORN before me this APR 14 day of 2023 affiants exhibiting to me in their Community Tax Certificates as follows:

Names	Community Tax No./Passport No.	Date of Issue	Place of Issue	TIN No.
Eusebio H. Tanco	[redacted]	11 March 2019	Manila	[redacted]
Tsui Kin Ming	[redacted]	11 August 2017	Hong Kong	[redacted]
Carol Padilla	[redacted]	21 March 2016	NCR South	[redacted]

Doc No. 466;
Page No. 94;
Book No. XXXI;
Series of 2023.

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C./Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-062(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-541-197-000

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

a. Exhibits – See accompanying Index to Exhibits

b. Reports on SEC Form 17-C

1. On February 22, 2022, the BOD appointed Mr. Rafael Jasper S. Vicencio as a Director of the Corporation and as a member of the Corporate Governance, and Retirement Committees, to fill in the vacancy left by Mr. Restituto Bundoc. On the same date, Ms. Diana Jane R. Garbi tendered her resignation as Treasurer effective immediately, so the BOD appointed Mr. Hitler Cortes as replacement also effective immediately.

2. On February 23, 2022, the BOD approved the new composition of the Retirement, and Compensation Committees.

3. On March 7, 2022, the BOD of the Corporation approved and authorized the issuance of 1,272,352,512 common shares at an issue price of ₱1.65 per share via private placement.

4. On March 15, 2022, the Corporation filed a Comprehensive Corporate Disclosure on the issuance of shares through private placement, providing for its background, description, as well as use of proceeds and other relevant information.

5. On March 30, 2022, the BOD confirmed the substitution of Euhatan Holdngs Inc. by Sagathy Holdings Inc. as subscriber to the private placement. The Subscription Agreement entered into by the original parties expressly reserved the right of the subscriber to assign its right to subscribe to its affiliates, associates, or other third parties.

6. On May 10, 2022, the BOD approved the extension of sixty (60) days from the end of the original period (i.e. June 9, 2022) to fully pay the subscription to the Private Placement Shares. Thus, the Private Placement subscribers were given until August 9, 2022 to pay for their respective subscriptions.

7. On May 24, 2022, the Corporation filed the financial highlights as of First Quarter 2022.

8. On May 30, 2022, the Board approved the 2021 Audited Financial Statements as recommended by the Audit Committtee.

9. On May 31, 2022, upon the Corporation's receipt of the approved Amended Articles of Incorporation ("AO") issued by the SEC on May 20, 2022, the Corporation filed the SEC Form 17-C attaching a copy of the said Amended AOI. The amendment pertains to the reclassification of the Corporation's 1,500,000,000 Preferred Shares into Common Shares.

10. On June 6, 2022, the Corporation appointed Mr. Wilfredo Pielago as its Chief Financial Officer effective on same date.

11. On June 7, 2022, upon the Corporation's receipt of the approved Amended AOI issued by the SEC on May 26, 2022, the Corporation flied SEC Form 17-C attaching a copy of the said Amended AOI. The amendment pertains to the further reclassification of the Corporation's remaining 1,000,000,000 Preferred Shares into Common Shares.

12. On June 8, 2022, the Corporation filed a disclosure with the Philippine Stock Exchange regarding the reclassification of its Preferred Shares into Common Shares. The Corporation likewise informed the SEC of this disclosure through SEC Form 17-C. On the same date, the Board also confirmed and set the Annual Stockholders' Meeting on July 29, 2022 at 2:00pm in accordance with the By-Laws of the Corporation. Through the same SEC Form 17-C, the Corporation reported the following: (i) change in external auditor from SGV & Co. to PWC (Isla Lipana & Co.) for the ensuing year, (ii) amendment of the AOI to decrease the

number of directors from 11 to 9; and, (iii) amendment of the By-Laws to update the Corporation's officers.

13. On July 1, 2022, the Corporation submitted the list of stockholders as of record date (i.e. June 29, 2022) entitled to notice and to vote during the Annual Stockholders' Meeting on July 29, 2022.

14. On July 13, 2022, the Corporation reported its payment of the penalty for the belated filing of the 2021 Annual Report.

15. On July 29, 2022, the stockholders elected the following directors:
    i. Eusebio H. Tanco
    ii. Paolo Martin O. Bautista
    iii. Willy N. Ocier
    iv. Rafael Jasper S. Vicencio
    v. Mardomeo N. Raymundo Jr.
    vi. Renato O. Nunez
    vii. Timoteo B. Aquino
    viii. Tsui Kin Ming
    ix. Winston A. Chan

    On same date, the stockholders passed the following resolutions:
    a. Approval of the Minutes of the Annual Meeting held on July 30, 2021;
    b. Approval of the Annual Report and Audited Financial Statements for the fiscal year 2021;
    c. Ratification of the actions taken by the BOD and Officers since the last annual meeting;
    d. Amendment of the Sixth Article of the AOI reducing the number of directors from 11 to 9;
    e. Amendment of Articles III and IV of the By-Laws;
    f. Appointment of Isla Lipana & Co. as the external auditor.

16. On August 8, 2022, the Corporation reported that it filed an application for exemptive relief with SEC to allow the nomination and election of Mr. Ramon Dizon as independent director, subject to the applicable rules and procedures. The Corporation also reported that receipt of the full payment of the subscription amount from the respective private placement subscribers.

17. On August 9, 2022, the Corporation reported the results of its Organizational Board Meeting. The officers and committee members were elected.

18. On August 12, 2022, the Corporation reported the change in its total number of issued and outstanding shares in view of the issuance of shares through private placement.

19. On September 2, 2022, the Corporation reported the reclassification of its preferred shares into common shares.

20. On September 6, 2022, the BOD approved the filing of an application with the PSE for the additional listing of the 1,272,352,512 common shares subject of the private placement as well as the amendment of the Corporation's AOI to change the name and address of the Corporation, subject to stockholders' approval.

21. On September 15, 2022, the BOD approved the following: (i) approval of the issuance of 691,200,000 common shares through private placement, (ii) approval of the increase in capital stock from Php5 billion to Php7 billion, (iii) approval of the amendment of AOI to change the name to "DigiPlus Interactive Corp."; (iv) approval of the amendment of the By-Laws to separate the position of the President from the CEO; and, (v) approval of the schedule to hold the special stockholders' meeting on November 24, 2022 and setting the record date to be on October 24, 2022.

22. On September 23, 2022, the Corporation reported its Comprehensive Corporate Disclosure on the new private placement.

23. On September 25, 2022, the Corporation filed its List of Stockholders as of Record Date (i.e. October 24, 2022) entitled to notice and to vote during the Special Stockholders' Meeting on 24 November 2022.

24. On September 26, 2022, the Corporation reported on the resignation of Mr. Winston Chan as Independent Director and of Mr. Paolo Martin Bautista as regular Director. The Board appointed Mr. Ramon Dizon as Independent Director, and Atty. Tiimoteo Aquino as regular Director, on same date.

25. On September 27, 2022, the Corporation reported the SEC's approval of the Amended AOI pertaining to the sixth article on the number of directors, and the approval of the Third and Fourth Articles of the Corporation's Amended By-Laws.

26. On November 24, 2022, the Corporation reported on the results of the Special Stockholders' Meeting.

27. On December 9, 2022, the Corporation disclosed its Press Release entitled "DigiPlus to Raise Up to ₱1.85 Billion through Private Placement"

28. On December 12, 2022, updated its Comprehensive Corporate Disclosure by updating that the subscription price has already been determined to be ₱2.68 per share, which is 5% of the 30-day volume weighted average price of ₱2.55 per share.

29. On December 12, 2022, the Board approved the reappointment of Atty. Timoteo Aquino as Chairman of the Board Risk Oversight Committee, as well as the extension of 90-days to fully pay for the Subscription Price for the private placement. Thus, the deadline to fully pay was moved to March 21, 2023.

Item 15. Index to the Consolidated Financial Statements and Supplementary Schedules

DIGI PLUS INTERACTIVE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DigiPlus Interactive Corp. & Subsidiaries (*formerly Leisure & Resorts World Corporation & Subsidiaries*)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2022 and 2021, respectively, have audited the separate financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board

SUBSCRIBED AND SWORN to before me this APR 14 2023
Affiant exhibited to me his/her

TSUI KIN MING
President

WILFREDO PIELAGO
Treasurer

ATTY. ELISEO S. CALMA, JR.
Notary Public for Q.C. /Until Dec. 31, 2024
Roll No. 50183
PTR No. 4007172D/Jan. 03, 2023/Q.C.
IBP No. 257225, Jan. 01, 2023
MCLE Comp. No. VII-0006924(09/21/2021-04/14/2025)
Adm. Matter No. NP-052(2022-2023)
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN: 138-54[illegible]97-000

DOC. NO.
PAGE NO.
BOOK NO.
SERIES OF

Signed this ____________

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	1	7	4

COMPANY NAME

D I G I P L U S   I N T E R A C T I V E   C O R P .   A N D
S U B S I D I A R I E S
(F O R M E R L Y   L E I S U R E   &   R E S O R T S
W O R L D   C O R P .)

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

E C O P R I M E   B U I L D I N G ,   3 2 N D   S T R E E T
C O R N E R   N I N T H   A V E N U E ,   B O N I F A C I O
G L O B A L   C I T Y ,   T A G U I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	**+632 8637-5291 to 93**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,821	**July 29**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Wilfredo Pielago	**wilfredo.pielago@digiplus.com.ph**	**+632 8637-5291 to 93**	**N/A**

CONTACT PERSON's ADDRESS

Ecoprime Building. 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City

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

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

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

Consolidated Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021 and for the years ended December 31, 2021 and 2020)

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of total comprehensive income for the year ended December 31, 2022;
- the consolidated statement of changes in equity for the year ended December 31, 2022;
- the consolidated statement of cash flows for the year ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are revenue recognition and impairment of non-financial assets.

Key Audit Matters	**How our audit addressed the Key Audit Matters**
Revenue recognition Refer to Notes 15 and 28.26 to the consolidated financial statements. Ascertaining completeness of the Group's retail games segment particularly on traditional bingo and electronic games, both online and onsite, requires audit attention primarily due to its material contribution to the Group's total consolidated revenue and the significant volume of traditional bingo and electronic gaming transactions that are processed either manually or through automated systems.	We addressed the matter through the following procedures: • Obtained understanding of the Group's revenue recognition policies in accordance with PFRS 15, Revenue from Contracts with Customers, and the related business processes and information technology (IT) environment. • Evaluated the design and tested the operating effectiveness of the IT general controls over the relevant IT systems, as well as the related automated and manual controls surrounding revenue recognition. In particular, we tested controls over the capture and recording of the revenue transactions, cash reconciliations, onsite player withdrawals, and reconciliation of onsite and offline revenue.

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>These processes encompass, among others, controls from player registration, betting, recording of gross gaming receipts, and payouts.

For the year ended December 31, 2022, total consolidated revenue from retail games amounted to Php 8.1 billion.</td><td>• We tested the reliability of key system-generated reports to ascertain mathematical accuracy and completeness of recorded revenue including tracing of sample transactions to supporting documents; and

• We performed substantive audit procedures including test of reconciliation reports between systems used to transact and record revenue, as well as independent recalculation of gross gaming receipts.</td></tr>
<tr><td>Impairment of non-financial assets

As at December 31, 2022, the Group's non-financial assets include investment properties, investment in a joint venture, and goodwill. Refer to Notes 6, 7, 10, 28.12, 28.14, and 28.17. Impairment review is performed when there are indicators of impairment, except for Goodwill that is required to be assessed for impairment on an annual basis in accordance with the requirements of PAS 36, Impairment of Assets.

• The Group's investment properties consist of land, land improvements and building that is held for lease and capital appreciation with carrying amount as at December 31, 2022 aggregating to Php10.9 billion. This amount represents 52.24% of the Group's consolidated total assets as at December 31, 2022.

The valuation of the investment properties requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price based on internal and external factors, growth rate and replacement cost.</td><td>We addressed the matter through the following procedures:

Investment Properties

• Obtained the appraisal reports for investment properties and assessed the independence and competence of the Securities and Exchange Commission (SEC) accredited appraiser engaged by the Group. Independence and objectivity of the accredited appraiser was also evaluated in consideration of their professional qualifications, experience and reporting responsibilities.
• Performed understanding and evaluation of the accredited appraiser's work including but not limited to the completeness of data used, reasonableness of assumptions and calculation methods used.
• For investment properties valued under the market approach, on a sampling basis, we compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located;
• For investment properties valued using the income approach, the growth rates were compared against the historical rental rates of similar assets within the location; and
• For investment properties valued using the cost approach, we compared the relevant information used in calculating the replacement cost against the historical land and building improvement costs and factored in inflation using the relevant industry/market data.</td></tr>
</table>

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>

The Group's investment in a joint venture pertains to Hotel Enterprises of the Philippines, Inc. (HEPI), with a carrying amount of Php1.5 billion. HEPI is a company registered and doing business in the Philippines, which has experienced business slowdown as a result of the quarantine and mobility restrictions for the past two (2) years. The investment balance is accounted under the equity method with share in losses amounting to Php48,057k in 2022. Correspondingly, impairment review entails the identification of factors that may indicate inability to restart business operations and any adverse impact to the fair value of HEPI's land, which accounts for 83.3% of its total assets.
The Group has goodwill with carrying amount of Php1.3 billion that represents 6.3% of the Group's total assets. An annual Goodwill impairment review is performed by management in relation to the retail and network and licenses segments which was assessed to be the lowest level of cash- generating unit (CGU). Management's Goodwill impairment review is significant to our audit primarily due to its complexity and requires significant management estimates, assumptions and judgement. The most significant assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rates and cost ratios.

</td><td>
Investment in a joint venture

We have obtained the financial information of HEPI and recalculated the Group's equity in net losses and share in the gain in other comprehensive income of the joint venture arising from the revaluation of its land property.
We also reviewed the Group's assessment on whether there are any impairment indicators, both internal and external factors, and likewise performed independent evaluation based on status of operations, highest and best use of land property and its current fair value as at reporting date.
The fair value of the land was measured using market approach. We compared the relevant information used in the valuation against recent sale prices and/or listings of similar properties within the vicinity where the property is located;

Goodwill

Engaged our valuation experts to assist us in evaluating the assumptions and methodologies used in management's calculation.
Reviewed management's basis for identifying the CGU where goodwill is attributed to.
Performed evaluation and tested reasonableness of assumptions, estimates, and judgements used in the valuation model. This includes:

inputs used in determining the Weighted Average Cost of Capital (WACC) with reference to comparable companies.
revenue growth rates to historical data and terminal growth rates to externally derived data.
cost ratios based on historical results.

Tested the accuracy of the discounted cash flow and the CGU's carrying amount calculation.
Performed sensitivity analysis on the assumptions used.

</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, namely the SEC Form 17-A and Annual Report, that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the SEC Form 20-IS (Definitive Information Statement), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the SEC.

Other Matter

The consolidated financial statements of the Group as at December 31, 2021 and for the years ended December 31, 2021 and 2020 were audited by another auditor whose report dated May 30, 2022 expressed an unqualified opinion on those statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pocholo C. Domondon.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, the Parent Company has 1,689 shareholders owning one hundred (100) or more shares as at December 31, 2022.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 14, 2023. The supplementary information shown in *the Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates*, and Schedules A, B, C, D, E, F, and G, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
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T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
DigiPlus Interactive Corp.
(Formerly Leisure & Resorts World Corporation)
Ecoprime Building, 32nd Street corner Ninth Avenue
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation) (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, and have issued our report thereon dated April 14, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary *Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 108839-SEC, Category A;
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 14, 2023

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

Consolidated Statement of Financial Position
As at December 31, 2022
(With comparative figures as at December 31, 2021 and 2020)
(All amounts in thousand Philippine Peso)

	Notes	2022	2021
ASSETS			
Current asset			
Cash and cash equivalents	2	1,356,481	416,524
Receivables, net	3, 8	1,086,372	924,490
Current portion of lease receivables	18	64,618	2,353
Due from related parties	21	157,156	157,156
Prepaid expenses and other current assets	4	437,992	112,899
Total current assets		3,102,619	1,613,422
Non-current assets			
Receivables , net of current portion	8	425,308	452,053
Lease receivables, net of current portion	18	142,924	15,878
Investments and advances, net	7	2,773,385	2,227,375
Financial assets at fair value through other comprehensive income (FVOCI)	9	78,513	53,582
Property and equipment, net	5	1,076,596	1,191,770
Investment properties	6	10,942,553	10,644,781
Goodwill	10	1,329,092	1,329,092
Other noncurrent assets	11	1,077,315	1,066,777
Total noncurrent assets		17,845,686	16,981,308
Total assets		20,948,305	18,594,730
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities	12	2,454,359	1,633,896
Short-term loans payable	13	116,739	1,057,607
Current portion of:			
Long-term loans payable	13	3,160,901	622,532
Lease liabilities	18	260,511	214,983
Income tax payable		343	3,116
Total current liabilities		5,992,853	3,532,134
Non-current liabilities			
Long-term loans payable, net of current portion	13	-	2,785,504
Lease liabilities, net of current portion	18	369,952	436,929
Deposits for future stock subscriptions	14	-	321,250
Retirement benefits liability	19	53,077	132,269
Customer deposits, net of current portion	12	81,516	88,473
Deferred tax liabilities	22	1,444,183	1,613,602
Total noncurrent liabilities		1,948,728	5,378,027
Total liabilities		7,941,581	8,910,161
Equity			
Capital stock	14	4,094,107	4,094,107
Additional paid-in capital	14	5,090,997	4,276,691
Treasury shares	14	(431,598)	(1,703,951)
Retirement benefits reserve	19	20,502	24,244
Fair value reserve	7	499,835	(52,546)
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		(19,488)	(19,488)
Retained earnings		3,327,014	2,726,309
Equity attributable to equity holders of the Parent Company		12,579,269	9,343,266
Non-controlling interests		427,455	341,303
Total equity		13,006,724	9,684,569
Total liabilities and equity		20,948,305	18,594,730

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Total Comprehensive Income

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in thousands Philippine Peso)

	Notes	2022	2021	2020
Revenues				
Retail games	15	8,126,122	1,887,500	2,262,183
Rental income	18	385,225	260,673	267,176
Service and hosting fees	16	351,793	544,381	800,450
Commission income		37,558	108,472	141,959
Revenue from sub-lease	18	4,892	4,944	-
Income from junket operations		-	-	111,552
		8,905,590	2,805,970	3,583,320
Cost and operating expenses	17	(8,274,291)	(3,238,501)	(4,213,296)
Operating profit (loss)		631,299	(432,531)	(629,976)
Other expenses and losses, net				
Finance expense	20	(376,705)	(247,730)	(312,808)
Unrealized gains on changes in fair values of investment properties, net	6	297,772	15,741	282,315
Finance income	20	264,631	2,679	26,203
Impairment loss on:				
Financial assets	3	(118,515)	(152,021)	(234,837)
Non-financial assets	4	(8,655)	(27,770)	(223,923)
Equity in net (loss) of:				
Joint venture	7	(48,058)	(54,702)	(102,440)
Associates		-	(1,057)	(714)
Foreign exchange loss, net		(126,390)	(15,962)	(4,792)
Provision for probable losses		(18,803)	-	-
Loss on disposal of property and equipment, net	5	48	-	(47,434)
Other income, net	20	29,026	1,606	12,168
		(105,649)	(479,216)	(606,262)
Profit (loss) before income tax		525,650	(911,747)	(1,236,238)
Benefit from (provision) for income tax	22	161,207	17,124	(101,857)
Profit (loss) for the year		686,857	(894,623)	(1,338,095)
Other comprehensive income (loss), net				
Items that will not be reclassified to profit or loss				
Remeasurement (loss) gain on retirement benefits, net of tax	19	(3,742)	42,866	(6,529)
Revaluation gain (loss) FVOCI	7,9	552,381	(59,049)	5,905
		548,639	(16,183)	(624)
Total comprehensive income (loss) for the year		1,235,496	(910,806)	(1,338,719)
Profit for the year attributable to:				
Equity holders of the Parent Company		600,705	(828,435)	(1,298,291)
Non-controlling interests		86,152	(66,188)	(39,804)
		686,857	(894,623)	(1,338,095)
Total comprehensive income attributable to:				
Equity holders of the Parent Company		1,149,344	(844,904)	(1,301,229)
Non-controlling interests		86,152	(65,902)	(37,490)
		1,235,496	(910,806)	(1,338,719)
Earnings (loss) per share				
Basic and diluted	14	0.2034	(0.3414)	(0.5370)

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Capital stock		Equity attributable to equity holders of the Parent Company									
	Common	Preferred	Additional paid in capital	Treasury shares	Retirement benefits reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balances at January 1, 2020	2,417,500	1,650,000	4,263,308	(90,411)	(9,493)	598	(2,100)	(19,488)	4,863,035	4,832,552	434,695	13,507,644
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(1,298,291)	(1,298,291)	(39,804)	(1,338,095)
Other comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	-	(2,938)	2,314	(624)
Total comprehensive loss for the year	-	-	-	-	(8,843)	5,905	-	-	(1,298,291)	(1,301,229)	(37,490)	(1,338,719)
Transactions with owners												
Redemption of preferred shares				(1,613,500)								(1,613,500)
Acquisition of treasury shares				(40)								(40)
Balances at December 31, 2020	2,417,500	1,650,000	4,263,308	(1,703,951)	(18,336)	6,503	(2,100)	(19,488)	3,564,744	3,531,323	397,205	10,555,385
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(828,435)	(828,435)	(66,188)	(894,623)
Other comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	-	(16,469)	286	(16,183)
Total comprehensive loss for the year	-	-	-	-	42,580	(59,049)	-	-	(828,435)	(844,904)	(65,902)	(910,806)
Transactions with owners												
Conversion of warrants	26,607	-	13,383	-	-	-	-	-	-	-	-	39,990
Dividend declaration	-	-	-	-	-	-	-	-	(10,000)	(10,000)	10,000	-
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	2,676,419	341,303	9,684,569
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	600,705	600,705	86,152	686,857
Other comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	-	548,639	-	548,639
Total comprehensive income for the year	-	-	-	-	(3,742)	552,381	-	-	600,705	1,149,344	86,152	1,235,496
Transactions with owners												
Conversion of preferred stock to common stock	1,650,000	(1,650,000)	-	-	-	-	-	-	-	-	-	-
Issuance of treasury shares	-	-	814,306	1,272,353	-	-	-	-	-	-	-	2,086,659
Balances at December 31, 2022	4,094,107	-	5,090,997	(431,598)	20,502	499,835	(2,100)	(19,488)	3,327,014	3,825,763	427,455	13,006,724

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2022
(With comparative figures for the years ended December 31, 2021 and 2020)
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Cash flows from operating activities				
Income (loss) before income tax		525,650	(911,747)	(1,236,238)
Adjustments for:				
Depreciation and amortization	5,11,17	375,827	351,687	534,290
Finance expense	20	376,705	247,730	312,808
Unrealized gain on changes in fair values of investment properties	6	(297,772)	(15,741)	(282,315)
Finance income	20	(264,631)	(2,679)	(26,203)
Unrealized foreign exchange loss, net	26.4	118,850	12,640	4,792
Loss on impairment of financial asset	2	118,515	152,021	234,837
Retirement expense	19	(81,333)	21,630	(15,575)
Gain on reversal of liabilities	20	(42,940)	-	-
Equity in net loss of joint venture and associates	7	48,058	55,759	103,154
Provision for probable losses	12, 24	18,803	-	-
Loss on impairment of nonfinancial assets	6,7,9,11	8,655	27,770	223,923
Loss on disposal of property and equipment	5, 20	48	-	47,434
Gain on pre-termination of leases	18	-	-	(14,196)
Operating income (loss) before working capital changes		904,435	(60,930)	(113,289)
(Increase) decrease in:				
Receivables		(210,162)	155,908	14,784
Prepaid expenses and other current assets		(333,748)	53,628	(31,587)
Increase (decrease) in:				
Trade payables and other current liabilities		791,352	(187,881)	(57,354)
Customer deposits		(10,287)	(2,469)	(6,866)
Net cash generated from (used for) operations		1,141,590	(41,744)	(194,312)
Income taxes paid		(10,985)	(12,966)	(18,398)
Benefits paid	19	(1,601)	(1,486)	(23,773)
Interest received		2,769	2,679	2,846
Net cash provided by (used in) operating activities		1,131,773	(53,517)	(233,637)
Cash flows from investing activities				
Proceeds from sale of property and equipment	5	-	-	28,437
Additions to:				
Property and equipment	7	(133,239)	(16,024)	(37,919)
Other noncurrent assets		(13,630)	(11,150)	(15,227)
Investments and advances	9	(66,619)	(142,539)	(10,464)
Investment properties	8	-	(4,697)	(2,128)
Net cash used in investing activities		(213,488)	(174,410)	(37,301)
Cash flows from financing activities				
Proceeds from:				
Loans payable	13	-	430,574	998,779
Deposit for future stock subscription	14	-	321,250	-
Issuance of capital stock and treasury shares	14	1,765,409	39,990	-
Finance lease	18	26,373	3,599	-
Payments for:				
Loans payable	13	(1,312,880)	(106,821)	(744,283)
Lease liabilities	18	(241,807)	(200,506)	(246,997)
Interest		(215,822)	(218,587)	(233,486)
Dividends		-	-	(73,057)
Acquisition of treasury shares	14	-	-	(39)
Redemption of preferred shares	14	-	-	(1,613,500)
Net cash provided by (used in) financing activities		21,273	269,499	(1,912,583)
Net increase (decrease) in cash and cash equivalents		939,558	41,572	(2,183,521)
Effect of exchange rate changes on cash and cash equivalents		399	978	(1,150)
Cash and cash equivalents at beginning of year		416,524	373,974	2,558,645
Cash and cash equivalents at end of year	2	1,356,481	416,524	373,974

(The notes on pages 1 to 88 are integral part of these financial statements)

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

Notes to the Financial Statements
As at and for the year ended December 31, 2022
(With comparative figures as at December 31, 2021
and for the years ended December 31, 2021 and 2020)
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Company 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 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.

1.2 Status of operations

Impact of COVID-19

In March 2020, in a move to contain the COVID-19 outbreak, the Office of the President of the Philippines issued Proclamation No. 929, declared a State of Calamity throughout the Philippines and mandated various quarantine restrictions (Enhanced Community Quarantine or ECQ) on commercial activities and material limitations on the conduct of business to contain the spread of the virus. This resulted in the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location. In line with this declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine.

On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine. On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under “Modified General Community Quarantine” (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence of COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted under ECQ starting March 29, 2021 and as a result, gaming sites within Metro Manila and nearby provinces suspended operations. In April 2021, alert level was downgraded to Modified Enhanced Community Quarantine (MECQ) and in the mid of May, was further downgraded to GCQ and sites are allowed to reopen.

To prevent the surge in COVID-19 cases particularly due to the Delta variant, Metro Manila was again placed under ECQ and MECQ from August 15 to September 15, 2021. During this time, gaming sites were closed to the public.

On September 16, 2021, the government amended its quarantine classification system for Metro Manila to allow for granular lockdowns. The new system employs an “Alert Level” approach, where major classifications include only ECQ (Alert Level 5) and GCQ (Alert Level 4 to 1). Under GCQ, each classification level from Alert Level 4 corresponds to less strict limitations on mobility with Alert Level 1 being the most relaxed. Metro Manila was then placed under GCQ Alert Level 4 and the gaming sites reopened at limited capacity.

On October 6, 2021, the Philippine government eased the quarantine restriction to GCQ Alert Level 3. From November 15 to December 31, 2021, Metro Manila was placed under GCQ Alert Level 2. As the government eased the quarantine restrictions, the Group continued to maintain health and safety protocol mandates in its sites and acts with caution to satisfy customer requirements under the “new normal” arrangements.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group’s business, operations, and financial results. In 2022, with the ease of quarantine restrictions and the launching of the traditional bingo on a technology platform, BingoPlus, the Group’s operations started to recover. As a result, the Group generated a net income of P686,857 (2021 - P894,623 net loss) and positive operating cash flows of P1,131,773 (2021 - P54,495 negative operating cash flows). The Group’s current liabilities still exceeded current assets by P2,890,234 (2021 - P1,968,712). In February 2023, the Group has launched a new brand for its sports betting operations, Arena Plus.

Short-term liquidity issues of DigiPlus are being dealt on a group level as treasury and cash management functions remains centralized. 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.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis.

Approval of financial statements

The accompanying consolidated financial statements as at and for the year ended December 31, 2022 have been approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2023.

Note 2 - Cash

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash in banks	1,043,071	369,509
Cash equivalents	242,108	-
Cash on hand and payout fund	71,302	47,015
	1,356,481	416,524

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized in 2022 amounted to P2,769 (2021 - P1,268; 2020 - P1,282).

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

Note 3 - Receivables, net

Receivables as at December 31 consist of:

	Notes	2022	2021
Trade receivables		1,300,452	1,072,511
Less: Allowance for expected credit loss (ECL) on trade receivables		(419,044)	(335,547)
		881,408	736,964
Advances to third parties		97,500	98,802
Less: Allowance for ECL on advances to third parties		(97,500)	(97,500)
		-	1,302
Advances to a stockholder		53,106	53,106
Current portion of:			
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	8	52,951	27,817
Advances to Binondo Leisure Resources, Inc. (BLRI)	7	18,000	40,078
Marketing support fund		27,373	27,373
Receivables from concessionaires		-	11,263
Receivable from sale of the aircraft	5	-	7,667
Others		127,630	57,998
		279,060	225,302
Less: Allowance for ECL on other receivables		(74,096)	(39,078)
		204,964	186,224
		1,086,372	924,490

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to third parties

Advances to third parties consist mainly of advance payments for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Advances to stockholders

Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Marketing support fund

Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advance to BLRI

These are cash advance to BLRI for the purpose of renovation and fittings of the building that it leases from ABLGI.

Receivable from TCAMI

This is the current portion of the receivable from TCAMI related to the sale of the Group's 50% shares in TechZone Philippines, Inc. (Notes 3 and 8).

Others

Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities of the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

The movements in allowance for ECL for the period ended December 31 are as follows:

	Trade receivables	Advances to third parties	Other receivables	Total
At December 31, 2020	322,033	97,500	74,002	493,535
Provision for impairment	151,109	-	912	152,021
Write off	(137,595)	-	(35,836)	(173,431)
As at December 31, 2021	335,547	97,500	39,078	472,125
Provision for impairment	83,497	-	35,018	118,515
As at December 31, 2022	419,044	97,500	74,096	590,640

In 2022, the Group recognized provision for impairment of receivables amounting to P118,515 (2021 - P152,021; 2020 - P234,837). In 2021, the Group had written off receivables amounting to P173,431 that, based on management's assessment, are no longer collectible.

Note 4 - Prepaid expenses and other current assets

Prepaid expenses and other current assets as at December 31 consist of:

	2022	2021
Input VAT - net	240,323	238,160
Less: Allowance for impairment of input VAT	(216,453)	(231,617)
	23,870	6,543
Prepaid expenses	227,292	47,470
Advances to officers and employees	72,721	34,644
Advances to contractors and suppliers	46,817	719
Restricted cash in bank	42,245	-
CWT	18,737	18,487
Others	6,310	5,036
	437,992	112,899

Prepaid expenses consist of advance payments for taxes, rent, insurance on property and equipment, health care benefits of employees, consultancy and professional services.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

The movements in allowance for impairment of input VAT are as follows:

	2022	2021	2020
Balance at beginning of year	231,617	231,048	201,541
Provisions	8,655	569	29,507
Write off	(23,819)	-	-
Balance at end of year	216,453	231,617	231,048

In 2022, the Group had written off input VAT amounting to P23,820 that are no longer recoverable (2021 - nil).

Note 5 - Property and equipment, net

Property and equipment as at December 31 consist of:

	Land	Leasehold improvements	Aircraft and transportation equipment (Note 13)	Gaming equipment	Office, furniture, fixtures and equipment	Network equipment	Condominium unit	Right-of-use asset - Office space (Note 18)	Total
At January 1, 2021									
Cost	814	1,395,571	284,648	931,030	912,454	348,951	7,147	1,086,570	4,967,185
Accumulated depreciation and amortization	-	(1,318,743)	(200,261)	(377,050)	(851,543)	(225,784)	(6,099)	(419,160)	(3,398,640)
Net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
For the year ended December 31, 2021									
Opening net carrying value	814	76,828	84,387	553,980	60,911	123,167	1,048	667,410	1,568,545
Additions	-	9,403	-	1,021	1,136	-	-	94,240	105,800
Disposal									-
Cost	-	-	-	-	-	-	-	(179,110)	(179,110)
Accumulated depreciation and amortization	-	-	-	-	-	-	-	155,873	155,873
Reclassification									
Cost	-	-	(2,000)	(13,776)	-	-	-	-	(15,776)
Accumulated depreciation and amortization	-	-	1,300	-	-	-	-	-	1,300
Lease concession	-	-	-	-	-	-	-	(96,268)	(96,268)
Depreciation and amortization	-	(34,980)	(20,861)	(94,744)	(20,423)	(25,477)	(202)	(151,907)	(348,594)
Closing net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
At December 31, 2021									
Cost	814	1,404,974	282,648	918,275	913,590	348,951	7,147	1,001,700	4,878,099
Accumulated depreciation and amortization	-	(1,353,723)	(219,822)	(471,794)	(871,966)	(251,261)	(6,301)	(511,462)	(3,686,329)
Net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
For the year ended December 31, 2022									
Opening net carrying value	814	51,251	62,826	446,481	41,624	97,690	846	490,238	1,191,770
Additions	-	18,682	6,252	14,597	93,708	-	-	124,369	257,608
Disposals									
Cost	-	(6,975)	(3,731)	-	(226)	-	-	(108,316)	(119,248)
Accumulated depreciation and amortization	-	6,975	3,683	-	226	-	-	108,316	119,200
Depreciation and amortization	-	(15,506)	(14,800)	(90,664)	(35,975)	(21,041)	(202)	(194,546)	(372,734)
Closing net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596
At December 31, 2022									
Cost	814	1,416,681	285,169	932,872	1,007,072	348,951	7,147	1,017,753	5,016,459
Accumulated depreciation and amortization	-	(1,362,254)	(230,939)	(562,458)	(907,715)	(272,302)	(6,503)	(597,692)	(3,939,863)
Net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	420,061	1,076,596

In 2020, the Group entered into a Deed of Absolute Sale with Hashcloud, Inc. on the sale of its aircraft for $2,000, which resulted in a loss of P52,329. This was partially offset by the gain from the sale of several company cars amounting to P4,895. The total cost of the sold cars amounts to P5,270. The loss on sale of the property and equipment, net is presented as part of other expenses, net in the consolidated statements of total comprehensive income . As at December 31, 2022, the remaining receivable from the sale is collected in full (2021 - P7,667) (Note 2).

In 2022, the Group disposed certain items of its transportation equipment and recognized a loss amounting to P48. This is presented as part of the loss on disposal of property and equipment in the consolidated statements of total comprehensive income.

As at December 31, 2022 and 2021, there are no unpaid property and equipment additions.

Note 6 - Investment properties

Investment properties as at December 31 consist of:

	Land	Land improvements	Building	Total
January 1, 2021	10,383,686	16,097	224,560	10,624,343
Additions	4,697	-	-	4,697
Unrealized gains (loss) on changes in fair values	8,172	(2,720)	10,289	15,741
December 31, 2021	10,396,555	13,377	234,849	10,644,781
Unrealized gains (loss) on changes in fair values	306,740	(579)	(8,389)	297,772
December 31, 2022	10,703,295	12,798	226,460	10,942,553

For the year ended December 31, 2020, the Group recognized unrealized gain on fair value of investment properties amounting to P282,315.

The following table provides the fair value hierarchy of the Group's investment properties as at December 31:

	Fair value hierarchy	2022	2021
Land			
Boracay	Level 3	8,835,516	8,729,064
CSEZFP	Level 3	1,867,779	1,667,491
		10,703,295	10,396,555
Land improvements	Level 3	12,798	13,377
Building	Level 3	226,460	234,849
		10,942,553	10,644,781

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers.

Valuation techniques and significant unobservable inputs.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Land - The fair values of the investment properties were arrived at using the market comparison approach for land in Cagayan and in Boracay.
- Land improvements and building - The fair value of the building in Sta. Cruz, Manila is valued using income approach was used for the rest of the land improvements and buildings.

Market approach is an approach that considers the value of the land based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The appraiser's comparison was premised on the factors of location, size and shape of the lot, time element, and others.

Income approach is an approach that provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by asset.

Cost approach is an approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the reproduction cost (new) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.

Amounts recognized in the consolidated statements of total comprehensive income for investment properties for the years ended December 31 are as follows:

	2022	2021	2020
Rental income from operating leases	43,974	45,824	28,488
Direct operating expenses that generated rental income	24,394	30,700	19,086
Direct operating expenses from property that did not generate rental income	7,887	13,361	15,226
Fair value gain	297,772	15,741	282,315

Rental income from investment properties is included under "Rent income" account in profit or loss. Direct costs attributable to rental income on investment properties arises from amortization, repairs and maintenance, real property tax and rent expense.

Note 7 - Investments and advances, net

Investments and advances as at December 31 consist of:

	Ref	2022	2021
Investment in associates and a joint venture, net	a	1,522,302	1,042,911
Advances, net	b	1,251,083	1,184,464
		2,773,385	2,227,375

a. Investments in associates and a joint venture

Investments in associates and joint venture as at December 31 is composed of:

	2022	2021
Investment in a joint venture	1,522,302	1,042,911
Investment in associates	21,400	21,400
	1,543,702	1,064,311
Less: Allowance for impairment	(21,400)	(21,400)
	1,522,302	1,042,911

<u>*Investment in a joint venture*</u>

Hotel Enterprises of the Philippines, Inc. (HEPI)

HEPI is a 51%-owned joint venture between DigiPlus and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from DigiPlus and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of DigiPlus and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

There are no commitments and contingent liabilities recognized or expected to be recognized as at and for the year ended December 31, 2022 and 2021. HEPI's shares of stock are not quoted in an active market.

HEPI's principal place of business is at 2702 Roxas Boulevard, Pasay City.

In view of the continuing community quarantines and restricted travel in 2021 and 2020, HEPI has been affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. The Group determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized.

Set out below is the summarized financial information of HEPI as at December 31, which, at the opinion of the management is material to the Company.

Summarized statements of financial position

	2022	2021
Current assets	845,073	824,326
Includes:		
- Cash	29,600	25,023
Noncurrent assets	4,242,230	3,945,358
Current liabilities	(1,259,938)	(1,064,731)
Includes:		
- Financial liabilities	(1,250,245)	(189,078)
Noncurrent liabilities	(842,458)	(935,584)
Includes:		
- Financial liabilities	-	(136,167)
Net assets	2,984,907	2,769,369

Summarized statements of total comprehensive income

	2022	2021
Revenues	239,235	123,198
Depreciation and amortization	(115,515)	(147,644)
Interest expense	(9,462)	(34,683)
Interest income	12	14
Income tax benefit	13,566	9,406
Loss for the year	(94,230)	(135,676)
Other comprehensive income for the year	309,768	-
Total comprehensive income for the year	215,537	(135,676)

Reconciliation of summarized financial information

	2022	2021
Net assets		
At January 1	2,769,369	2,905,045
Loss for the year	(94,230)	(135,676)
Other comprehensive income	309,768	-
At December 31	2,984,907	2,769,369
Group's share in %	51%	51%
Group share at January 1	1,042,911	1,097,613
Share in net loss for the year	(48,058)	(54,702)
Share in other comprehensive income for the year	527,449	-
Goodwill	-	-
Investment in joint venture	1,522,302	1,042,911

The Group's share in net loss of the joint venture for the year ended December 31, 2020 amounts to P102,440. There were no dividends received for the years ended December 31, 2022, 2021 and 2020.

In 2022, the Group changed its accounting policy for the subsequent measurement of the land presented as part of property and equipment in the statements of financial position from historical cost to fair value. As a result, in 2022, the Group started to recognize it's share in other comprehensive income resulting from the changes in fair value of the land presented in HEPI's financial statements as part of property and equipment.

Investment in associates

BLRI

BLRI is a 30%-owned associate of the Parent Company. BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003. BLRI is a company engaged in the business of leasing its gaming facilities to PAGCOR and its store and hotel facility to third parties.

The Group recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to P20,621 as at December 31, 2022 (2021 -P23,424; 2020 - P26,410). The Group also recognized an allowance for the full amount of its investment in BLRI amounting to P21,200 as at December 31, 2022 and 2021.

Insular

Insular is a 40%-owned associate of ABLE. Insular was incorporated in the Philippines and is engaged in providing amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

In 2021, the Group recognized an allowance on the investment for the full amount of its investment in Insular amounting to P200.

b. Advances

Advances as at December 31 consist of:

	2022	2021
Advances to related parties		
HEPI	118,652	-
BLRI, net of current portion	69,127	67,733
Advances to third parties		
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)	1,026,039	1,026,371
Pacific Visionary International Marketing Corp.	94,140	94,140
Various landowners	35,570	35,570
Eco Leisure	26,136	26,136
AB Fiber Corp.	31,697	31,697
Others	584	48,123
	1,401,945	1,329,770
Less: Allowance for impairment	(150,862)	(145,306)
	1,251,083	1,184,464
Advances for projects	259,511	259,511
Less: Allowance for impairment	(259,511)	(259,511)
	-	-
	1,251,083	1,184,464

Advances to HEPI and BLRI

In 2022, the Group, through its Parent Company extended advances to HEPI amounting to P118,652 (2020 - nil). Advances to HEPI and BLRI pertain to cash advances made by the Group for working capital requirements.

In 2018, the Group, through its subsidiary, ABLE, and BLRI entered into a memorandum of agreement for the payment of latter's advances. The agreements provide for, among others, the commitment of BLRI to pay annually an amount of P18,000 from all rental payments received in a year, until the balance of the advances have been paid off.

Details and movements of the advances to BLRI for the years ended December 31 are as follows:

	2022	2021
January 1	107,811	124,262
Additional advances	111	548
Collections during the year	(20,795)	(16,999)
At December 31	87,127	107,811
Less: Current portion	(18,000)	(40,078)
Non-current portion	69,127	67,733

As at December 31, 2022 and 2021, allowance for ECL amounted to P22,078.

Advances to CPVDC and CLPDC

This account pertains to the noninterest-bearing advances made by LRLDI to CPVDC and CLPDC to finance the construction and development of the Cagayan Special Economic Zone and Freeport (CSEZFP) Airport in Cagayan. CPVDC is a joint venture formed by CLPDC and Cagayan Economic Zone Authority (CEZA). CPVDC and CLPDC are incorporated in the Philippines.

The agreement among LRLDI, CPVDC and CLPDC provides for the following terms and conditions:

a. LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum amount of P700,000. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction, development of the airport;

b. LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share;

c. CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and

d. CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and First Cagayan Leisure and Resort Corporation (FCLRC) have significant operations within the CSEZFP which will benefit from the construction of the airport.

The construction of the airport was completed in 2014 and was upgraded in 2017. Upon submission of all the requirements needed by the Civil Aviation Authority of the Philippines, the airport received its first commercial flight in March 2018.

As at December 31, 2022 and 2021, CLPDC and LRLDI have not executed the separate agreement mentioned above. The advances to CLPDC and CPVDC, including the land transferred to investment properties account and the land committed where the airport was built, is part of the investments committed in the Master Development Plan under the license agreement (Note 16).

Advances to Pacific

These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which is due on or before December 31, 2024.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P94,140 as at December 31, 2022 and 2021.

Advances to various landowners

These are advance payments for parcels of land wherein the Group is in the process of acquiring.

Advances to AB Fiber Corp

On December 8, 2011, the Group entered into an agreement with AB Fiber Corp. for the subscription of 90,000 shares. Deposits for future stock subscriptions made by the Group amounted P9,000 as at December 31, 2022 and 2021.

Other advances to AB Fiber Corp. amounting to P22,697 as at December 31, 2022 and 2021 are non-interest bearing and unsecured and not expected to be settled with one year.

Advances to Eco Leisure

The advances are in relation to the joint venture agreement between Eco Leisure and DigiPlus. The advances are unsecured, noninterest-bearing and not expected to be settled with one year.

The advances to Eco Leisure were fully provided with a valuation allowance amounting to P26,136 as at December 31, 2022 and 2021.

Note 8 - Receivables, net of current portion

Receivable from TCAMI

On November 4, 2019, LRLDI entered in a Deed of Absolute sale with TCAMI for the sale of the LRLDI's 50% share in TechZone Philippines, Inc. for a total consideration of P1,750,000 of which P1,000,000 was paid in cash while the remaining balance of P750,000 is payable in 10 years with no interest. This transaction resulted in the derecognition of the Group's investment in TechZone and recognition of loss on sale of an investment amounting to P741,480 in the 2019 consolidated statement of total comprehensive income.

In 2019, the receivable from TCAMI of P700,000, net of current portion amounting P50,000, was discounted using risk free rate of 4.63% (Note 5).

The receivable from TCAMI presented in the statements of financial position, including the future value of the receivable as at December 31 are as follows:

	Note	2022	2021
Current	3	52,951	27,817
Non-current		425,308	452,053
		478,259	479,870
Future interest accretion		221,741	220,130
		700,000	700,000

Details and movements of the receivable for the years ended December 31 are as follows:

	2022	2021
January 1	479,870	531,507
Interest accretion	46,178	-
Collections during the year	(47,789)	(51,637)
At December 31	478,259	479,870

Note 9 - Financial assets at FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of P7,437.

On August 13, 2015, The Parent Company's advances to DFNN of P86,000 have been converted into 18,105,000 common shares of DFNN while the accumulated interest earned of P12,691, from date of Conversion Notice to the date of conversion, have been converted into 2,672,000 common shares of DFNN on October 30, 2015. The fair value of 18,105,000 and 2,672,000 common shares as at the date of conversion were P5.15 and P6.04 per share, respectively.

The conversion resulted in 8.76% equity ownership of the Parent Company over DFNN. As management does not intend to hold the investment for trading, the total converted amount of P78,513 as at December 31, 2022 (2021 – P53,582) has been classified as "financial assets at FVOCI" account in the consolidated statements of financial position.

As at December 31, the carrying value of the Group's FVOCI are as follows:

	2022	2021
Balance at beginning of year	53,582	112,631
Unrealized gain (loss)	24,931	(59,049)
Balance at end of year	78,513	53,582

The market prices of DFNN common shares as at December 31, 2022 is P3.59 (2021 - P2.45).

The accumulated fair value loss for the financial asset at FVOCI as at December 31, 2022 amounts to P27,614 (2020 - P52,546).

Note 10 - Goodwill

Goodwill from Group's business acquisitions are as follows:

	2022	2021
Cost		
Retail Group	1,472,129	1,472,129
Network and License Group	29,940	29,940
	1,502,069	1,502,069
Accumulated impairment loss	(172,977)	(172,977)
Balance at end of year	1,329,092	1,329,092

The goodwill from the acquisitions have been subjected to the annual impairment review in 2022 and 2021. The recoverable amounts of the operations is based on VIU calculation using the cash flow projections approved by management. The cash flow projections cover five (5) years from the date of impairment review.

The recoverable amount of goodwill from the acquisitions of the bingo units was determined based on VIU calculations using actual past results and observable market data such as growth rates, among others. The onset of the COVID-19 pandemic has heavily impacted the bingo operations of the Group.

The following are the key assumptions used by the management in the estimation of the recoverable amount:

Gross revenues

Gross revenues of the Group over the next five (5) years are projected to grow in line with the economy or with the nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective territories will be flat on the assumption that it will also grow at par with the economy.

The revenue growth rates used for the gross revenues are as follows:

	2022	2021
Retail Group	3.44%	3.12%
Network and License Group	3.44%	3.12%

Operating expenses

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rate

Discount rates are derived from the Group's Weighted Average Cost of Capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, five-year government bond yield, bank lending rates and market risk premium. The discount rates used are as follow:

	2022	2021
Retail Group	9.80%	9.19%
Network and License Group	9.80%	9.19%

Terminal growth rate

The long-term rate used to extrapolate the cash flow projections of the acquired investments beyond the period covered by the recent budget excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the cash flow projections. The terminal growth rates used in the cash flow projections for all cash generating units are 3.07% in 2022 (2021 - 3.3%).

Note 11 - Other noncurrent assets

Other noncurrent assets as at December 31 are as follows:

	Notes	2022	2021
Rental deposits	18	454,558	435,822
Cash performance bonds	15	394,427	403,950
Advances to suppliers		77,012	-
Cash in bank - restricted	13	-	81,293
Premium on group pension plan		36,090	36,090
Performance cash deposits and betting credit funds		32,450	32,450
Input VAT		26,836	26,836
Airstrip improvements, net		21,722	24,815
Utility and construction bond		13,731	5,147
Others		20,489	20,374
		1,077,315	1,066,777

Cash performance bonds

Cash performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the License (Note 15).

Premium on group pension plan

The premium on group pension plan pertains to the insurance plan the Group entered into for its employees with the Parent Company and its subsidiary, ABLE, as the beneficiaries.

Airstrip improvements

Airstrip improvements pertain to the cost of improvements made by FCLRC for the airport constructed in Cagayan in coordination with LRLDI, CEZA, CPVDC and CLPDC (Note 7).

Details of the movements of the airstrip improvement for the year ended December 31 is as follows:

	2022	2021
Beginning	24,815	27,908
Depreciation	(3,093)	(3,093)
Closing net carrying value	21,722	24,815
Cost	103,100	103,100
Accumulated depreciation	(81,378)	(78,285)
	21,722	24,815

Performance cash deposits and Betting credit funds

PAGCOR granted Total Gamezone Xtreme Incorporated (TGXI) the privilege to establish, install, maintain, and operate PAGCOR eGames Station (PeGS). For each PeGS, TGXI has a performance cash deposits with PAGCOR amounting to P100 and maintains betting credit funds amounting to P100. Performance cash deposits and betting credit funds are posted through Philweb Corporation (Philweb).

Note 12 - Trade payables and other current liabilities

Trade payables and other current liabilities as at December 31 are as follows:

	Notes	2022	2021
Payable to:			
Suppliers		236,563	354,436
CEZA	16	9,311	206,137
PAGCOR	15	249,446	73,848
Government agencies		57,724	20,201
Contract liabilities	15	166,528	14,768
Jackpot liability		263,284	-
Rent payable		151,070	173,653
Finder's fee		30,103	30,103
Provision for probable losses		18,803	-
Output VAT		83	447
Accrued expenses:			
Machine fees		509,620	198,232
Outside services		220,868	177,096
Dividends payable	14	175,387	175,387
Interest payable		162,596	96,577
Accrued marketing and advertising		105,056	-
Salaries, wages and benefits		33,267	23,955
Utilities		30,488	21,248
Professional fees		8,735	16,107
Customer deposit		3,503	6,833
Others		21,924	44,868
		2,454,359	1,633,896

Payable to suppliers pertains to various supplies expense in relation to the Company's bingo operations. These are normally settled within one year.

Payable to PAGCOR includes franchise fees that are remitted on a weekly basis.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Contract liabilities relate to the player balances in the Group's online traditional bingo, electronic gaming system and live sports games.

Movements in contract liabilities for the years ended December 31 are as follows:

	2021	2020
As at January 1	14,768	28,843
Additions	6,088,022	7,620
Revenue recognized	(5,936,262)	(21,695)
As at December 31	166,528	14,768

Jackpot liability refers to the amount accrued for the jackpot price computed based on a certain percentage of total player deposits.

Rent payable pertains to the liabilities for leases that are classified as operating lease.

Finder's fee pertains to the amounts payable to professionals hired by the Group to aid in selecting investment properties and companies where the Group will invest in the future.

Accruals for machine fees pertain to the payable to machine owners for their share of the gross receipts from the e-bingo machines and platform, and are payable on a 30-day credit terms.

Provision for probable losses represents mainly estimated cost of future claims against the Group amounting to P18,803 which is presented as part of other expenses, net in the consolidated statements of total comprehensive income (2021 and 2020 - nil).

Customer deposits are security deposits received from the customers of First Cagayan Convergence Data Center Inc. (FCCDCI) and LR Data Center and Solutions Inc. (LRDCSI) to secure the service agreements as are refundable upon termination of the contracts. As at December 31, 2022, customer deposits aggregates to P85,019, of this amount, P81,516 relates to the non-current portion (2021 - aggregates to P95,306, P88,473 of which is non-current).

For the year ended December 31, 2022, the Group, reversed certain items of accounts payable that, based on management's assessment, are no longer outstanding from suppliers and vendors amounting to P42,940 (2021 and 2020 - nil) and recognized a gain on reversal of liabilities in the consolidated statements of total comprehensive income.

Note 13 - Loans payable

Short-term loans

Short term loans as at December 31 are as follows:

	Ref	2022	2021
Classic Finance (CFI)	a	116,739	146,500
Banco De Oro (BDO)	b	-	322,107
Asia United Bank (AUB)	c	-	139,000
United Coconut Planters Bank (UCPB)	d	-	450,000
		116,739	1,057,607

Movements of the short-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	1,057,607	983,013
Additions	-	74,594
Payments	(940,868)	-
Balance at the end of the year	116,739	1,057,607

Interest expense and interest payments related to the loans for the year ended December 31, 2022 amounted to P50,890 (2021 - P61,934; 2020 - P61,597).

Long-term loans

Long term loans as at December 31 are as follows:

		2022		2021	
	Ref	Current portion	Non-current portion	Current portion	Non-current portion
BDO	e	2,250,000	-	-	2,250,000
Chip Leader	f	910,901	-	365,128	535,504
AUB	c, g	-	-	257,404	-
		3,160,901	-	622,532	2,785,504

Movements of the long-term loans for the years ended December 31 are as follows:

	2022	2021
Balance at the beginning of the year	3,408,036	3,147,745
Additions	-	355,980
Payments	(372,012)	(106,821)
Amortization of transaction cost	10,205	11,132
Impact of foreign currency translation	114,672	-
Balance at the end of the year	3,160,901	3,408,036

Interest expense related to the loans for the year ended December 31, 2022 amounted to P220,228 (2021 - P123,248; 2020 - P193,115).

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.

b. ABLE entered into short-term loan agreements with BDO with an original maturity date of January 2021. The loans have interest rates ranging from 5.00% to 5.25%. The short-term loans are secured by the Parent Company's shares of stock that is owned by an individual stockholder. As at December 31, 2021, the carrying amount of the Parent Company's shares of stock held by an individual stockholder used as collateral for the loan from BDO amounted to P67,458.

In 2021, ABLE secured an extension from the bank which extended the maturity date of the loan to January 2022. As at December 31, 2022, the loan was paid in full.

c. 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 2022.

d. 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 2022.

e. 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.

   As at December 31, the unamortized amount of transaction costs are as follows:

	Note	2022	2021
Balance at beginning of year		10,205	21,337
Amortization	20	(10,205)	(11,132)
Balance at end of year		-	10,205

   Amortization of transaction costs is recognized under finance expense in the consolidated statement of total comprehensive income (Note 20).

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 amounting to P42,245 (2021 - P81,293 presented as other non-current assets) (Notes 4 and 11).

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 and 2021.

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	Note	Carrying amount
Land	6	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 subsequently paid the loan balance in full in January 2023.

f. 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 December 31, 2022 amounting to P1,572,885 (2021 - P1,070,400).

   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.

g. 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 ₱150,000 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.

As at December 31, 2021, the cash in the DSRA is classified as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounted to P16,759 (Note 11).

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

Note 14 - Equity

Equity as at December 31 is as follows:

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Capital Stock				
Authorized:				
Common shares - P1 par value	5,000,000	5,000,000,000	2,500,000	2,500,000,000
Balance at beginning of year	2,444,107	2,444,106,666	2,417,500	2,417,500,000
Issued during the year	-	-	26,607	26,606,667
Conversion of preferred shares to common shares	1,650,000	1,650,000,000	-	-
Balance at end of year	4,094,107	4,094,106,666	2,444,107	2,444,106,667

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
Authorized:				
Preferred shares - P1 par value	-	-	2,500,000,000	2,500,000,000
Balance at beginning of year	1,650,000	1,650,000,000	1,650,000,000	1,650,000,000
Conversion of preferred shares to common shares	(1,650,000)	(1,650,000,000)	-	-
Balance at end of year	-	-	1,650,000,000	1,650,000,000

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. As of reporting date, the Group is yet to file the application for the increase in authorized capital stock with the Philippine SEC.

As of December 31, 2022 and 2021, the Parent Company has 1,821 common stockholders.

Warrants

On June 10, 2013, the BOD of the Parent Company approved the listing of 1,650,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

In September 2021, 26,606,666 warrants were exercised and converted into shares for an exercise price of P1.503 per share, which is the weighted average trading price for three (3) months prior to the exercise date with a 10% discount. Consequently, common shares with par value aggregating to P26,607 were issued for the exercised warrants resulting in additional paid-in capital of P13,383.

The remaining 55,893,334 warrants which were not exercised in September 2021 are deemed expired and are no longer exercisable.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000 preferred shares at P1.00 per share. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statements of changes in equity.

Declaration of cash dividends

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2022 and 2021.

As at December 31, 2022 and 2021, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to P175,387 (Note 12).

Treasury Shares

Details of treasury shares are as follows:

	Parent Company Treasury Shares		Parent Company Shares held by ABLE	
Number of shares	2022	2021	2022	2021
Balance at beginning of year	1,650,000,000	1,650,000,000	21,567,000	21,567,000
Issuance of shares	(1,272,353,512)	-	-	-
Balance at end of year	377,646,488	1,650,000,000	21,567,000	21,567,000

Amount	2022	2021	2022	2021
Balance at beginning of year	1,650,000	1,650,000	53,951	53,951
Issuance of shares	(1,272,353)	-	-	-
Balance at end of year	377,647	1,650,000	53,951	53,951

Deposits for future stock subscriptions

On November 25, 2021, The Parent Company and Catchy Solutions Ltd. entered into an agreement for the subscription to 225,000,000 common shares of stock of the Parent Company in the amount of P371.3 million where in payments were received as at December 31, 2021. Pending submission of the application for the increase in authorized capital stock with the SEC as at December 31, 2021, such subscription payments were presented as "Deposits for future stock subscriptions" in the 2021 consolidated statement of financial position.

On August 8, 2022, upon receipt of all subscription payments, the Parent Company issued all subscribed shares to subscribers. The Parent Company reissued the treasury shares as a result of this transaction.

Earnings (loss) per share

Basic earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to equity holders of the Parent Company	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Basic earnings (loss) per share (a/b)	0.2034	(0.3414)	(0.5370)

Diluted earnings (loss) per share is computed as follows:

	2022	2021	2020
Net income (loss) attributable to ordinary stockholders of the parent Company (a)	600,705	(828,435)	(1,298,291)
Adjusted weighted average number of shares outstanding (b)	2,953,048	2,426,369	2,417,500
Effect of dilutive potential common shares* (c)	-	-	80,675
Adjusted weighted average number of shares outstanding (d=b+c)	2,953,048	2,426,369	2,498,175
Diluted earnings (loss) per share (a/d)	0.2034	(0.3414)	(0.5370)

The 2020 diluted loss per share is adjusted for the convertible warrants. The effect of the warrants is antidilutive.

Subsequent event

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.

Note 15 - Gaming licenses to operate bingo games

Revenue from retail games for the years ended December 31 are as follows:

	2022	2021	2020
Bingo games	6,292,695	1,879,880	2,262,183
Electronic games	1,833,427	7,620	-
	8,126,122	1,887,500	2,262,183

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. 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.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P44,250, to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

As at December 31, 2022, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P349,277 (2021 - P358,800), to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

As at December 31, 2022, ABLE deposited cash performance bonds amounting to P900, with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of total comprehensive income amounted to P3,438,210 in 2022 (2021 - P1,300,792; 2020 - P1,527,622).

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.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of total comprehensive income amounted to P1,147,689 in 2022 (2021 – P3,619; 2020 - nil).

The Group pays PAGCOR 25%-47.5% of its revenue as franchise fee.

Note 16 - 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 sublicences is recognized by FCLRC as unearned fees and recognize the revenue over time upon provision of the access to the hosting platform. Unearned fees included under "Trade and other payables" account in the consolidated statements of financial position amounted to P13,520 as at December 31, 2022 (2021 - P14,768); and

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. Unpaid CEZA fees are charged with interest of 12% per annum. CEZA fees included in "Franchise fees and taxes" account in the profit or loss amounted to P101,569 in 2022 (2021 - P142,345; 2020 - P174,156).

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's gross income tax amounted to P4,166 in 2022 (2021 - P6,657; 2020 - P8,852) (Note 22).

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.

For the year ended December 31, 2022, the Group recognized revenue related to service and hosting fees in Cagayan amounting to P351,793 (2021 - P544,381; 2020 - P800,450).

Note 17 - Costs and operating expenses

Cost and operating expenses for the years ended December 31 consist of:

	Notes	2022	2021	2020
Franchise fees and taxes	15	4,707,648	1,446,057	1,907,708
Advertising and promotion		951,863	39,168	111,022
Outside services		718,192	180,426	274,585
Salaries and other benefits		508,281	372,581	350,454
Depreciation and amortization	5,11	375,827	351,687	534,290
Rent	18	287,203	135,851	150,740
Communications and utilities		273,675	162,029	161,790
Bandwidth and co-location costs		94,556	252,754	358,731
Repairs and maintenance		70,540	53,046	36,667
Professional and directors' fees		68,404	64,936	37,848
Taxes and licenses		66,501	109,812	128,228
Transportation and travel		18,579	5,967	12,029
Others		133,022	64,187	149,204
		8,274,291	3,238,501	4,213,296

Salaries and other benefits

The details of salaries and other benefits for the years ended December 31 are as follows:

	Note	2022	2021	2020
Salaries and wages		500,218	311,434	322,556
Bonuses and allowance		35,424	1,261	-
Government-mandated employee benefits		26,374	15,203	26,375
Defined benefit retirement expense income	19	(81,333)	21,630	(15,575)
Insurance		9,005	9,333	8,909
Others		18,593	13,720	8,189
		508,281	372,581	350,454

Note 18 - Lease agreements / right-of-use assets and lease liabilities

Group as a Lessee

The Group has lease contracts for various site spaces for its operations. Leases of sites generally have lease terms between 1 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of site spaces with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statements of total comprehensive of income for the years ended December 31:

	Notes	2022	2021	2020
Depreciation and amortization expense of right-of-use assets included in property and equipment	5	194,546	177,300	220,332
Expenses relating to short-term leases		232,049	119,626	132,737
Interest expense on lease liabilities	20	95,989	39,349	49,153
Expenses relating to leases of low-value assets		55,154	16,225	18,003
Total amount recognized in the consolidated statement of total comprehensive income		577,738	352,500	420,225

Total cash outflow related to short-term and low value leases for the year ended December 31, 2022 amounted to P254,632 (2021 - P78,782).

Total cash outflows related to lease liabilities for the year ended December 31, 2022 amounted to P241,806 (2021 - P200,507).

The movements of right-of-use assets, presented under "property and equipment" account in the consolidated statements of financial position and in Note 5, for the years ended December 31 is as follows:

	2022	2021
Cost		
Balance at beginning of year	1,001,700	1,086,570
Additions	124,369	94,240
Expired leases	(108,316)	(179,110)
Balance at end of year	1,017,753	1,001,700
Accumulated amortization		
Balance at beginning of year	511,462	419,160
Amortization	194,546	151,907
Lease concession	-	96,268
Expired leases	(108,316)	(155,873)
Balance at end of year	597,692	511,462
Net book value	420,061	490,238

Expired leases pertain to the lease contracts wherein the right-of-use assets are already fully amortized, and the related lease liability is already fully paid as at and for the years ended December 31, 2022 and 2021.

The movements of lease liabilities for the years ended December 31 is as follows:

	Note	2022	2021
Balance at beginning of year		651,912	815,842
Additions		124,369	94,240
Interest expense	20	95,989	38,604
Payments		(241,807)	(200,506)
Gain on lease concession		-	(96,268)
Balance at end of year		630,463	651,912
Current portion of lease liabilities		260,511	214,983
Lease liabilities, net of current portion		369,952	436,929

i. ABLE Group entered into several lease agreements for office space, warehouse and spaces where ABLE Group's sites conduct their bingo operations. The term of the lease agreements with various lessors varies from two (2) to three (3) years with escalation clauses ranging from 3% to 5%. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis.

ii. FCLRC entered into 25-year lease agreements with the Municipality of Sta. Ana, Cagayan up to December 7, 2031, and with CEZA up to June 30, 2031, respectively, or until FCLRC serves as its Master Licensor. The lease amounts are computed on a fixed rate per square meter subject to 5% escalation every three years. FCLRC also entered into another lease contract for staff houses with a term of one (1) year. The lease amounts are generally determined on an annual basis.

iii. BCGLC Group entered into various lease agreements for its PAGCOR VIP Clubs where it conducts its operations. The lease agreements are renewable by mutual agreement of both parties generally under same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 11%.

iv. DigiPlus entered into several lease agreements for its office spaces. The term of the lease agreements with various lessors varies from three (3) to five (5) years with escalation ranging from 3% to 5%. The lease amounts are computed on a fixed rate per square meter which are generally determined on an annual basis.

v. TGXI entered into several lease agreements for the PeGS' locations and office space renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from one (1) to five (5) years with annual escalation clauses ranging from 3% to 10%.

vi. ABLGI entered into a 25-year lease agreement for a parcel of land in Sta. Cruz, Manila from January 1, 2015 to December 31, 2040. The lease amount is computed on a fixed rate per square meter subject to 5% escalation every two (2) years.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the consolidated statements of financial position as at December 31, 2022 amounted to P454,558 (2021 - P435,822) (Note 11).

Rent expense in 2022 amounting to P287,203 (2021 - P135,851; 2020 - P150,740), pertains to the expense from short-term and low value leases.

In 2020, the Group entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The impact of rent concessions amounting to P79,452 was presented in the consolidated statement of total comprehensive income as reduction in amortization expense recorded under "Cost and operating expenses".

In 2021, some of the Group's lessors provided additional rent concession in the form of lower monthly lease rates and waivers of certain months due to continuous impact of COVID-19 outbreak. The impact of rent concessions amounting to P96,268 were presented in the consolidated statements of total comprehensive income as reduction in amortization expense under “Cost and operating expenses".

Maturity analysis of the undiscounted lease payments are as follows:

	2022	2021
Within one year	257,474	250,745
Between one and five years	266,598	448,815
More than five years	219,614	17,954
	743,686	717,514

Group as lessor (finance leases)

FCLRC subleases its lease contracts for land properties within Municipality of Sta. Ana, Cagayan and CEZA to locators under two (2) 9-year sublease agreements which commenced in January 2020.

For the year ended December 31, 2022, the Group recognized revenue from finance leases amounting to P215,684 (2021 – P1,411; 2020 – P1,564).

The movements of lease receivables for the years ended December 31 is as follows:

	2022	2021
Balance at beginning of year	18,231	20,419
Finance lease income	215,684	1,411
Collections	(26,373)	(3,599)
Balance at end of year	207,542	18,231
Current portion of lease receivable	64,618	2,353
Lease receivable, net of current portion	142,924	15,878

Minimum lease receivables as at December 31 are as follows:

	2022	2021
Within one year	25,005	51,637
Between one and five years	113,162	126,880
More than five years	65,422	113,668
	203,589	292,185

Group as lessor (operating leases)

a. As an authorized representative of Munich Management Limited, a foreign corporation duly organized and registered in British Virgin Islands, BCGLC entered into an agreement with the PAGCOR for the sublease of the slot machines owned by Entertainment Gaming (Philippines), Inc., including the proprietary system of linking and networking of individual units of slot machine within the PAGCOR Club - Leisure World Bacolor located at King’s Royal Hotel and Leisure Park, Bacolor, Pampanga. The lease is for the period of three (3) years until June 30, 2016. The Company renewed the lease contract with PAGCOR until December 31, 2017. In November 2017, the lease contract was renewed until June 30, 2023 or upon exhaustion of the contract amount based on the income sharing scheme, whichever comes first.

   As a consideration, PAGCOR shall pay BCGLC monthly rent equivalent to a percentage of the slot machines’ gross revenues after deducting the players’ winnings/prizes and related taxes thereof.

b. LRLDI leases its investment properties under non-cancellable operating lease agreements. The leases are for a period ranging from two (2) to five (5) years with escalation rate ranging from 5% to 10%.

c. ABLGI leases its investment property for a period of twenty (20) years until December 31, 2034 with escalation rate of 3% every three years. The lessee may pre-terminate the lease agreement without obligation to pay termination costs.

In 2019, upon adoption of PFRS 16 for FCLRC and inception of the sublease contract for LRLDI, these subleases were classified as finance leases and the related ROU assets were derecognized. As at December 31, 2022, lease receivables amounted to P156,986 (2021 - P18,231).

Total rental income recognized in the consolidated statements of total comprehensive income amounted to P385,225 in 2022 (2021 - P260.673; 2020 - P267,176).

For the year ended December 31, 2022, revenue from sub-lease recognized in the consolidated statements of total comprehensive income amounts to P4,892 (2021 - P108,472; 2020 - nil).

Note 19 - Retirement benefits

The Group's actuarial valuations are obtained on a periodic basis. The retirement benefits are determined using the projected unit credit method.

The retirement benefits of ABLE are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Effective January 1, 2022, the Group changed it's retirement plan provisions. Under the provisions of the retirement plan, the mandatory retirement age is sixty-five (65), with at least five (5) years of service and the retirement benefit is equal to one half of final salary per year of credited service. The computation of the on-half month's salary shall be consistent with the definition set forth under the Republic Act 7641 or the Philippine Retirement Law.

Under the provisions of the retirement plan effective until December 31, 2021, the mandatory retirement age is sixty-five (65), with at least ten (10) years of service and the retirement benefit is equal to two hundred percent (200%) of the plan salary per year of credited service.

The Group's latest actuarial valuation reports are dated December 31, 2022. The following tables summarize the components of retirement expense for ABLE and FCLRC recognized in the consolidated statement of total comprehensive income:

Retirement expense

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current service cost	3,783	14,900	14,791	225	875	1,912	4,008	15,775	16,703
Past service cost (credit)	(83,176)	-	(41,688)	(3,744)	-	-	(86,920)	-	(41,688)
Interest cost on defined benefit obligation	2,224	5,615	8,873	119	240	537	2,343	5,855	9,410
Settlement gain	(223)	-	-	(541)	-	-	(764)	-	-
Net retirement (income) expense	(77,392)	20,515	(18,024)	(7,341)	1,115	2,449	(81,333)	21,630	(15,575)

The total retirement income of ABLE and FCLRC for the year ended December 31, 2022 amounted to P81,333 (2021-P21,630 retirement expense; 2020-P15,575).

Changes in present value of defined benefit obligation

	ABLE		FCLRC		TOTAL	
	2022	2021	2022	2021	2022	2021
Present value of defined benefit obligation at beginning of year	126,194	140,854	6,075	5,954	132,269	146,808
Current service cost	3,783	14,900	225	875	4,008	15,775
Past service income	(83,176)	-	(3,744)	-	(86,920)	-
Interest cost	2,224	5,615	119	240	2,343	5,855
Actuarial loss/(gain)	2,778	(33,739)	964	(944)	3,742	(34,683)
Settlement (gain) loss	(223)	-	(541)	-	(764)	-
Benefits paid	-	(1,436)	(1,601)	(50)	(1,601)	(1,486)
Present value of defined benefit obligation at end of year	51,580	126,194	1,497	6,075	53,077	132,269

The change in the provisions of the plan in 2022 resulted in the past service income recognized amounting to P86,920 (2021 and 2020 - nil).

As at December 31, 2022, the total retirement benefits liability amounted to P53,077 (2021 - P132,269).

The movement in retirement benefits reserve taken up under other comprehensive income and consolidated statements of changes in equity are as follows:

	ABLE			FCLRC			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Remeasurement loss (gain)									
- on change in financial assumptions	(6,020)	(25,128)	25,413	(141)	(620)	463	(6,161)	(25,748)	25,876
- on experience adjustments	1,334	(8,611)	(11,962)	800	(324)	(8,097)	2,134	(8,935)	(20,059)
- on demographic assumptions	7,464	-	-	305	-	-	7,769	-	-
	2,778	(33,739)	13,451	964	(944)	(7,634)	3,742	(34,683)	5,817

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2022	2021	2022	2021
Discount rate	7.30%	5.17%	7.30%	5.12%
Future salary increases	5.00%	4.00%	5.00%	4.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2022	2021	2022	2021
Average expected future service years	6.00	8.00	12.00	11.00

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	ABLE		FCLRC	
	1% increase	1% decrease	1% increase	1% decrease
December 31, 2022				
Discount rate	(5,571)	6,495	(135)	160
Future salary growth	6,581	(5,734)	162	(139)
December 31, 2021				
Discount rate	(108,737)	147,187	(502)	598
Future salary growth	147,916	(107,891)	633	(542)

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table. Assumptions for disability rates are based on the 2013 SSS Total Disability Rates (Baseline Scenario). Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit obligation is exposed to actuarial risks such as longevity risk and interest rate risk.

Funding

The Group does not have a formal retirement plan. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

Asset-liability matching

The Group has no plan assets to match against liabilities under the retirement obligation.

Maturity analysis of the benefit payments is as follows:

	Carrying amount	Contractual Cash flows	Within 1 year	Within 1-5 years	More than 5 years
As at December 31, 2022					
ABLE	51,580	384,322	2,783	6,143	375,396
FCLRC	1,497	10,511	527	-	9,984
	53,077	394,833	3,310	6,143	385,380
As at December 31, 2021					
ABLE	126,194	844,696	217	6,221	838,258
FCLRC	6,075	30,567	1,041	2,233	27,293
	132,269	875,263	1,258	8,454	865,551

Note 20 - Finance income/finance expense/other income

Finance income for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest income on cash in banks	2	2,769	1,268	1,282
Interest income on receivables from TCAMI	8	46,178	-	23,357
Finance lease income	18	215,684	1,411	1,564
		264,631	2,679	26,203

Finance expense for the years ended December 31 consists of:

	Notes	2022	2021	2020
Interest expense on loans payable	13	271,118	185,182	254,712
Interest expense on lease liabilities	18	95,989	39,349	49,153
Others		9,598	23,199	8,943
		376,705	247,730	312,808

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLGI with BDO. The Group recognized amortization of transaction costs amounting to P10,205 for the year ended December 31, 2022 (2021 - P11,132; 2020 - P11,132) (Note 13).

The Group recognized gain on lease concession amounting to P3,969 for ABLGI resulting from forgiveness of rental payments from April 2020 up to March 2021. The gain is recognized as deduction in interest expense on lease liabilities.

Other income, net for the years ended December 31 consists of:

	Note	2022	2021	2020
Finance charges		(12,705)	(2,570)	(2,859)
Gain on reversal of liabilities	12	42,940	-	-
Marketing allowance		-	-	5,660
Application fee income		-	-	4,619
Others, net		(1,209)	4,176	4,748
		29,026	1,606	12,168

Marketing allowance refers to the payments made by e-bingo machine vendors to the Group used to finance marketing expenses of the Group (e.g. advertisement, etc.).

Others, net mainly consists of other income from the Group's investment, professional fee and replacement fee for lost bingo cards.

Note 21 - Related party disclosures

The table below summarizes the Group's transactions and balances with its related parties as at and for the years ended December 31:

		2022		2021	
Nature of transaction	Terms and conditions	Amount of transaction	Outstanding receivables (payables)	Amount of transaction	Outstanding receivables (payables)
a) Advances	These pertain to cash advances provided by the Group to its related parties that are due and demandable, non-interest bearing and to be settled in cash. The advance to a stockholder is presented as current assets in the statements of financial position. The advance to an individual stockholder is presented as part of receivables, net in the statements of financial position (Note 3).				
Stockholder		-	157,156	-	157,156
Individual stockholder		-	53,106	-	53,106
		-	210,262	-	210,262
b) Receivables and advances	Refer to Notes 3 and 7 for the details.				
Joint venture		118,652	118,652	-	-
Associate		-	87,127	-	107,810
		118,652	205,779		107,810

Advances to stockholder consist mainly of advances for working capital requirements to Cyberpoint Holdings and Management Corporation (CHMC), a holding company which owns 3.7% of DigiPlus' outstanding shares.

Advances to an individual stockholder is unsecured, noninterest-bearing advances and collectible on demand.

All intra-group balances, transactions, including income and expenses and profits and losses resulting from intra-group transactions are eliminated. Intergroup balances and transactions before eliminations amounted to P6,830,190 in 2022 (2021 - P9,984,309).

All intragroup transactions are eliminated during consolidation are unsecured, non-interest bearing and payable on demand. Related party transactions are to be settled in cash.

There are no collaterals held or guarantees issued with respect to related party transactions and balances.

For the years ended December 31, the details of key management and directors' compensation representing short-term benefits are as follows:

	2022	2021	2020
Salaries and employee benefits	69,104	60,454	56,864
Directors' fees	6,547	3,490	6,920

Note 22 - Income taxes

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in a newspaper of general circulation on April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Group has been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company in 2020 is 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as at December 31, 2020, amounting to P7,531 and P1,941, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

The components of the Group's income tax expense are as follows:

	2022	2021	2020
Current tax expense	8,212	8,415	20,580
Deferred tax expense	(169,419)	(25,539)	81,277
	(161,207)	(17,124)	101,857

The Group's income tax expense consists of the 30% regular corporate income tax and the 5% gross income tax on FCLRC and FCCDCI's operations with CSEZFP and LRLDI operations (Note 16).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2022	2021	2020
Income (loss) before income tax	525,650	(911,747)	(1,236,238)
Income tax (benefit) using statutory tax rate 25% (2020 - 30%)	131,413	(273,524)	(370,871)
Additions to (reductions in) income taxes resulting from tax effects of:			
Non-deductible expenses	2,463,737	2,297,085	3,036,677
Income exempt from income tax	(2,584,473)	(2,238,497)	(2,688,262)
Expired NOLCO	-	165,326	147,298
Change in unrecognized deferred tax assets	-	(6,555)	(53,077)
Equity in net loss of joint ventures	24,510	74,093	30,732
Interest income subject to final tax	(548)	(804)	(854)
Change in deferred tax accounts	(195,846)	-	-
Equity in net loss of associates	-	-	214
	(161,207)	17,124	101,857

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2022	2021
Unrealized gain on changes in fair value of investment properties	1,434,773	1,594,431
Accrued rental income	3,480	1,048
Unamortized transaction cost	-	6,401
Unrealized gain on foreign exchange differences	-	2,222
Others	5,930	9,500
	1,444,183	1,613,602

Movements of DIT liabilities for the years ended December 31 are as follows:

	2022	2021
As at January 1	1,613,602	1,639,141
Recognized in profit or loss	(169,419)	(25,539)
	1,444,183	1,613,602

As at December 31, the Group's unrecognized deferred tax assets pertain to the following items:

	2022	2021
NOLCO	263,705	24,701
Lease liabilities	123,495	36,393
Allowance for impairment loss	19,783	35,558
Retirement benefits liability	4,611	17,160
Unrealized loss on foreign exchange differences	835	2,987
MCIT	727	720
Unearned revenue	531	4,430
	413,687	121,949

Deferred tax assets were not recognized since management believes it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Group has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are shown below:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	403,809	-	403,809	December 31, 2025
2021	311,119	-	311,119	December 31, 2026
2020	339,892	-	339,892	December 31, 2025
2019	737,523	(737,523)	-	December 31, 2022
	1,792,343	(737,523)	1,054,820	

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25- 2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2021 and 2022 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next 3 consecutive taxable years.

The details of MCIT which can be claimed as credit against future RCIT liabilities are as follows:

Year incurred	Amount	Expired/applied	Balance	Expiry date
2022	29	-	29	December 31, 2025
2021	171	-	171	December 31, 2024
2020	527	-	527	December 31, 2023
2019	22	(22)	-	December 31, 2022
	749	(22)	727	

On April 23, 2013, the BIR issued Revenue Memorandum Circular (RMC) 33-2013 clarifying the taxability of PAGCOR, its contractees and licensees. Pursuant to Section 1 of Republic Act No. 9337, amending Section 27 (C) of the National Internal Revenue Code (NIRC), as amended, effective November 1, 2005, PAGCOR is no longer exempt from corporate income tax as it has been effectively omitted from the list of government-owned or controlled corporations that are exempt from income tax. Accordingly, PAGCOR and its contractees and licensees' income from its operations and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, and other related operations are subject to corporate income tax under the NIRC, as amended.

Until March 31, 2013, in accordance with PAGCOR's directives, ABLE continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% franchise tax.

On July 9, 2013, a memorandum was issued by PAGCOR to all its bingo contractees and grantees clarifying that they are no longer subject to the 5% franchise tax, and are subject to the corporate income tax, instead. In compliance with the said RMC, ABLE has changed to corporate income tax as its basis for determining the tax expense starting second quarter of 2013.

On December 10, 2014, a resolution in favor of PAGCOR was rendered by the Supreme Court regarding the change from franchise tax to corporate income tax. The resolution pertains only to PAGCOR and not to its grantees and contractees.

The Group made legal opinion on the implications of the Supreme Court's decision in the case of Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue in relation to the contract entered by PIKI, BCGLC and HEPI with PAGCOR. These components of the Group are duly organized and existing under the laws of the Philippines having existing agreements with PAGCOR.
The Group determined its income taxes on these components on the premise that the results from casino operations are no longer subject to regular income taxes in pursuant to Sec 13(2) of Presidential Decree 1869 (PAGCOR Charter) which states that "the five (5%) percent franchise tax of the gross revenue or earnings derived by PAGCOR and all its contractees and licensees shall be due and payable quarterly to the National Government and shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority".

The Group assessed that it is exempt from the corporate income tax on these components pursuant to the Supreme Court's decision to a tax case which categorically held PAGCOR and its contractees and licensees exempt from the payment of corporate income tax and other taxes.

Effective January 1, 2018, in accordance with the Amendments to the Regulatory Manual issued by PAGCOR on April 6, 2018, ABLE and its subsidiaries, as a licensee of PAGCOR, is exempt from all taxes and is only subject to 5% franchise tax on revenues from bingo gaming operations pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487.

Note 23 - 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 network and license group, casino group, retail group and investment 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 PAGCOR eGames Station (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 in 2022 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	356,595	341,251	8,163,770	43,974	-	-	8,905,590
Cost and operating expenses	(247,161)	(188,505)	(7,169,270)	(44,711)	(248,817)	-	(7,898,464)
EBITDA	109,434	152,746	994,500	(737)	(248,817)	-	1,007,126
Depreciation and amortization	(22,800)	(146,196)	(200,624)	(3,595)	(2,612)	-	(375,827)
Finance expense	(6,690)	(18,738)	(116,774)	(225,819)	(8,684)	-	(376,705)
Unrealized gains on changes in fair values of investment properties, net	2,230	-	-	295,542	-	-	297,772
Impairment loss on financial assets	-	(83,497)	(24,225)	-	(10,793)	-	(118,515)
Impairment loss on non-financial assets	(832)	-	(5,382)	(2,464)	23	-	(8,655)
Equity in net earnings of a joint venture	(19,625)	-	-	-	(48,058)	19,625	(48,058)
Provision for probable losses	-	-	-	-	(18,803)	-	(18,803)
Finance income	207,440	32	442	48,392	61	-	256,367
Foreign exchange loss, net	(2,222)	(3,855)	(5,469)	(114,670)	(174)	-	(126,390)
Other income (expense), net	(2,524)	42,889	(10,046)	(42)	7,061	-	37,338
Income tax	(4,166)	(1,446)	-	166,819	-	-	161,207
Net income	260,245	(58,065)	632,422	163,426	(330,796)	19,625	686,857
Other information							
Total assets	2,504,368	1,623,276	2,644,296	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,825,142	1,804,411	2,517,178	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	929	18,403	105,053	3,340	5,514	-	133,239

Analysis of financial information by business segment in 2021 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	559,415	204,758	1,995,973	45,824	-	-	2,805,970
Cost and operating expenses	(481,004)	(160,007)	(1,988,096)	(79,026)	(178,681)	-	(2,886,814)
EBITDA	78,411	44,751	7,877	(33,202)	(178,681)	-	(80,844)
Depreciation and amortization	(29,474)	(151,012)	(148,729)	(4,152)	(18,319)	-	(351,687)
Finance expense	(7,545)	(36,611)	(70,145)	(115,068)	(18,362)	-	(247,730)
Unrealized gains on changes in fair values of investment properties, net	815	-	-	14,926	-	-	15,741
Impairment loss on financial assets	(151,108)	-	-	-	(912)	-	(152,020)
Impairment loss on non-financial assets	(8,116)	(5)	(8,803)	(10,846)	-	-	(27,770)
Equity in net earnings of a joint venture	(176,100)	-	(2,048)	(1)	4,347	118,043	(55,759)
Gain (loss) on sale of an asset	-	-	-	-	-	-	-
Finance income	1,458	9	100	4	1,108	-	2,679
Foreign exchange loss, net	(13,720)	(1,602)	(631)	-	(9)	-	(15,962)
Equity in net earnings of associates	-	-	-	-	-	-	-
Other income (expense), net	3,089	384	(1,909)	42	-	-	1,606
Remeasurements of defined benefit liability, net of tax	-	-	-	-	-	42,866	42,866
Unrealized gain on investment in FVOCI	-	-	-	-	(59,049)	-	(59,049)
Income tax	(6,725)	(1,758)	-	25,607	-	-	17,124
Total comprehensive income (loss)	(309,016)	(145,844)	(224,288)	(122,690)	(269,877)	160,909	(910,806)
Other information							
Segment assets	3,606,387	1,388,659	2,315,691	14,369,645	6,105,267	(11,418,294)	16,367,355
Investments and advances	50,092	-	136,459	1,059,059	4,847,713	(3,865,948)	2,227,375
Total assets	3,656,479	1,388,659	2,452,149	15,428,704	10,952,980	(15,284,242)	18,594,730
Total liabilities	2,656,622	1,635,851	3,043,051	8,822,125	4,618,271	(11,865,759)	8,910,161
Capital expenditures	177	748	966	12	33	-	1,936

Analysis of financial information by business segment in 2020 is as follows:

	Network and License Group	Casino Group	Retail Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	806,090	344,599	2,404,143	28,488	-	-	3,583,320
Cost and operating expenses	(653,518)	(326,622)	(2,491,233)	(46,294)	(161,339)	-	(3,679,006)
EBITDA	152,572	17,977	(87,090)	(17,806)	(161,339)	-	(95,686)
Depreciation and amortization	(43,972)	(157,226)	(300,979)	(4,270)	(27,843)	-	(534,290)
Finance expense	(9,029)	(27,362)	(91,011)	(169,452)	(15,954)	-	(312,808)
Unrealized gains on changes in fair values of investment properties, net	1,130	-	-	281,185	-	-	282,315
Impairment loss on financial assets	(101,670)	(518)	(44,341)	-	(94,139)	-	(240,668)
Impairment loss on non-financial assets	-	(1,525)	(51,775)	-	-	(164,792)	(218,092)
Equity in net earnings of a joint venture	-	–	-	-	(102,440)	-	(102,440)
Gain (loss) on sale of an asset	(52,329)	-	4,895	-	-	-	(47,434)
Finance income	1,703	120	458	23,849	73	-	26,203
Foreign exchange loss, net	(29,539)	96	(70)	24,720	1	-	(4,792)
Equity in net earnings of associates	(69,635)	-	(714)	-	-	69,635	(714)
Other income (expense), net	4,380	75	10,530	(31)	(72)	(2,715)	12,168
Remeasurements of defined benefit liability, net of tax	7,634	-	(14,162)	-	-	-	(6,529)
Unrealized gain on investment in FVOCI	-	-	-	-	5,905	-	5,905
Income tax	(12,518)	(1,967)	-	(87,572)	200	-	(101,857)
Total comprehensive income (loss)	(151,273)	(170,330)	(574,259)	50,623	(395,608)	(97,872)	(1,338,719)
Other information							
Segment assets	3,347,271	1,596,313	2,378,736	12,185,198	4,118,095	(7,258,258)	16,367,355
Investments and advances	214,518	-	104,799	1,058,397	4,841,174	(3,991,513)	2,227,375
Total assets	3,561,789	1,596,313	2,483,535	13,243,595	8,959,269	(11,249,771)	18,594,730
Total liabilities	2,279,925	1,697,553	2,856,679	7,969,088	2,335,624	(8,228,708)	8,910,161
Capital expenditures	3,609	15,225	18,184	246	655	-	37,919

There were no intersegment sales recognized among reportable segments in 2022, 2021 and 2020. 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 24 - 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 25 - Critical accounting estimates and assumptions

Use of estimates and judgment

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

25.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of lease term of contracts with renewal and termination options - Group as a lessee.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as significant number of the lease agreements can be renewed only upon mutual agreement by both parties.

Determination and classification of joint arrangement

The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD and joint control over the joint venture.

Distinction between investment property and property and equipment

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Recoverability of property and equipment

The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For the Group's impaired property and equipment in 2020, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group assessed that the carrying amount of property and equipment as at and for the years ended December 31, 2022 and 2021 are fully recoverable. The Group recognized impairment loss in 2020 on its property and equipment amounting to P18,333 presented as part of the other expenses and losses, net in the consolidated statements of total comprehensive income. The carrying value of the Group's property and equipment amounted to P1,076,596 as at December 31, 2022 (2021 - P1,191,770) (Note 5).

Recoverability of investment in joint venture

The Group assess recoverability of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

The COVID-19 pandemic significantly affected HEPI's operations and substantially reduced the of guests and reduced room rates in its hotels, consequently impacting Group's share in net losses of HEPI. In 2022 and 2021, with the ease of quarantine restrictions, HEPI shown recovery in terms of reduced net losses.

Based on the assessment, the Group assessed that the investment in joint venture as at and for the years ended December 31, 2022 and 2021 is not impaired. The carrying value of the Group's investment in HEPI amounted to P1,522,302 as at December 31, 2022 (2021 - P1,042,911) (Note 7).

Estimating realizability of deferred tax assets.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The Group's unrecognized deferred tax assets amounted to P413,687 in 2022 (2021 - P121,949) (Note 22).

25.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 6.

Investment properties amounted to P10,942,553 as at December 31, 2022 (2021 - P10,644,781). Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to P297,772 in 2022 (2021 - P15,741 gain; 2020 - P283,315 gain) (Note 6).

Impairment of goodwill

Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units. As at December 31, 2022 and 2021, the carrying amounts of goodwill amounted to P1,329,092 (Note 10).

Expected credit loss - Receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Group also evaluates specific account of customers and other counterparties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the debtor's payment history and the result of the Group's follow-up action to recover overdue debts.

Any change in the Group's assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

As at December 31, 2022, the Group recognized an allowance for impairment of receivables amounting to P590,640 (2021 - P472,125). Management believes that the recorded allowance is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

Estimating provisions and contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group's estimates of the probable costs for the resolution of its obligations have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. In 2022, the Group has recognized a provision probable losses amounting to P18,803(Note 24).

Leases - Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to P630,463 as at December 31, 2022 (2021 - P651,911) (Note 18).

Estimating retirement benefits liability

The cost of defined benefit pension plans and other postemployment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2022, retirement benefits liability amounted to P53,077 (2021 - P132,269) (Note 19).

Note 26 - Financial risk and capital management objectives and policies

26.1 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.

26.2 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 December 31, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Notes	2022	2021
Cash and cash equivalents	2	1,285,179	369,509
Receivables, current portion, net	3	1,086,372	924,490
Receivables, non-current portion, net	8	425,308	452,053
Advances	7	1,251,083	1,184,464
Lease receivables	18	207,542	18,231
Rental deposits	11	454,558	435,822
Cash performance bonds	11	394,427	403,950
Performance cash deposits	11	32,450	32,450
Due from related parties	21	157,156	157,156
		5,294,075	3,978,125
FVOCI	9	78,513	53,582
		5,372,588	4,031,707

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P71,302 as at December 31, 2022 (2021 - P47,015).

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 P741,502 as at December 31, 2022 (2021 – P617,431) (Notes 3 and 8).

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 December 31:

	2022					
	Current	30 days	60 days	90 days and above	ECL	Total
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

	2021					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	369,509	-	-	-	-	369,509
Receivables, current portion, net	1,396,615	-	-	-	(472,125)	924,490
Receivables, non-current portion, net	452,053	-	-	-	-	452,053
Advances	1,329,770	-	-	-	(145,306)	1,184,464
Lease receivables	18,231	-	-	-	-	18,231
Rental deposits	435,822					435,822
Cash performance bonds	403,950	-	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	-	32,450
Due from related parties	157,156					157,156
Financial assets at FVOCI	53,582	-	-	-	-	53,582
	4,649,138	-	-	-	(617,431)	4,031,707

Credit risk under general and simplified approach

	2022				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
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

	2021				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	369,509	-	-	-	369,509
Receivables, current portion, net	-	-	-	924,490	924,490
Receivables, non-current portion, net	-	-	-	452,053	452,053
Advances	1,184,464	-	-	-	1,184,464
Lease receivables	-	-	-	18,231	18,231
Rental deposits	435,822	-	-	-	435,822
Cash performance bonds	403,950	-	-	-	403,950
Performance cash deposits	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	53,582	-	-	-	53,582
	2,636,933	-	-	1,394,774	4,031,707

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 December 31:

	2022					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
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

	2021					
	Days past due					
	Current	<30 days	30-90 days	More than 90 days	Credit impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	548,078	76,359	20,545	749,792	472,125	1,866,899
Expected credit loss	-	-	-	-	472,125	472,125
	548,078	76,359	20,545	749,792	-	1,394,774

26.3 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 December 31, 2022, there are no commitments under the line of credit (2021 - P1,115,000). As at December 31, 2022, there were no amounts drawn against the line of credit (2021 - P983,013). All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (Note 13).

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

	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	501,726
Deposits	81,516	81,516	-	-	81,516
	6,219,726	6,219,726	5,636,484	128,737	583,242

	2021				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-5 years
Trade and other payables	1,613,695	1,613,695	1,613,695	-	-
Short-term and long-term loans payable	4,465,643	4,465,643	1,255,796	368,885	2,840,962
Lease liabilities	651,912	651,912	65,760	67,362	518,790
Deposits	88,473	88,473	-	-	88,473
	6,819,723	6,819,723	2,935,251	436,247	3,448,225

Trade and other payables exclude payable to government agencies and contract liabilities as at December 31, 2022 amounting to P57,724 and 166,528, respectively (2021 – 20,201 and 14,768, respectively).

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from the deferral of principal and interest payments of loans and issuance of shares through a new private placement.

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. As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (Note 1).

To further improve the results of operations and address the cashflow requirements, a new business line, was launched in January 2022. On November 22, 2021, the BOD authorized to issue shares of up to 1.5 billion common shares from the unissued capital stock through a private placement. On March 7, 2022, the BOD approved a private placement of DigiPlus' unissued capital stock of 1.2 billion common shares at an issue price of P1.65 per share or a total of P2.1 billion (Note 1).

26.4 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 that 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.

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2022		2021	
	In USD	In PHP	In USD	In PHP
Cash in banks	50	2,888	366	18,061
Trade receivables	7,230	417,569	13,242	652,572
Rental deposits	400	23,102	400	19,690
Trade and other payables	(1,772)	(102,351)	(3,364)	(165,799)
Net assets	5,908	341,208	10,644	524,524

The exchange rate used to translate the net assets in foreign currency as at December 31, 2022 is P57.76 (2021 - P51).

The Group's foreign exchange (loss) for the years ended December 31 are as follows:

	2022	2021	2020
Realized loss	(7,540)	(3,322)	-
Unrealized loss	(118,850)	(12,640)	(4,792)
	(126,390)	(15,962)	(4,792)

Sensitivity analysis

A 2% weakening of the Philippine peso against the US dollars would have increased equity and net income by P6,825 (2021 - increased equity and net income by P9,220).

A 2% strengthening of the Philippine peso against the US dollars as at December 31, 2022 and 2021 would have had the equal but opposite effect, on the basis that all other variables remain constant.

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 2022 and 2021.

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31 follows:

Change in interest rates (in basis points)	2022	2021
300bp rise	(87,067)	(123,923)
225bp rise	(65,300)	(92,942)
300bp fall	87,067	123,923
225bp fall	65,300	92,942

100 basis point is equivalent to 1%.

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 (Note 9).

The effect on equity, as a result of a possible change in the fair value of the Group's equity instruments held as FVOCI as at December 31, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Change in interest rates (in basis points)	2022	2021
Increase by 10%	7,851	11,263
Increase by 5%	3,926	5,631
Decrease by 10%	(7,851)	(11,263)
Decrease by 5%	(3,926)	(5,631)

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 December 31, 2021 and 2021. The fair value is under Level 1 of the fair value hierarchy.

26.5 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 BOD also monitors the level of dividends to shareholders.

	2022	2021
Profit (loss) before income tax	525,650	(911,747)
Total average equity	11,345,647	10,119,977
	4.63%	(9.00%)

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 December 31, 2022 and 2021.

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.

Note 27 - Notes to consolidated statement of cash flows

The changes in the Group's liabilities arising from financing activities are as follows:

	Note	January 1, 2022	Cash flows	Noncash changes	December 31, 2022
Short term loans	13	1,057,607	(940,868)	-	116,739
Long term loans	13	3,408,036	(372,012)	124,877	3,160,901
Lease liabilities	18	651,912	(241,806)	95,989	506,095
Total liabilities from financing activities		5,117,555	(1,554,686)	220,866	3,783,735

	Note	January 1, 2021	Cash flows	Noncash changes	December 31, 2021
Short term loans	13	983,013	74,594	-	1,057,607
Long term loans	13	3,147,745	249,159	11,132	3,408,036
Lease liabilities	18	815,842	(203,279)	39,349	651,912
Total liabilities from financing activities		4,946,600	120,474	50,481	5,117,555

	Note	January 1, 2020	Cash flows	Noncash changes	December 31, 2020
Short term loans	13	893,893	89,120	-	983,013
Long term loans	13	2,995,958	165,375	(13,588)	3,147,745
Lease liabilities	18	781,777	(246,997)	281,063	815,843
Total liabilities from financing activities		4,671,628	7,498	267,475	4,946,601

The non-cash changes are disclosed in the specific notes.

Note 28 - Summary of significant accounting policies

28.1 Basis of preparation and presentation

The 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 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.

Statement of compliance

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

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 25.

28.2 Changes of accounting policies and disclosures

New standards, amendments and interpretations adopted by the Group

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Group in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Group.

- PFRS 3: Reference to the Conceptual Framework

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

  The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

  At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendment does not have a material impact on the consolidated financial statements.

- PAS 16: Property, Plant and Equipment - Proceeds before Intended Use

  The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment does not have a material impact on the consolidated financial statements.

- Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. On January 1, 2022, the Group applied these amendments to contracts for which it has not yet fulfilled all its obligations.

- Annual Amendments PFRS 2018-2020 Cycle – Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments do not have a material impact to the Group.

- Annual Amendments PFRS 2018-2020 Cycle - PFRS 9 Financial Instruments - Fees in 10% est for Derecognition of Financial Liabilities

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

  An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. In January 1, 2022, the Group applied the amendments to financial liabilities that are modified or exchanged. The amendments do not have a material impact to the Group.

New standards, amendments or interpretations issued but not yet effective

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

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

  Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

  - the definition of right to defer settlement;
  - that a right to defer must exist at the end of the reporting period;
  - that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

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

  The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

  - A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Group's financial statements.

28.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of LWRC and its subsidiaries as at December 31 each year and for the years then ended. 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 consolidated financial statements include the financial statements of the Group and the following subsidiaries as at December 31, 2022 and 2021:

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.

The following table summarizes the information relating to the Group entities with material NCI, before intra-group eliminations:

	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
December 31, 2022					
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	16,759	2,031,393	61	140,716	2,188,929
Noncurrent assets	1,902	297,533	33	93,465	392,933
Current liabilities	(29,306)	(912,650)	(87,144)	(193,912)	(1,223,012)
Noncurrent liabilities	(2,240)	(82,453)	-	(72,494)	(157,187)
Net assets (liabilities)	(12,885)	1,333,823	(87,050)	(32,225)	1,201,663
Carrying amount of non controlling interests	(2,577)	404,415	(34,820)	(13,596)	353,422
Revenue	6,724	242,096		107,865	356,685
Net income (loss) for the year	(990)	301,647		(32,148)	268,509
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(990)	301,647		(32,148)	268,509
Net income (loss) allocated to non-controlling interests	(198)	91,459		(13,563)	77,698
Other comprehensive income allocated to non-controlling interests	-	-	-	-	-
Cash flows from operating activities	(3,482)	39,554	-	8,357	44,429
Cash flows from (used in) investment activities	-	-	-	(929)	(929)
Cash flows used in financing activities	-	(19,410)	-	(558)	(19,968)
Net decrease in cash	(3,482)	20,144	-	6,870	23,532
December 31, 2021					
	LRDCSI	**FCLRC**	**BBL**	**FCCDCI**	**Grand Total**
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	169,895	2,776,263	61	409,480	3,353,346
Noncurrent assets	2,435	176,478	33	121,927	303,226
Current liabilities	(184,085)	(1,849,662)	(87,144)	(450,691)	(2,579,010)
Noncurrent liabilities	(261)	(99,898)	-	(72,024)	(164,756)
Net assets (liabilities)	(12,017)	1,003,181	(87,050)	8,692	912,807
Carrying amount of non controlling interests	(2,403)	304,164	(34,820)	3,667	270,608
Revenue	53,137	292,569	-	213,710	559,416
Net loss for the year	(36,802)	(52,088)	-	(220,127)	(309,017)
Other comprehensive income	-	944	-	-	944
Total comprehensive loss	(36,802)	(51,144)	-	(220,127)	(308,073)
Net income (loss) allocated to non-controlling interests	1,445	24,252	-	(92,872)	(67,174)
Other comprehensive income allocated to non-controlling interests	-	286	-	-	286
Cash flows from operating activities	(14,190)	421,228	-	16,562	423,600
Cash flows from (used in) investment activities	-	(413,133)	-	(20,437)	(433,570)
Cash flows used in financing activities	-	(13,165)	-	(14,079)	(27,244)
Net decrease in cash	(14,190)	(5,070)	-	(17,954)	(37,214)

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 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 consolidated financial statements also include the following indirect subsidiaries owned through ABLE as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership 2022	2021	Country of incorporation
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
Gamexperience 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 26th Floor West Tower, PSE Center, Exchange Road, Ortigas Center, Brgy. San Antonio, Pasig City.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at December 31, 2022 and 2021:

Subsidiaries	Percentage of Ownership	Country of incorporation
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
G-Boracay Beta Holdings Inc. (GBBHI)	100	Philippines
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.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

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 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, ABLE resumed its sites' operations.

TGXI's principal office is at W-1801A, 18th Flr., West Tower, PSE-C, Exchange Rd., Ortigas Center, Pasig 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 portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. DigiPlus owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides 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. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

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 16).

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.

28.4 Financial assets

Classification and presentation

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group has cash, receivables, due from related parties and rent deposits (included in "Other noncurrent assets" account in the Group statement of financial position) classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as financial asset at FVPL.

Recognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Measurement

At initial recognition, the Group measures a financial asset at amortized cost, FVOCI and fair value through profit or loss (FVPL). In the case of a financial asset at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at amortized cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income. The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits (Note 26).

Financial assets designated at FVOCI (equity instruments)

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends are recognized as other income in the Group statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition

A financial asset (or, where applicable., a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and

- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

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

For cash in banks, receivables, due from related parties and rent deposits. the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL. depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

28.5 Financial liabilities

Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities include trade and other payables (excluding payables to government agencies for value-added tax, withholding and other taxes), short-term and long-term loans payable, accrued expenses and other payables, due to related parties and lease liability.

Initial recognition and subsequent measurement

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

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Loans payable measured net of directly attributable transaction costs.

Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the Group statement of total comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Group statement of total comprehensive income.

28.6 Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity:
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer‘s own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments: or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately. with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part. The amount separately determined as the fair value of the liability component on the date of issue.

28.7 Determination of fair value

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

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

The Group's FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

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

28.8 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparties.

29.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

28.10 Receivables

Trade receivables arising from services with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Note 25.2.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers). Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

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

28.11 Prepaid expenses and other current assets

Prepayments are recognized in the consolidated statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the consolidated statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

28.12 Investments and advances

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Joint arrangements

Under PFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group does not have arrangements classified as joint operations.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 26.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

28.13 Property and equipment

Property and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is recognized at fair value based on periodic, but at least triennial, valuations by external independent valuers. A revaluation surplus is credited to other comprehensive income in the statement of shareholders' equity. Land is not depreciated.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e.. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses. and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of-use assets are depreciated on a straight - line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation on other assets is computed on the straight-line method to allocate
the cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Asset	Number of years
Leasehold improvements	5 or term of the lease, whichever is shorter
Aircraft and transportation equipment	5-15
Gaming equipment	5
Office furniture, fixtures, and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1-25

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their accumulated depreciation are removed from the disposal accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

28.14 Investment properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date.

The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

28.15 Lease rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

28.16 Business combination

The Group applies the purchase or acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

28.17 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of total comprehensive income.

28.18 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, and equipment, lease rights, and investment properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

28.19 Trade payables and other current liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

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

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

28.20 Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Loans payable are derecognized when the obligation is settled, paid or discharged.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

28.21 Provisions

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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

28.22 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

28.23 Deposit for future stock subscription

Deposits for future stock subscriptions represent cash receipts to be applied as payment for additional subscription of unissued shares or shares from an increase in authorized capital stock, outstanding subscriptions receivables, or additional paid-in capital, and are reported as a separate line item in the consolidated statement of financial position upon compliance with the requirements of the Philippine SEC.

The Group classifies deposits for future stocks subscriptions under equity as a separate account from capital stock if, and only if, all of the following elements are present as of the end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of said proposed increase has been presented for filing or has been filed with the Philippine SEC.

If any of the foregoing elements are not present, the deposit is recognized as a liability.

28.24 Equity

Capital stock

Common and preferred shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Additional paid-in capital

Any amount received by the Group in excess of par value of the Parent Company's shares is credited to Additional paidoin capital which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate code.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to the additional paid in capital in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair value reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

Foreign currency translation reserve

The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine Peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

28.25 Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

The diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

The Group has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

28.26 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Bingo games

- Online traditional bingo - Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.
- Electronic bingo games- Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts and share of machine vendors
- Traditional bingo, rapid bingo and pull tabs - Revenue from these bingo games is satisfied at a point in time and are recognized upon sale of bingo cards.

Electronic games

Revenue from these bingo games is satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues are net of payouts.

Rental income and revenue from sub-lease

Rent income from investment properties and revenue from sub-lease is recognized on a straight-line basis over the term of the lease.

Service and hosting fees

Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations

Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

Commission income

Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Interest income

Interest income from cash in banks and receivables, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

Other income

Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15.

28.27 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

28.28 Cost and expense recognition

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized:

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

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

28.29 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

28.29.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- payments of penalties for terminating the lease, if the lease term reflects the termination.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

28.29.2 The Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of total comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

28.30 Employee benefits

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

Retirement benefits liability

The Group has a defined benefit retirement plan managed by its subsidiaries, ABLE and FCLRC, which is based on the provisions of Republic Act RA 7641. A defined benefit plan is a pension plan that defined an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

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

The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

28.31 Income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized, or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Group re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

28.32 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in “Foreign currency translation reserve” in equity.

28.33 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment’s assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

The Group has one geographical segment and derives substantially of its revenues from domestic operations.

28.34 Related party transactions and relationships

(a) Related party relationship

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

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

28.35 Subsequent events (or events after the reporting period)

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

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

Index to Supplementary Schedules

I	Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)
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III	Supplementary schedules
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B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
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F	Guarantees of Securities of Other Issuers
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H	Financial Soundness Indicators

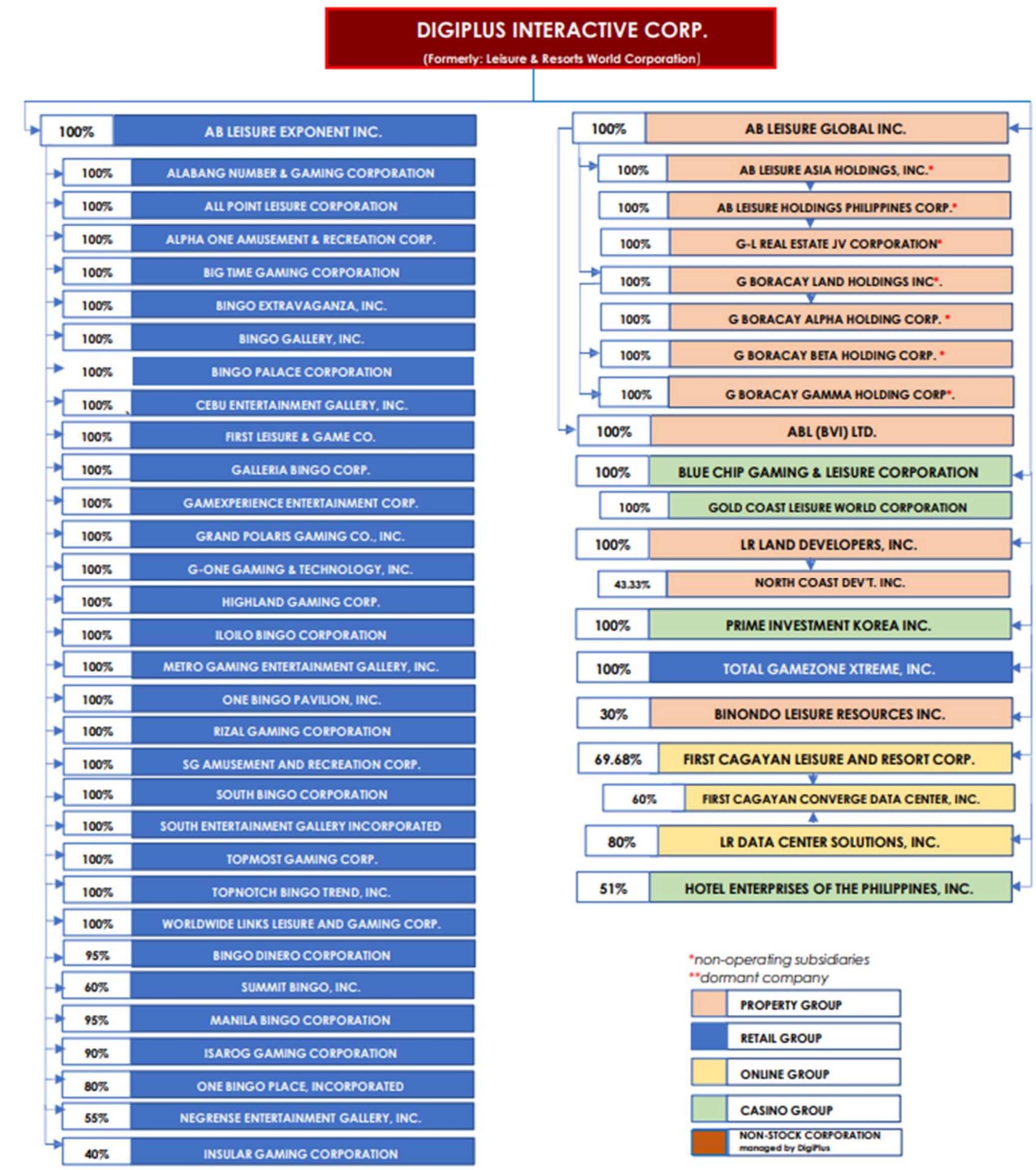
DigiPlus Interactive Corp.
(formerly Leisure & Resorts World Corporation)

Reconciliation of Parent Company's Retained Earnings
Available for Dividend Declaration
As at December 31, 2022
All amounts in thousand Philippine Peso
(Part 1, 4C, Annex 68-C)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		(309,306)
Add:	Net income actually earned/realized during the period	
	Net loss during the year closed to Retained Earnings	(319,096)
Less:	**Non-actual/unrealized income net of tax**	
	Equity in net loss of associate/joint venture	48,058
	Unrealized foreign exchange gain - (after tax) except those attributable to cash and cash equivalents	-
	Unrealized actuarial gain	-
	Fair value adjustment (mark-to-market gain)	-
	Fair value adjustment of Investment Property resulting to gain	-
	Adjustment due to deviation from PFRS – gain	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Add:	**Non-actual losses**	
	Depreciation on revaluation increment (after tax)	-
	Adjustment due to deviation from PFRS -loss	-
	Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year		(271,038)
Add (less):		
	Dividend declarations during the year	-
	Appropriation of retained earnings during the year	-
	Reversals of appropriations	-
	Effects of prior period adjustments	-
	Treasury shares	-
Total Retained Earnings Available for Dividend Declaration, end		(580,344)

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

Map of Conglomerate



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

Financial Assets
(All amounts in thousand Philippine Peso)

Financial Asset	Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Loans and receivables:			
Cash in bank	Union Bank	391,199	2,769
	BDO	260,519	
	AUB	188,569	
	UCPB	167,938	
	Others	34,846	
		1,043,471	
Cash equivalents	Others	242,108	-
Cash on hand		71,302	-
Receivables		1,511,680	46,178
Advances		1,251,083	-
Lease receivables		207,542	215,684
Rental deposits		454,558	-
Cash performance bonds		394,427	-
Performance cash deposits		32,450	-
Due from related parties		157,156	-
Equity investments designated at FVOCI:			
Financial assets at FVOCI	DFNN, Inc.	78,513	-
		5,444,290	264,631

SCHEDULE B

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

Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written Off	Current	Non-current	Balance at end of period
Stockholders	53,106	-	-	-	53,106	-	53,106

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

Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Non-current	Balance at End of Period
Due to DigiPlus:							
ABLE	215,108	1,102,133	-	-	1,317,241	-	1,317,241
AB Leisure Global, Inc.	1,463,938	535,298	-	-	1,999,236	-	1,999,236
Blue Chip Gaming and Leisure Corporation	5,685	361,204	-	-	366,889	-	366,889
LR Land Developers, Inc.	154,434	-	(154,434)	-	-	-	-
PIKI	282,005	9,044	-	-	291,049	-	291,049
FCCDCI	-	234,556	-	-	234,556	-	234,556
TGXI	72,845	-	(72,845)	-	-	-	-
Due to LR Land:							
LR Land Developers	-	584,272	-	-	584,272	-	584,272
TGXI	-	360,222	-	-	360,222	-	360,222
FCLRC	-	1,675,493	-	-	1,675,493	-	1,675,493
LR Data Center	-	1,232	-	-	1,232	-	1,232
	2,194,015	4,863,454	(227,279)		6,830,190		6,830,190

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

Long Term Debt
(All amounts in thousand Philippine Peso)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current Portion of Long-term Debt" in related Statement of Financial Position	Amount shown under caption "Long-term Debt" in related Statement of Financial Position
Banco De Oro	2,250,000	2,250,000	-
Chip Leader	910,901	910,901	-
	3,160,901	3,160,901	

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

Indebtedness to Related Parties (Long-term loans from Related Companies
(All amounts in thousand Philippine Peso)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not applicable		

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

Guarantees of Securities of Other Issuers
(All amounts in thousand Philippine Peso)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owed by Person for which Statement is Filed	Nature of Guarantee
Not applicable				

SCHEDULE G

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

Capital Stock
(All amounts in thousand Philippine Peso)

Title of Issue	Number of Shares Authorized	Number of Shares issued as Shown under Related Balance Sheet caption	Number of Treasury Shares	Number of Outstanding Shares	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares held by Related Parties	Number of Shares Held by Directors and Officers	Others
Common	5,000,000,000	4,094,106,666	377,647,488	3,716,459,178	-	21,567,000	14,264,314	3,680,627,864

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

Schedule of Financial Soundness Indicators
(All amounts in Philippine Peso)

Key Performance Indicator	Formula	2022	2021
Current Ratio	Current Assets / Current Liabilities	**0.52:1**	0.46:1
Acid Test Ratio	Cash and cash equivalents + Receivables, net + Due from related parties / Current Liabilities	**0:44:1**	0.42:1
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	**0.61:1**	0.92:1
Asset to Equity Ratio	Total Assets / Stockholders' Equity	**1.61:1**	1.92:1
Return on Average Equity	Net Income / Average Stockholders' Equity	**6.05%**	(8.84%)
Return on Average Assets	Net Income / Average Total Assets	**3.47%**	(4.73%)
Solvency Ratio	Net Income + Depreciation / Average Total Liabilities	**0.13:1**	(0.06:1)
Interest Coverage Ratio	Income Before Interest, Tax & Depreciation / Interest Expense	**2.67:1**	(0.33:1)
Net Book Value Per Share	Stockholders' Equity / Shares Outstanding	**3.50**	3.96
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	**0.1768**	(0.3414)
Net Profit Margin	Net income / Revenue	**7.71%**	(31.88%)

DIGI PLUS INTERACTIVE

2022
SUSTAINABILITY
REPORT

ON TOP OF OUR GAME

AB LEISURE EXPONENT, INC.

GAME ZONE TOTAL GAMEZONE XTREME, INC.

BLUE CHIP GAMING & LEISURE

AB LEISURE GLOBAL INCORPORATED

FIRST CAGAYAN CONVERGE DATA CENTER, INC.

First Cagayan LEISURE AND RESORT CORPORATION

MIDAS HOTEL & CASINO

LAND

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COMPANY DETAILS	
Name of Organization	DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation)
Location of Headquarters	26th Floor, West Tower Philippine Stock Exchange Centre Exchange Road, Ortigas Center, Pasig City 1605 Philippines
Location of Operations	DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation), through its subsidiaries included in this report, operates in multiple locations: Hotel Enterprises of the Philippines, Inc. (HEPI) – Midas Hotel & Casino operates in Roxas Boulevard, Pasay City Blue Chip Gaming and Leisure Corporation (BCGLC or Blue Chip) operates in the following locations: Pampanga Subic, Zambales Malate, Manila Sta. Rosa, Laguna Davao City AB Leisure Exponent, Inc. (ABLE) & Total Gamezone Xtreme Incorporated (TGXI) operational sites were combined due to the recent reorganization and managed by one (1) team into the following areas: Area 1: Upper Luzon Area Area 2: Pampanga, Bulacan and Camanava Area 3: Southern Luzon Area Area 4: East NCR + Pasig Area 5: South NCR Area 6: Central NCR Area 7: Quezon City Area Area 8: Visayas + Palawan Area 9: Mindanao Specific locations of ABLE & TGXI operations are listed below.
Report Boundary Legal Entities (e.g. Subsidiaries) included in this Report	This report covers the holding company, DigiPlus Interactive Corp. (DigiPlus), as well as the following subsidiaries: AB Leisure Exponent, Inc. (ABLE) Total Gamezone Xtreme Incorporated (TGXI) Blue Chip Gaming and Leisure Corporation (BCGLC or Blue Chip) Hotel Enterprises of the Philippines, Inc. (HEPI) – Midas Hotel & Casino

AB LEISURE EXPONENT, INC. GAMEZONE TOTAL GAMEZONE XTREME, INC. BLUE CHIP GAMING & LEISURE MIDAS HOTEL & CASINO

COMPANY DETAILS

Business Model, including Primary Activities, Brands, Products, and Services	Business Model, including Primary Activities, Brands, Products, and Services DigiPlus Interactive Corp. (DigiPlus) is a publicly listed company that has been in the forefront of the leisure and gaming industry in the Philippines. Its wide array of services includes management and operation of general amusement, recreation enterprises, hotel, and gaming facilities. With its expertise as an industry leader for over 20 years, DigiPlus dominates the country's retail gaming market by providing world–class multi–gaming platforms. The company has a wide network of gaming and entertainment salons in some of the best commercial locations in the Philippines. The businesses of DigiPlus, through its subsidiaries, specifically includes commercial bingo gaming, operations of slot arcades, online gaming, hospitality, real estate, and Information Technology (IT) services. AB Leisure Exponent, Inc. (ABLE) provides amusement and recreation to the public by offering traditional, electronic, pull tabs, and rapid bingo games. The BingoPlus brand and business entity has established itself as the pioneer in live-streaming bingo gaming in the Philippines. Total Gamezone Xtreme, Inc. (TGXI) is the entry of DigiPlus into the Electronic Casino market with over thirty (30) sites currently in operation. Blue Chip Gaming and Leisure Corporation (BCGLC or Blue Chip) is one of the strongest performing business unit of DigiPlus with five (5) gaming sites strategically located in: (1) Kings Royale Hotel in Pampanga; (2) Venezia Hotel in Subic Bay Freeport Zone, Subic, Zambales with Palmgold International Limited; (3) Pan Pacific Hotel in Malate, Manila with Pacific Palm Corporation; (4) Paseo Premier Hotel in Sta. Rosa, Laguna with Pacific Palm Corporation; and (5) Apo View Hotel in Davao City with Pacific Palm Corporation. DigiPlus entered the hotel operations industry on 11 November 2012 when DigiPlus executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) for the acquisition of 51% of the outstanding capital stock of Hotel Enterprises of the Philippines, Inc. (HEPI) on the ownership and operations of Midas Hotel and Casino.
Reporting Period	CY 2022 (01 January 2022 – 31 December 2022)
Highest Ranking Person Responsible for this Report	MR. TSUI KIN MING President

SN	SITE	SITE ADDRESS
	AREA 1: UPPER LUZON AREA	
1	SM CITY BAGUIO	SM City-Baguio, Luneta Hills, Upper Session Road, Baguio City
2	CENTERMALL BAGUIO	Baguio Center Mall, Magsaysay Avenue, Baguio City
3	SKYONE ILOCOS SUR	Sky 1 Building, McArthur Hi-Way, Bantay Ilocos Sur
4	SYQUIO CABANATUAN	Syquio Business Centre, Maharlika Highway, Brgy. Daan Sarile, Cabanatuan City
5	SOGO CABANATUAN	SOGO HOTEL , Distrito 1, Purok 7, Maharlika Highway, San Juan ACCFA, Cabanatuan City
6	GUIMBA NUEVA ECIJA	2/F LG Bldg., Afan Salvador Street, Guimba , Nueva Ecija
7	ALAMINOS PANGASINAN	Blue Horizon Bldg., Alaminos- Sual Road, Alaminos City, Pangasinan
8	ROB PLACE CALASIAO	Robinson Calasiao, Bayombong Road and De Venecia Highway, Calasiao Pangasinan
9	SNR CALASIAO	S and R Centre De Venecia Ave., Nalsian Calasiao, Pangasinan
10	SM CITY ROSALES PANGASINAN	SM City- Rosales (formerly SM Supercenter -Rosales) Carmen East, Rosales, Pangasinan
11	IBA ZAMBALES	Sapphire Building, Govic Avenue, Paulien Dirita, Iba, Zambales
12	TROPICANA NUEVA VIZCAYA	Josephines Hotel, #424 Diversion Rd., Sta. Rosa Bayombong Nueva Viscaya
13	ROXAS ISABELA	G/F Blocks 7 & 8 Roxas Boulevard, Sergio Osmeña Avenue, Roxas Isabela
14	SM CITY CAUYAN ISABELA	SM City-Cauayan ,San Fermin, National Highway, City of Cauayan Isabela
15	SYCANGCO BLDG TARLAC	G/F Sicangco Bldg., Brgy. San Rafael, Tarlac City
16	ROBINSON LUISITA	G/F Robinsons Luisita, MacArthur Highway, Brgy. San Miguel, Hacienda Luisita, Tarlac City
17	SM CITY TARLAC	SM City Tarlac, MacArthur Highway Brgy. San Roque, Tarlac City

	AREA 2: REGION 3 AREA	
1	SM CITY PAMPANGA	SM City-San Fernando, Brgy. San Jose,San Fernando City, Pampanga
2	SM CITY CLARK	SM City Clark, Clark Field, Angeles City, Pampanga
3	TLJ MABALACAT	TLJ Building, Brgy. Mabiga, Mabalacat City, Pampanga
4	MABALACAT	Stall #19 Pineda Bldg..4, McArthur Highway,Mabiga, Mabalacat, Pampanga
5	SUMMIT ANGELES	New Street Building, McArthur Highway, Balibago, Angeles City, Pampanga
6	DIZON BLDG ANGELES	G/F Dizon Bldg., # 243 Entiero St., Brgy. Sto.Cristo, Angeles City
7	FORTUNE PLAZA BALAGTAS	Fortune Plaza, MacArthur Highway, Balagtas, Bulacan
8	GD PLAZA GUIGUINTO BULACAN	GD Plaza-Guiguinto,#8002 McArthur Highway, Brgy. Ilang-Ilang, Guiguinto Bulacan
9	GUIGUINTO BULACAN	GD Plaza-Guiguinto, 2/F #8002 McArthur Highway, Brgy. Ilang-Ilang, Guiguinto Bulacan
10	HOLLYWOOD SUITE MARILAO	Hollywood Suites and Resort McArthur Highway, Ibayo Marilao, Bulacan
11	EMMA MALL MEYCAUYAN	Robinson's Supermarket, Ema Town Center, El Camino Real Sto. Niño, Brgy. Camalig, Meycauayan City, Bulacan

SN	SITE	SITE ADDRESS
AREA 2: REGION 3 AREA		
12	MEYCAUAYAN	665-A McArthur Highway, Brgy. Bancal Meycauayan, Bulacan
13	STARMALL SJDM BULACAN	Starmall-San Jose Del Monte Quirino Highway and Francisco Drive, Northwinds City, San Jose Del Monte City, Bulacan
14	SAN JOSE DEL MONTE	Umerez Compound,Tungkong Mangga, San Jose Del Monte City Bulacan
15	SAN MIGUEL	Total Gas Station, National Highway, Cagayan Valley Rd. Brgy. Camias, San Miguel, Bulacan
16	SAN RAFAEL	141 Cagayan Valley Rd., Brgy. Sampaloc San Rafael Bulacan
17	STA MARIA	112-C Gov. Halili Ave., Brgy. Bagbaguin Sta. Maria, Bulacan
18	CAMARIN CALOOCAN	Imall-Camarin , Kiko Road, Camarin, Caloocan City
19	TINAJEROS MALABON	Unit G3 Francis Market, Gov. Pascual cor. M.H. del Pilar Sts.,Tinajeros Malabon City
20	MANLY VALENZUELA	Manly Bldg., McArthur Highway Dalandanan, Valenzuela City
21	PASO DE BLAS	2nd Floor , LB Bldg., Paso De Blas cor. Quirino Highway, Malinta Valenzuela City
22	VALENZUELA 2	Ground Floor, Puregold Valenzuela, 419 McArthur Highway, Dalandanan Valenzuela

AREA 3: SOUTHERN LUZON AREA		
1	SM CITY NAGA	SM City- Naga, Brgy. Triangulo, Naga City
2	ALDP NAGA	ALDP Plaza Mall, Roxas Avenue, Brgy. Triangulo, Naga City
3	GAISANO MASBATE	Lower Ground Floor, Gaisano Capital Cagba, Brgy. Tugbo, Masbate City
4	SM CITY BATANGAS	SM City- Batangas, Brgy. Pallocan West, Batangas City
5	ATDRMAM BATANGAS	ATDRMAM Bldg., National Road, Kumintang Ibaba, Batangas City
6	LEMERY BATANGAS	Victory Town Center, Lemery Batangas
7	NASUGBU BATANGAS	RSAM Bldg., Nasugbu, Batangas
8	CENTRO MAL LOS BAÑOS	Centro Mall, Lopez Avenue, Brgy. Batong Malake, Los Baños, Laguna
9	PUREGOLD SAN PEDRO	Puregold-San Pedro, Old National Highway cor. Magsaysay Blvd., Brgy. San Antonio, San Pedro Laguna
10	STA. CRUZ LAGUNA	G/F A.S. Commercial Building, Falcon Street, Brgy. Poblacion 5, Sta. Cruz, Laguna
11	SM BACOOR	3/F SM City-Bacoor, Tirona Highway corner E. Aguinaldo Highway, City of Bacoor Cavite
12	SM MOLINO	SM Supercenter Molino, Molino Road, Bacoor City, Cavite
13	CARMONA	Unit 5 Paseo De Carmona , Governor's Drive, Brgy. Maduya, Carmona Cavite
14	MANGGAHAN 1	2nd Floor, MS1 Building,Governor's Drive, Bo. Manggahan, Gen. Trias, Cavite
15	KAWIT	Unit 11 Bautista Arcade, Tirona Highway, Binakayan, Kawit, Cavite
16	SM CITY ROSARIO CAVITE	SM City-Rosario, Gen. Trias Drive, Tejeros Convention, Rosario Cavite
17	CUEVASVILLE	Units 10 & 11, Bldg. 3, Daanghari, Cuevasville Commercial Center, Molino IV, Bacoor, Cavite

SN	SITE	SITE ADDRESS
AREA 3: SOUTHERN LUZON AREA		
18	V-CENTRAL MOLINO	V Central Mall, Molino Boulevard, Bayanan, City of Bacoor, Cavite
19	678 MOLINO	678 Commercial Complex Molino Boulevard, Bayanan City of Bacoor
20	SILANG CAVITE	Brgy. Buho Silang Cavite
21	SM CITY LIPA	SM City-Lipa, Lipa City Batangas

AREA 4: REGION 4 AREA		
1	SKYONE ANGONO	Building ML Quezon Avenue, Barangay San Isidro Angono Rizal
2	STA. LUCIA EAST MALL	Building 1 Sta Lucia East Grandmall, Marcos Highway corner Imelda Avenue Cainta Rizal
3	IL CENTRO STA. LUCIA	Building 1 Sta Lucia East Grandmall, Marcos Highway corner Imelda Avenue Cainta Rizal
4	ARDI CAINTA	Ardi Commercial Complex, A. Bonifacio Ave. Parola Cainta Rizal
5	ROB PLACE CAINTA BTQ	Ground floor, Robinsons Place Junction Ortigas Ave. Cainta Rizal
6	ROB PLACE CAINTA	3rd floor, Robinsons Place Junction Ortigas Ave. Cainta Rizal
7	CAINTA 4	2nd floor Saunterfield place Km20 Ortigas Avenue Ext. Brgy Santo Nino Cainta Rizal
8	GRACELAND MARIKINA	2nd floor Graceland Plaza JP Rizal Brgy Lamuan Marikina City
9	SM CITY MARIKINA	SM City Marikina Brgy. Calumpang, Marikina City
10	PUREGOLD SAN MATEO	21D Puregold General Luna Street Banaba
11	TANJUATCO TANAY	#14 Sampaloc Road Tanjuatco Building Tanay Rizal
12	ITSP TAYTAY RIZAL	KM 6 ITSP Building Ortigas Extension Brgy San Isidro Cainta Rizal
13	SM CITY TAYTAY RIZAL	Building B basement 1, Barangay Dolores Taytay Rizal
14	LIANAS SUPERMARKET	Lianas Shopping Mall, Caruncho Avenue, Pasig City
15	ROBINSON METRO EAST	Lower Ground Floor Robinson Metro East, Marcos Highway, Pasig City
16	DJET PASIG	D'Jet Commercial Bldg., Phase II-A, Lot C, NO.25-26, Imelda Ave. Karangalan Village, Pasig City
17	MAYBUNGA	2nd Floor SGC Bldg, 172 C. Raymundo Avenue, Brgy. Maybunga, Pasig City
18	SILVER CITY	Ground Floor, Silver City Bldg., Frontera Verde Drive cor. Doña Julia Vargas Ave., Brgy. Ugong Pasig City
19	SILVER CITY PASIG	Silver City, Frontera Drive cor. Julia Vargas Ave., Pasig City
20	BB MAYBUNGA	2nd Floor SGC Bldg, 172 C. Raymundo Avenue, Brgy. Maybunga, Pasig City

AREA 5: NATIONAL CAPITAL REGION (NCR) AREA		
1	MADISON SQUARE LAS PIÑAS	Madison Square, Alabang -Zapote Road. Las Piñas City
2	ROBINSON LAS PIÑAS	Robinsons Place-Las Piñas, Alabang-Zapote Road, Talon Uno, Las Piñas City

SN	SITE	SITE ADDRESS
	AREA 5: NATIONAL CAPITAL REGION (NCR) AREA	
3	SM CITY SOUTHMALL	SM Southmall , Almanza Uno, Las Piñas City
4	METRO-TOWNE CENTER	Metro Towne Center ,2020 Marcos Alvarez Ave., Talon 5, Las Piñas City
5	SM BICUTAN	SM City Bicutan, Bicutan, Parañaque City
6	SM CITY SUCAT	3/F TFA SM Supercenter Dr. A. Santos Avenue, Brgy. San Dionisio, Parañaque City
7	BF PARANAQUE	G/F R.F. Lopez Bldg., #6 N. Lopez Ave., Lopez Village, Brgy. San Isidro, Parañaque City
8	CITY MALL PASAY	Pasay City Mall and Public Market Taft Ave. cor. Arnaiz Avenue, Pasay City
9	SM MOA PASAY	SM Mall of Asia, Bay Boulevard , Pasay City
10	METROPOINT MALL BTQ	Metro Point Mall, EDSA cor. Taft Ave. & Zamora St., Pasay City
11	GZ METROTOWNE	Metro Towne Center ,2020 Marcos Alvarez Ave., Talon 5, Las Piñas City

	AREA 6: METRO MANILA AREA	
1	MAKATI SQUARE	Makati Cinema Square, Pasong Tamo, San Lorenzo Village, Makati City
2	SM MEGAMALL	Building A, SM Megamall, J. Vargas Street, EDSA, Mandaluyong City
3	MADISON	Unit 8, Ground Floor, Building B, Madison Square #4 Pioneer St., Mandaluyong City
4	STARMALL EDSA	2nd Floor Starmall, EDSA cor. Shaw Blvd. Mandaluyong City
5	BOCOBO MANILA	2nd Floor Bocobo Commercial Center, # 1253 J. Bocobo St., cor. Padre Faura St., Ermita Manila
6	LUCKY CHINATOWN	Lucky China Town Mall, # 293 Lachambre St., Binondo Manila
7	ROBEN THEATRE	G/F Roben Theatre, C.M Recto Ave., Brgy. 313, Zone 31 Sta. Cruz Manila
8	ROBINSON PLACE ERMTA	Robinson Place-Manila, Ermita Manila
9	168 MALL DIVISORIA	168 Shopping Mall, Soler St., Binondo Manila
10	SM MANILA	SM City Manila, Arroceros St., Manila
11	SM CITY SAN LAZARO	SM San Lazaro , Tayuman Manila
12	PACO	Unit 3, Topmark Bldg., 1763 Paz Mendoza Guazon St., Paco Manila
13	F MANALO SAN JUAN	San Juan commercial Building, F. Blumentritt cor. F. Manalo Sts. Brgy. Kabayanan, San Juan City
14	WILSON SAN JUAN	G/F Wilson Square Commercial Center, Wilson corner P. Guevarra Streets, San Juan City
15	SM LAND MAKATI	SM Land Anza Bldg. Makati Ave. Cor Anza St., Bel -Air, Makati City
16	AYALA CIRCUIT MALL	Ayala Circuit Makati 1207 Makati Metro Manila

SN	SITE	SITE ADDRESS
		AREA 7: QUEZON CITY AREA
1	SM CENTERPOINT	SM Centerpoint 3rd Floor Araneta Ave., cor. Magsaysay Blvd. Sta. Mesa, Quezon City
2	SM CITY NORTH EDSA	SM City-North Annex Building, EDSA, Quezon City
3	ICON HOTEL NORTHEDSA	ICON Hotel, # 967 EDSA Corner West Avenue Quezon City
4	CTC CONGRESSIONAL	Congressional Town Center, Congressional Avenue, Quezon City
5	SM FAIRVIEW	SM City Fairview, Quirino Highway Fairview, Quezon City
6	SM CITY NOVALICHES	2/F SM City- Novaliches Quirino Highway, Novaliches Quezon City
7	GTC GREENHILLS	G/F Greenhills Town Center, Granada St., Corner Valencia St., Brgy. Valencia, Quezon City
8	BALINTAWAK MARKET QC	G/F and 2/F Romero Building, 1337 Balintawak Market, EDSA, Quezon City
9	TOMAS MORATO	QY Plaza, 233 Tomas Morato Ave., South Triangle, Quezon City
10	RMR TANDANG SORA	(RMR Square) Graceland Plaza- Tandang Sora, Tandang Sora Avenue, Quezon City
11	SR TOMAS SQ MATALINO	Sir Thomas Square, Matalino St., Cor. Matatag St., Diliman, Quezon City
12	EXTREME TIMOG	#94 Timog Avenue , Quezon City
13	NEW FARMERS PLAZA	4th Floor New Farmers Plaza, Araneta Center ,Cubao, Quezon City
14	VISAYAS AVE	2/F, MSK Building, 241 Visayas Avenue, Tandang Sora , Quezon City
15	KATIPUNAN	Unit SF-206 Citigold Plaza,175 Katipunan Ave. cor. Boni Serrano Ave, Quezon City
16	DON ANTONIO	2nd Floor, Don Antonio Sports Center, Block 17, Lot 5, Holy Spirit Drive, Brgy. Holy Spirit, Commonwealth Ave., Quezon City
17	BANAWE	2/F 238 Banawe Center, Banawe St., Manresa Quezon City
18	DEL MONTE	716 Del Monte Ave., Brgy. Talayan, Quezon City
19	PUREGOLD NOVALICHES	Puregold-Novaliches,#1018 Brgy. Sta. Monica, Quirino Highway , Novaliches ,Quezon City

		AREA 8: VISAYAS REGION AREA
1	SM CITY ILOILO	SM City Iloilo
2	JARO ILOILO	G/F JEA Building 2, E. Lopez St. cor. Jalandoni St.
3	MANDALAGAN BACOLOD	Lopue's Art District Bldg., Lacson Street, Mandalagan
4	GAISANO BACOLOD	G/F Gaisano Grand City Mall, Araneta St., Brgy. Singcang Airport
5	CITY MALL MANDALAGAN	City Mall-Mandalagan, Lacson St., cor. G. M. Cordova Ave., Mandalagan
6	CITY MALL GOLDENFIELD	G/F City Mall Golden Field-Bacolod West Side, Araneta Ave.
7	MANAPLA BACOLOD	Gustilo Town Center Provincial Road corner National Highway Manapla
8	TONIS MART PALAWAN	2nd Floor,Tonies Mart Mall, Malvar St.
9	CITY MALL DUMAGUETE	G/F City Mall Dumaguete , Veterans Ave.,National Highway

SN	SITE	SITE ADDRESS
	AREA 8: VISAYAS REGION AREA	
10	LEE PLAZA DUMAGUETE	Lee Plaza, IT Park, J. Romero Road, Brgy. Bagacay
11	MARINA MALL MACTAN	Mactan Marina Mall, MEPZ 1, Ibo
12	PUEBLO VERDE MACTAN	Pueblo Verde, Mactan Economic Zone-II-SEZ, Brgy. Basak
13	GAISANO MACTAN	Gaisano Grand Mall-Mactan, Basak-Marigondon Road Cor. Ibabao-Gisi-Agus Road
14	INSULAR MANDAUE	Insular Square Mall, J.P. Rizal Street, Brgy.Tabok
15	PARKMALL MANDAUE	2/F ParkMall, Ouano Avenue, Southpoint, Tipolo
16	ELIZABETH MALL CEBU	Elizabeth Mall, Leon Kilat St.
17	SM CITY CEBU	SM City-Cebu
18	TALISAY CEBU	1/F and 2/F Door No. 5 Rosalie Building, Gaisano Grand Fiesta Mall, Cebu South Road , Brgy. Tabunok

	AREA 9: MINDANAO REGION AREA	
1	GAISANO DIGOS DAVAO	Gaisano Grand - Digos, G/F unit 8 & 9 , Quezon Avenue Digos City, Davao Del Sur
2	SM CAGAYAN DE ORO	SM City- Cagayan de Oro, Masterson's Avenue, Brgy. Canitoan, Cagayan de Oro City
3	ROBINSONS GENERAL SANTOS CITY	Robinson's Mall GenSan, G/F Robinson Mall, J. Catolico Sr. Avenue Lagao, General Santos City
4	CHIMES MALL DAVAO	Chimes Mall, Brgy. 27 C, Gov. Sales St. cor. Sta. Ana Avenue, Davao City
5	FELCRIS DAVAO	2/F Felcris Centrale, Quimpo Blvd., Brgy. 40-D, Davao City
6	SM CITY LANANG DAVAO	SM Lanang Premier, Jose P. Laurel Ave., Brgy. San Antonio Agdao, Davao City
7	JLF PARKWAY DAVAO	G/F Doors 107 and 108, JLF Parkway Building A. Pichon Cor. Quirino Sts., Davao City
8	SM CITY DAVAO	SM City-Davao, Quimpo Blvd. Cor. Tulip Drive Matina, Davao City

MATERIALITY PROCESS

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.*

**See GRI 102 – 46 (2016) for more guidance.*

In preparing its Sustainability Report, the organization made reference to the GRI Standards, particularly *GRI 102: General Disclosures*.

The Organization adopted the subsequent approach to identify material topics:

IDENTIFY

Material topics are identified base on activities that are critical to the operations of DigiPlus as a holding company operating different businesses.

ACCESS

Identified topics are assessed and prioritized based on our interpretation of what is important to our stakeholders and to the company.

VERIFY

The identified material aspect are vetted with and approved by the Board of Directors to ensure alignment with the Group's Vision and Mission.

FOCUS

Based on the agreed material topics, management actions will be identified and triggered as part of the business plan.

REVIEW

DigiPlus perfomance with respect to identified material aspect (also known as "Core Drivers") will be reviewed regularly by the Board of Directors.

Figure 1 Materiality Assessment Approach

The Organization has identified and prioritized the following Core Drivers for the Company and its stakeholders as duly reflected in its Sustainability Framework based on the Materiality Assessment:

Figure 2 Sustainability Framework

Figure 3 Materiality Assessment Matrix

Data for some disclosure topics in this report are from specific subsidiaries of the Organization and not all companies within the Group. This is reflective of its materiality and relevance to the operation of the subsidiary, and we can provide specific information on such disclosures, if necessary.

ECONOMIC
PERFORMANCE

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

DISCLOSURE		AMOUNT	UNITS
Direct Economic Value Generated (Revenue)		8,905,589,951	PHP
Direct Economic Value Distributed:			
a.	Operating Costs	8,274,290,498	PHP
b.	Employee Wages and Benefits	508,281,450	PHP
c.	Payments to Suppliers, Other Operating Costs	2,695,753,330	PHP
d.	Dividends given to Stockholders and Interest Payments to Loan Providers	203,664,096	PHP
e.	Taxes given to Government	925,635,220	PHP
f.	Investments to Community (e.g. Donations, CSR)	1,100,000	PHP

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization has continuously sustained its financial performance through its Group's primary business operation. It has been highly involved in generating growth in revenue and controlling its costs, despite the tight competition and regulations in the gaming industry in the country. The economic value generated from the Organization's retail business segment are distributed as a result of operations through payments to different service providers, employee wages and benefits, and taxes to government agencies.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization; • The customers of the Organization; • The government regulators;	The organization asserts its commitment to providing the best experience to its consumers. Through its evident efforts towards a seamless approach for improvement in ensuring that all obligations to those affected are always met, the Organization further creates different initiatives such as conducting annual strategic planning for the succeeding business year, and sales and marketing reviews will help in securing a prominent performance management

WHAT ARE THE RISK/S IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
As the Organization has a strong involvement in generating revenue and controlling all operating costs, poor economic performance could lead to a serious downfall of different aspects for the Organization. This may result in an insufficient return of target revenues to the shareholders, lost confidence of clients and suppliers, and may also result in low employee morale.	The stakeholders affected are: • The shareholders of the Organization; • The employees of the Organization; • The suppliers of the Organization;	The Organization has identified the need for diversifying its client base and establishing a stronger program for different safety and drills training, discussing insurance coverage plans, while maintaining a healthy and competitive work benefits and work-life balance lifestyle.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization's aggressive growth in the expansion of its teams and services assures stable and sustainable growth. Through the improvement of the gaming facility/ies, this development will create more opportunities for the Organization to be more competitive in the gaming industry and to continuously be the top choice for consumers.	The stakeholders affected are: • The shareholders of the Organization; • The employees of the Organization; and • The community where the business operates.	With the Organization's Business Units and Shared Service Units' consistent efforts in achieving the target revenues, profits, and expectations within the year, different projects will be further listed down on the company's pipeline for studies in other potential business growth avenues.

ECONOMIC PERFORMANCE

Training on Anti – Corruption Policies and Procedures

DISCLOSURE	AMOUNT	UNITS
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	40%	%
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	49%	%
Percentage of Directors and Management that have Received Anti – Corruption Training	50%	%
Percentage of Employees that have Received Anti – Corruption Training	50%	%

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Corruption within the Organization has a significant impact on its reputation as this will greatly affect the competitiveness of the brand in the market. This will impact the company's relationship with all the stakeholders affected and can eventually lead to serious damage to the Organization in totality. Corruption will also affect the entire business structure as different cases may occur in different departments such as any anomalous transactions or even through potential kickbacks or grafts.agencies.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization; and • The government regulators.	The Organization diligently observes its Anti-Corruption Policy disclosed in the Employee Code of Discipline and is strictly observed by the employees and suppliers. The active implementation and commitment to adhering to the provisions of this policy's inclusions such as infractions pertaining to bribery, unauthorized solicitation, kickbacks, and other related anomalous transactions are reinforced through regular training for the employees and in an annual review in the company's supplier's accreditation process.

WHAT ARE THE RISK/S IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization is very vigilant about any risk of corruption within the company and is always committed to taking necessary actions in ensuring that all suppliers' and employees' integrity are highly aligned with the Organization's anti-corruption practices. Employees and/or suppliers scheming in any form of corrupt practices shall put the Organization's reputation and total business at risk and thus, any of these actions will be dealt with accordingly	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization; and • The customers of the Organization.	The Organization upholds a strict and clean supplier accreditation process and practices a robust implementation of the Anti-corruption policy stated in the Employee Handbook. Should violators be proven guilty of any wrongdoings, necessary actions done in due process shall be dealt with high importance.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization has continuously strived to be a company that fosters a strong sense of integrity and honesty with full transparency through all its employees and partners. This kind of environment nurtures a culture of a healthy company that lets its employees from all levels across the whole Organization grow.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization; and • The customers of the Organization.	The Organization has undertaken different initiatives such as preparing different appropriate training programs for directors, employees, and business partners that will help them in their respective roles in building an Organization with a strong sense of integrity in all facets.

Incidents of Corruption

DISCLOSURE	AMOUNT	UNITS
Number of Incidents in which Directors were Removed or Disciplined for Corruption	0	#
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	0	#
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	0	#

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Corruption within an Organization will possess a significant impact on its reputation and competitiveness. Any incidents of corruption can affect the relationship with its suppliers, diminish shareholder value, and can even lead to loss of shareholders' and investors' confidence that will eventually lead to missed business opportunities.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization.	The Organization's committed to complying with existing laws and regulations and has implemented strict compliance with the anti-corruption policy incorporated in the Employee Code of Discipline / Good Behavior which is also extended to suppliers though the Supplier Code of Conduct.

WHAT ARE THE RISK/S IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization is very vigilant about any risk of corruption within the company and is always committed to taking necessary actions in ensuring that all suppliers' and employees' integrity are highly aligned with the Organization's anti-corruption practices. Employees and/or suppliers scheming in any form of corrupt practices shall put the Organization's reputation and total business at risk and thus, any of these actions will be dealt with accordingly.	The stakeholders affected are: • The stockholders and investors of the Organization; • The clients and investors of the Organization; • The employees of the Organization; and • The suppliers of the Organization.	The Organization upholds a strict and clean supplier accreditation process and practices a robust implementation of the Anti-corruption policy stated in the Employee Handbook. Should violators be proven guilty of any wrongdoings, necessary actions done in due process shall be given high importance.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
The Organization has continuously strived to be a company that fosters a strong sense of integrity and honesty with full transparency through all its employees and partners. This kind of environment nurtures a culture of a healthy company that lets its employees from all levels across the whole Organization grow.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The suppliers of the Organization; and • The customers of the Organization.	The Organization has undertaken different initiatives such as preparing different appropriate training programs for directors, employees, and business partners that will help them in their respective roles in building an Organization with a strong sense of integrity in all facets.

The policy of the Organization on anti-corruption is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf) as well as in LRWC New Manual on Corporate Governance (https://lrwc.com.ph/wp-content/uploads/2018/08/LRWC-New-Manual-on-Corporate-Governance.pdf) and in LRWC Conflict of Interest Policy (https://lrwc.com.ph/wp-content/uploads/2020/09/CONFLICT-OF-INTEREST-POLICY-LRWC.pdf)

ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

Non – Compliance with Environmental Laws and Regulations

DISCLOSURE	AMOUNT	UNITS
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	0	PHP
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	0	#
No. of Cases Resolved through Dispute Resolution Mechanism	0	#

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
With the continuous and rigorous involvement of the Organization in supporting Environmental Laws and Regulations, employees are involved in the best practices when conforming with the laws of the land on water pollution management.	The stakeholders affected are: • The shareholders and investors of the Organization; • The employees of the Organization; • The community where the business operates	With the confidence of being compliant with all Environmental Laws and Regulations, the Organization constantly strives to be certain that all actions that have been taken must be reported to the people in-charge. All associates will continue to be aware of and abide by the policies of the law. The Organization also encourages employees to shift to a more digital working practice which should lead to a reduction in solid waste and energy consumption.

WHAT ARE THE RISK/S IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Complying with the Environmental Laws and Regulations will help secure the protection of the Organization from any possible imposition of any penalties, such as but not limited to monetary penalties, imprisonment, and even closure of the business. Such penalties should be imposed on the Organization, will not only affect its image but the business structure itself.	The stakeholders affected are: • The stockholders and investors of the Organization; • The employees of the Organization; and • The community where the business operates	As the Organization constantly believes that there should be responsible actions taken in place, creating a strong process of streamlining all its efforts in complying with Environmental Laws and Regulations must be strengthened and proactively managed.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Being fully compliant with all Environmental Laws and Regulations helps the Organization contribute to clean and sustainable business operations thus leaving a minimal carbon footprint on the environment. Furthermore, being fully compliant will reduce the company costs of paying possible penalties and spending for remedies needed to be done due to the violations.	The stakeholders affected are: • The stockholders and investors of the Organization; • The employees of the Organization; and • The community where the business operates	The Organization shall continue exercising its policies and programs on practicing efficient ways of being compliant with the laws. Following through with sustainable practices such as conscious efforts of lowering the carbon footprint of the company will not only help the Organization but most of all the environment.

The policy of the Organization on environmental protection and management is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf) as well as in LRWC New Manual on Corporate Governance (https://lrwc.com.ph/wp-content/uploads/2018/08/LRWC-New-Manual-on-Corporate-Governance.pdf)

SOCIAL

EMPLOYEE MANAGEMENT

Employee Hiring and Benefits
Employee Data

DISCLOSURE	AMOUNT	UNITS
Total Number of Employees*		
a. Number of Female Employees	1,061	#
b. Number of Male Employees	515	#
Attrition Rate	0.42	Rate
Ratio of Lowest Paid Employee Against Minimum Wage	1:1	Ratio

**Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)*
***Attrition Rate = (No. of New Hires less No. of Turnover) / (Average of Total Number of Employees of Previous Year and Total Number of Employees of Current Year)*

Employee Benefits

DISCLOSURE	Y / N	% FEMALE EMPLOYEES WHO AVAILED THIS YEAR	% MALE EMPLOYEES WHO AVAILED THIS YEAR
SSS	Y	13.51%	10.78%
PhilHealth	Y	0.99%	0.97%
PAG – IBIG	Y	11.60%	10.68%
Parental Leaves	Y	4.11%	2.64%
Vacation Leaves	Y	53.09%	26.35%
Sick Leaves	Y	23.14%	16.60%
Medical Benefits (Aside from PhilHealth)	Y	12.47%	13.83%
Housing Assistance (Aside from PAG-IBIG)	N	0.00%	0.00%
Retirement Fund (Aside from SSS)	Y	0.00%	0.00%
Further Education Support	N	0.00%	0.00%
Company Stock Options	N	0.00%	0.00%
Telecommuting	N	0.00%	12.06%
Flexible Working Arrangement (FWA)	N	2.62%	3.56%

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Competitive employment benefits play a huge role in employee welfare and retention and will also set the company apart from the other companies in the industry. This will also attract quality talents that will be happy working with the company for a longer period.	The affected stakeholders are: • The community where the Organization operates; and • The employees of the Organization.	The Organization continuously commits to having healthy employee welfare and well-being as one of its top priorities as a business. As it regularly provides different HR initiatives and programs that are instrumental for the employees' security, the Organization strictly complies with all applicable laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities.

WHAT ARE THE RISK/S IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
Failure to provide and deliver different benefits to employees of the Organization will result in their dissatisfaction. Consequently, high performing employees may leave the company and look for better opportunities with a more attractive set of compensation and benefits. Shortage of staff may sooner or later be a bigger problem for the company's business along the way.	The affected stakeholders are: • The employees where the Organization operates; and • The senior management of the Organization.	Beyond the benefits the Organization continuously provides to its employees, it also assures everyone involved that there are different programs provided to them that will support and help both their personal and professional growth. Furthermore, the Organization proactively enrolls relevant employees thru active membership and participation in an annual review of compensation and benefits vis-à-vis the present industry standards-related associations of Human Resources and Accounting Profession-

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	WHICH STAKEHOLDERS ARE AFFECTED?	MANAGEMENT APPROACH
A strong business is only as good as its people, which is why the Organization continuously provides an avenue called the "Employee Suggestion Program" and HR's open-door policy for its employees to air out any of their concerns or suggestions that they wish to tell the Management. Employee satisfaction with the benefits provided may increase employee morale and productivity and would, later on, have a good effect on the	The affected stakeholders are: • The employees where the Organization operates; and • The employees of the Organization.	The organization strives to provide a benefit and compensation package that is not only at par but above industry practice. And as the company values its employees' quality of life and contributions, an Annual Organizational climate survey for the periodic assessment of employees' satisfaction is done.

Employee Training and Development

DISCLOSURE	QUANTITY	UNITS
Total Number of Employees		
a. Number of Female Employees	25,147.5	Hours
b. Number of Male Employees	10,993.5	Hours
Average Training Hours Provided to Employees		
a. Number of Female Employees	23.7	Hours / Employee
b. Number of Male Employees	21	Hours / Employee

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Skilled and well-trained employees as a result of sufficient training and programs led by the Organization improve job knowledge skills at all levels. This may also enhance employee morale amongst peers and may help them identify with the Organization's goals. Moreover, the support of the management in employee upskilling and re-skilling will help improve the standards of the company in its business operations.	The Organization provides an intensive employee training plan per department where learning and development opportunities for employees are given high importance to. With the continuous commitment to producing and having quality employees within the company, training hours attendance of the employees are part of their Key Performance Indicators (KPIs). A dedicated Training Officer is one of the steps considered to assure the Organization that there is proper implementation of learning in the programs provided.

WHAT ARE THE RISK/S IDENTIFIED?	MANAGEMENT APPROACH
While there are different trainings and programs provided by the Organization, if the employees for some reason cannot commit to every learning opportunity provided, the goal of the program will be a challenge to achieve.	As learning and development opportunities are sternly considered one of the top priorities of the Organization, different programs are still continuously provided to its employees. As such, the company has taken the initiative to include the training as one of the employees' KPIs during performance reviews.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	MANAGEMENT APPROACH
For the Organization to continuously deliver training that will create a strong impact on the attendees, employees are highly encouraged to provide their feedback that will urge the management to accurately design a training program that fits their needs. Learning and development programs will not only improve employee competencies in the industry but will also provide an opportunity for innovation in business operations.	In addition to the training programs prepared by the HR Department, an initiative requiring Department heads to submit a tailor-fitted training program for their own team shall continue and must be set with realistic learning goals for the business.

The policy of the Organization on training and development is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf) as well as in LRWC New Manual on Corporate Governance (https://lrwc.com.ph/wp-content/uploads/2018/08/LRWC-New-Manual-on-Corporate-Governance.pdf)

WORKPLACE CONDITIONS, LABOR STANDARDS AND HUMAN RIGHTS

Occupational Health and Safety

DISCLOSURE	QUANTITY	UNITS
Safeman-Hours	3,952,603	Man-Hours
No. of Work – Related Injuries	0	#
No. of Work – Related Fatalities	0	#
No. of Work – Related Ill-Health	0	#
No. of Safety Drills	0	#

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Non – compliance with government regulations may affect the Organization's image and reputation and may be put the company at risk for any legal cases, disruption of permit issuances, or even a halt in business operations. Moreover, an unsafe workplace with a disregard for respecting human rights will make employees feel unprotected and may leave the company which can eventually turn into a loss in revenue in the long run.	The Organization upholds the implementation of its existing policies under the Occupational Health & Safety (OHS) based on Republic Act 11058. The following are the policies and standards in providing safe workplace for employees that are already in place: • Medical / Fit-to-work clearance • Periodic / annual medical check-up • Health and safety rules and sanitary practices of Employee Code of Good Behavior • Non-smoking in prohibited or restricted areas of Employee Code of Good Behavior • Drug-Free Working Environment Policy • HIV / AIDS Prevention Policy • Tuberculosis (TB) Prevention Policy • Hepatitis B Prevention Policy • Mental Health & Wellbeing Policy • Mother-Baby Friendly Workplace Policy • Solid Waste and Hazardous Waste Management Policy • Emergency Policies & Procedures • Emergency & Evacuation Drills • On-site Medical Clinic • On-site Dental Clinic • Memorandum of Agreement with the nearest hospital for emergency cases • Occupational Safety & Health Committee • Internal Emergency Response Team

WHAT ARE THE RISK/S IDENTIFIED?	MANAGEMENT APPROACH
In an unsafe working environment, employees will feel vulnerable which may lead to a decrease in their productivity and focus, thus affecting the business. Also, risks such as but not limited to injuries, illness, and death may result in legal cases which may expose the Organization to monetary penalties and a terrible reputation that will have a grave impact on the company.	The Organization ensures its strict compliance with the Occupational Health & Safety (OHS) based on Republic Act 11058 and has undertaken conscious initiatives to identify any risks and hazards in the workplace.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	MANAGEMENT APPROACH
With the absence or less safety and health issues in the company, employees will feel assured that their health and safety are protected at all costs. Employees' satisfaction will help the company to avoid any risks of legal issues and penalties, thus giving a chance for the management to focus more on other important matters in the business.	The Organization ensures its strict compliance to the Occupational Health & Safety (OHS) based on Republic Act 11058.

The policy of the Organization on Occupational Health & Safety (OHS) is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf) as well as in LRWC New Manual on Corporate Governance (https://lrwc.com.ph/wp-content/uploads/2018/08/LRWC-New-Manual-on-Corporate-Governance.pdf) and in LRWC Policy Relating to Health, Safety, and Welfare of Employees (https://lrwc.com.ph/company-policies/)

LABOR LAWS AND HUMAN RIGHTS

DISCLOSURE	QUANTITY	UNITS
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? **YES**

TOPIC	Y / N	IF YES, CITE REFERENCE IN COMPANY POLICY
FORCED LABOR	**Y**	Employee Code of Good Behavior, with provisions on the following infractions: • Indecent acts and utterances • Immoral or unethical practices, or engaging in any immoral or unethical practices • Threat or coercion • Discourtesy or insult • Libel / slander • Fighting or inflicting bodily harm • Abuse of authority
CHILD LABOR	**N**	No policy in place, but in practice, sourcing of applicants for potential employment includes screening of age of not less than 21 years old.
HUMAN RIGHTS	**Y**	Employee Code of Good Behavior, with provisions on the following infractions: • Discourtesy or insult • Libel / slander • Fighting or inflicting bodily harm • Abuse of authority

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
With the Organization's honest company management, it strictly upholds and values fair labor practices at all costs. The importance of keeping this helps the Organization to increase employee morale and ensures that the company's image and business continue unquestionably. It is vital for the company to have continuous compliance with labor laws and respect human rights for each of its employees, customers, partners, and shareholders.	The Organization ensures an amiable work environment as it sorts out any grievances to mutual satisfaction between any two parties involved. It also helps the management to frame policies and procedures justifiable for the employees. The following practices and company policies are in place that disallow violations of labor laws and human rights for potential and/or existing employees: Employee Code of Good Behavior, with provisions on the following infractions: • Indecent acts and utterances • Immoral or unethical practices, or engaging in any immoral or unethical practices • Pornographic exhibits or shows • Unauthorized visit to guests' rooms • Threat or coercion • Unauthorized undertaking during work hours • Holding of unauthorized meetings • Abuse of authority • Indecent acts and utterances • Immoral or unethical practices, or engaging in any immoral or unethical practices • Threat or coercion • Discourtesy or insult • Libel / slander • Fighting or inflicting bodily harm • Abuse of authority In addition, sourcing applicants for potential employment includes a screening of age of not less than 18 years old that adheres to labor law against child labor.

WHAT ARE THE RISK/S IDENTIFIED?	MANAGEMENT APPROACH
An unsafe working environment that is non-compliant with existing labor rules and regulations may result in (1) victims of harassment may not come forward and complain due to shame or fear; (2) a decrease in employee morale; (3) and legal cases with monetary penalties that may expose the company and affect the business.	The Organization ensures its compliance with the laws, rules, and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. As such, the company has always provided opportunities for employees to be heard when they have concerns/issues regarding harassment. Once reported to HR, a just and thorough investigation with due process is done so that sanctions can be given to people proven at fault.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	MANAGEMENT APPROACH
With the Organization's honor of upholding fair labor practices and respect for human rights, the policies assure each employee that such acts are never tolerated in the company as security and safety at work is one of its top priorities.	The Organization has continuously given importance to protecting its employees against sexual harassment and bullying. It ensures that victims are given justice through an unbiased and thorough investigation of the case.

CUSTOMER MANAGEMENT

Customer Satisfaction

DISCLOSURE	SCORE	DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY (Y/N)?
Customer Satisfaction	80.8%	Y

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
Satisfied customers are a crucial foundation for any business' success as this leads to customer retention, brand loyalty and affinity, and credible positive testimonials from consumers. As the Organization sustains a heavy receipt of great customer satisfaction, customer complaints may still arise and if not addressed properly may lead to negative feedback that may eventually overshadow the positives.	With the Organization's core goal of providing exemplary quality of service and customer experience, it highly values customer feedback done through surveys, focus group discussions, and feedback forms conducted on sites. This determines the needs and wants of consumers that will provide insights into having equal growth between the consumer and Organization. Through prioritizing the consumers' satisfaction, strict compliance in resolving complaints must be addressed immediately.

WHAT ARE THE RISK/S IDENTIFIED?	MANAGEMENT APPROACH
The risk of not meeting customers' satisfaction in their overall experience in the operational sites' cleanliness, location, and service may lessen the frequency of customer visits and/or shorter availment of services. Lower player count and spending will automatically affect revenues resulting in lower income for the Organization. Any complaints from the consumers if not addressed appropriately may reach Philippine Amusement and Gaming Corporation's (PAGCOR) attention and may be penalized in any matter raised.	The Organization's image may be affected by how employees interact with customers, and good customer rapport and customer satisfaction are foremost in the minds of all employees. To this end, it is the Organization's objective to maintain excellent customer relations in all areas of business, and having a dedicated team addressing all concerns is established to manage responses received through both online and offline reviews.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	MANAGEMENT APPROACH
With well-trained, skilled, and well-informed employees, this will result in providing excellent customer service and satisfaction to its consumers. As such, this will have a snowball effect on opportunities of having a firmer process of addressing concerns raised that may affect the reputation of the Organization.	The continuous usage of the Organization's internal commendation mechanism for the employees is regularly observed as an integral part of the program. The feedback gathered from this strongly helps the Organization determine the consumer needs that have to be addressed quickly.

The policy of the Organization on customer management is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf)

DATA SECURITY

DISCLOSURE	QUANTITY	UNITS
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	0	#

WHAT IS THE IMPACT AND WHERE DOES IT OCCUR? WHAT IS THE ORGANIZATION'S INVOLVEMENT IN THE IMPACT?	MANAGEMENT APPROACH
The Organization has set up data security measures and has a rigid standard for protecting it. Any type of data breach, leak, theft, and loss of data will impact the Organization's image and reputation which may eventually lead to a loss of confidence among customers and investors. This may also result in lower revenue income, and loss of business operations if grounds for sanction under the Data Privacy Act of 2012 are applicable.	An end-to-end privacy program management approach is in the process of being implemented, in compliance with best practices and international standards. This is an integrated, self-sustaining, and evolving approach that covers governance, compliance, performance review and monitoring, privacy impact assessment, data protection, continuous improvement, awareness and training, and ability to respond to data subject requests and privacy breaches. As a holistic approach it allows the Organization to achieve privacy compliance, address data protection requirements of data subjects and 3rd parties, manage privacy risks, and the treatment of data privacy as an inherent part of corporate governance.

WHAT ARE THE RISK/S IDENTIFIED?	MANAGEMENT APPROACH
The overall business reputation of the Organization may be at risk if there is any unauthorized processing, accessing, disclosure, and improper disposal of personal and sensitive information of any person/customer. Any type of data breach may potentially hamper operations and legal cases may occur in accordance with the implementation of the Rules & Regulations of the Data Privacy Act of 2012.	The Data Privacy Committee of the Organization's end-to-end privacy program management is in the process of being implemented. This will secure and safeguard personal data against any accidental loss, fraudulent misuse, unlawful destruction, alteration, disclosure, and any other unlawful processing of information. Aside from this strict adherence and compliance with existing DPA, the company regularly conducts inspections of physical and electronic storage of data and processing and disposal of data.

WHAT ARE THE OPPORTUNITY/IES IDENTIFIED?	MANAGEMENT APPROACH
The Organization's effort in establishing a robust privacy management program puts the company at a competitive advantage versus its market competitors. Gaining the confidence of customers and other parties concerned with the Organization when it comes to data privacy will entail a trustful relationship between the two parties, and the fundamental human right of individuals to privacy is upheld.	The Organization's Data Privacy Committee's (DPC) end-to-end privacy management program efforts exhibit its strong commitment to maintaining the trust and confidence of customers in safeguarding their data. All vital information and system access are meticulously monitored, and any possible breach is to be immediately reported to designated teams.

The policy of the Organization on data security is embedded in LRWC Code of Business Conduct and Ethics (https://lrwc.com.ph/wp-content/uploads/2020/09/LRWC-Code-of-Business-Conduct-and-Ethics_v14-09-2020.pdf) as well as in LRWC New Manual on Corporate Governance https://lrwc.com.ph/wp-content/uploads/2018/08/LRWC-New-Manual-on-Corporate-Governance.pdf)

DIGI PLUS INTERACTIVE

26th Floor,West Tower, Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines

LEISURE & RESORTS WORLD CORPORATION
Minutes of the Annual Meeting of the Stockholders
Held via Remote Communication at
https://us06web.zoom.us/j/84397488038?pwd=cFg1dWYydk5QTXNPOStvM0FodmVzZz09 29
July 2022 at 2:00 p.m.

Stockholders Present:

Total No. of Shares Outstanding	2,444,106,666
Total No. of Shares of Stockholders participating remotelyor *in absentia*, and represented in proxy	1,906,293,948
Percentage of Shares of Stockholders participating remotely or *in absentia*, and represented in proxy	78%

Directors participating remotely, *in absentia*, and/or by proxy:

Mr. Eusebio H. Tanco	-	Chairman of the Board, Chairman of the Executive Committee, Member of the Nomination Committee
Mr. "Andy" Tsui Kin Ming	-	President, Member of Executive Committee, Member of the Corporate Governance Committee, Member of the Compensation Committee, Member of the Retirement Committee
Mr. Paolo Martin O. Bautista	-	Member of the Audit Committee, Member of Related Party Transaction
Mr. Willy N. Ocier	-	Chairman of Nomination Committee, Memberof Executive Committee
Mr. Rafael Jasper S. Vicencio	-	N/A
Mr. Mardomeo N. Raymundo Jr.	-	Member of Corporate Governance Committee, Member of Compensation Committee, Memberof Nomination Committee, Member of Related Party Transaction Committee, Member of Retirement Committee
Mr. Renato G. Nuñez	-	Member of Risk Oversight Committee
Mr. Max Aaron Wong	-	Member of Executive Committee, Member of Compensation Committee, Member of Nomination Committee, Member of Retirement Committee
Mr. Lawrence T. Cobankiat	-	Chairman of Corporate Governance Committee, Chairman of Compensation Committee, Chairman of Risk Oversight Committee, Chairman of Retirement Committee, Member of Audit Committee, Member of Nomination Committee, Member of Related Party Transaction Committee
Mr. Winston A. Chan	-	Chairman of Audit Committee, Chairman of Related Party Transaction Committee, Memberof Corporate Governance Committee, Member of Compensation Committee, Member of Risk Oversight Committee, Member of Retirement Committee

Also Present:

Atty. Kristine Margaret R. Delos Reyes	-	Compliance Officer
Atty. Carol Padilla	-	Corporate Secretary
Mr. Wilfredo Pielago	-	Chief Financial Officer
Ms. Rosalyn Batay	-	Head of Internal Audit
Ms. Gaile A. Macapinlac	-	SyCip Gorres Velayo & Co. (SGV), External Auditor, and Team
Mr. Ricardo D. Regala	-	Stock and Transfer Service, Inc. (STSI), and Team

I. CALL TO ORDER

The Chairman, Mr. Eusebio H. Tanco, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Carol V. Padilla, recorded the minutes of the meeting.

The Chairman acknowledged the presence of the Company's directors, officers and Sycip Gorres Velayo & Co (SGV) Auditing Firm.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Corporate Secretary certified that the Notice and Agenda for the 2022 Annual Meeting of the Stockholders was disclosed in the Philippine Stock Exchange's EDGE Submission System, and uploaded in the Company's website on 9 June 2021. The Notice and Agenda for the meeting were also published in newspapers of general circulation, specifically in Business World and Business Mirror, both in print and online, on June 23 and 24, 2022. The Notice and Agenda were further sent by mail and messengerial service to all shareholders as of record date at their respective addresses of record. The Notices weresent out at least twenty-one (21) days prior to the Annual Stockholders' Meeting in accordance with the requirements of the Revised Corporation Code and applicable SEC regulations.

Through the Notice, the stockholders were informed that due to the Community Quarantine in effect in Luzon, the Company will not be conducting a physical annual stockholders' meeting, and instead the 2022 Annual Stockholders' Meeting will be streamed live.

The stockholders have also been notified that they can cast their votes remotely, through proxy, or *in absentia*, by sending their votes via e-mail to investorrelations@LRWC.com.ph on or before 12:00pm on 28 July 2022.

For the stockholders who cannot attend the meeting, they were given until 22 July 2022 to submit their respective proxies.

The Corporate Secretary certified that a quorum was present for the transaction of business with the presence of stockholders participating remotely, *in absentia,* or by proxy representing a total of One Billion Nine Hundred Six Million Two Hundred Ninety Three Thousand Nine Hundred Forty Eight (1,906,293,948) common shares. This constitutes 78% or more than two thirds (2/3) of the Two Billion Four Hundred Forty Four Million One Hundred Six Thousand Six Hundred Six (2,444,106,666) total outstanding common stock of the Company.

III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETINGHELD ON JULY 30, 2021

The Chairman proceeded to the first item in the Agenda, which is the approval of the minutes of the annual stockholders' meeting held on 30 July 2021. A summary of the minutes was included in the Information Statement, and can be accessed through the Company's website at www.LRWC.com.ph.

The Corporate Secretary, Atty. Padilla, presented the following proposed resolutionand its approval by the stockholders based on the votes cast:

> "**RESOLVED**, that the reading of the minutes of the annual meeting of the stockholders held on July 30, 2021 is dispensed with, and all matters includedin the minutes are considered complete and accurate, and are approved for all intents and purposes."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,906,293,948	100%
Against	0	0.00%
Abstain	0	0.00%

IV. MANAGEMENT REPORT

The Chairman proceeded to the next item in the agenda, the Management's Report. TheChairman then called the Company's President, Mr. "Andy" Tsui Kin Ming to deliver the Report for the year 2021, as follows:

"Dear Valued Shareholders,

While the start of the year has seen societies returning to normal after two years of Covid-19 impacting our lives, we are today witnessing some majortransformation in our economy, society, and our way of living.

Closing off 2021, we can look back at a strong year despite the headwinds. Exceptionally strong numbers in 2021 led to tough comparatives from the previous year but with an overall improvement by 16% in 2021 EBITDA loss compared to 2020.

*For the full year of 2021, **LEISURE & RESORTS WORLD CORPORATION (LRWC)** posted consolidated net loss of PHP828 million, an improvement of 36.2% from PHP1.3 billion in 2020 which is attributable to the savings from the decrease in operating expenses vis-à-vis the decline of income. As we slowly and steadily emerge from the pandemic that has slowed us down these past couple of years, short-term headwind persisted but the long-term optimism remained. We give you a quick review of the 2021 financial highlights.*

RETAIL** group's consolidated gross revenue contribution decreased by 17% year-on-year to PHP2 billion from the previous year's PHP 2.4 billion. Retail accounted for the largest share of the total income of LRWC's business units. Because it remained operating under limited number of sites and expectedly with lower turnout of playing customers due to some restrictions, its year-end result took a hit due to the same factors that plagued our economy. **AB Leisure

Exponent, Inc. (ABLE) *posted a gross revenue of PHP1.9 billion, 16% lower than 2020 record of PHP2.3 billion.* ***Total Gamezone Xtreme Incorporated (TGXI)****'s gross revenue contribution was also down by 37%, registering PHP79 million in 2021 versus PHP125 million in 2020.*

CASINO *group's consolidated gross revenue contribution is PHP205 million or 41% lower than the same period of the previous year to PHP345 million.* ***Blue Chip Gaming and Leisure Corporation (BCGLC)*** *or* ***Blue Chip*** *narrowed its loss from 63.3% to 12%, posting gross revenue contribution of PHP205 million in 2021 as compared to PHP233 million record in 2020. LRWC's share in* ***Hotel Enterprises Philippines, Inc. (HEPI)****'s net income grew by 31% to PHP136 million compared to last year's PHP103 million.*

ONLINE *group's consolidated gross revenue contribution amounts to PHP559 million, a decrease of 31% for the same period of the prior year.* ***First Cagayan Leisure and Resort Corporation (FCLRC)*** *posted a gross revenue contribution of PHP293 million, a decrease of 17% from PHP352 million of the same period last year.* ***First Cagayan Converge Data Center Inc.*** *or* ***FCCDCI****'s gross revenue contribution is down by 42% to Php214 million versus prior year's PHP369 million.* ***LR Data Center and Solutions Inc. (LRDCSI)****'s gross revenue fell to PHP53 million or 38% reduction from a year ago's Php86 million.*

PROPERTY *group is on steady growth with consolidated gross revenue contribution of PHP46 million, 61% increase from PHP28 million record in 2020. While* ***AB Leisure Global Inc. (ABLGI)****'s gross revenue contribution in 2020 slightly dropped by 2.6% at PHP8.3 million,* ***LR Land*** *on the other, jumped to 88% gross revenue or PHP38 million against 2020's PHP20 million.*

We embarked on our transformation journey even before the pandemic brokeout. Now, we have totally shifted our gear on full exploration into the online space with clear ambitions for the future. In the near term, we are hopeful to reverse our headwinds into tailwinds until the effects of the Covid-19 normalisation begin to tail off.

At the start of 2022 when we launched BingoPlus, it was very satisfying that we have bravely started one major milestone during one of the most difficult times in history. We expect these hurdles to gradually ease over the year once all the projects we have lined up take its full effect starting with our major partnership with the Philippine Basketball Association (PBA) Season 47 and with the implementation of various marketing efforts such as the launch of a celebrity endorser, brand ambassadors and rolling out of events like the BingoPlus Day and charity works among others.

Looking ahead, we continue to focus on our strategic investments in both our online platform and other products, as well as strengthening our brand presence through different channels towards the end of the year. We are even more excited to give our patrons a whole new level of gaming experience online and on-sites.

We have a very promising future ahead of us and I have great confidence in the direction we are taking through our long-term focus. Day in and day out, we are happy and thankful to continuously operate through the strong leadership by the board, adaptability of the management and hard work of all our employees.

To conclude, we thank all our shareholders who remained faithful to us and share our mission to create long-term value for all our stakeholders today and beyond.

With your continued support, we shall stay ON TOP OF OUR GAME!"

V. APPROVAL OF THE ANNUAL REPORT AND AUDITED FINANCIALSTATEMENTS FOR THE FISCAL YEAR 2021

The Chairman then proceeded to the next item in the agenda, which is the approval of the Annual Report and Audited Financial Statements for the Fiscal year 2021. He mentioned that copies of both the Annual Report and Audited Financial Statements were disclosed and circulated to the shareholders.

The Corporate Secretary then presented the following proposed resolution and its approval by the stockholders based on the votes cast:

> "**RESOLVED**, that the Annual Report and Audited Financial Statements for the fiscal year 2021, electronic copies of which having been made available in the Company's website and in the Philippine Stock Exchange's (PSE) EDGE Submission System, and as circulated together with the Information Package to the shareholders, are hereby approved."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,906,293,948	100%
Against	0	0.00%
Abstain	0	0.00%

VI. RATIFICATION OF ACTIONS TAKEN BY THE BOARD OF DIRECTORS ANDOFFICERS SINCE THE LAST ANNUAL MEETING DATED 30 JULY 2021

Thereupon, the Chairman proceeded to the next item of the Agenda, which is the ratification of all acts and proceedings of the Board of Directors and Management from the Annual Meeting held on 30 July 2021.

The Chairman confirmed that all material information and transactions were duly disclosed to the shareholders and the public.

Upon motion duly made and seconded, the following resolution was unanimously passed and approved:

> "**RESOLVED**, that all the acts of the Board of Directors and of the Officers during the fiscal year 2021 and immediately preceding the July 29, 2022 annual stockholders' meeting, are approved, confirmed and ratified for all intents and purposes."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,906,293,948	100%
Against	0	0.00%
Abstain	0	0.00%

VII. AMENDMENT OF THE ARTICLES OF INCORPORATION TO DECREASE THE

NUMBER OF DIRECTORS FROM 11 TO 9

The Chairman proceeded to the next item in the agenda, the Amendment of the Sixth Article of the Company's Articles of Incorporation to reduce the number of directors from eleven (11) to nine (9). The reduction of the number of directors is meant to streamline and make the board more manageable, and at the same time, to give priority to the expertise of the directors that is relevant to the Company's industry. This will make the board more efficient and nimble as the decision-making process would be quicker and more effective.

Upon motion duly made and seconded, the following resolution was unanimously approved:

"**RESOLVED**, as it is hereby resolved, that the amendment of the Sixth Article of the Company's Articles of Incorporation to read as follows is hereby approved:

FROM:

'SIXTH: That the number of directors of said corporation shall be eleven (11)...'

TO:

'SIXTH: That the number of directors shall be nine (9)...'"

VIII. AMENDMENT OF THE BY-LAWS

The Chairman proceeded to the next item in the agenda, the Amendment of Articles III and IV of the By-Laws. According to him, the Board recommends the deletion of Article III (8) of the By-Laws, which pertains to the amount of per diem to be received by the directors for each meeting. The proposed deletion is to ensure that the per diem of the directors will always be up to date, as the Board may consider to be just and reasonable, without the need for periodic amendments to the By-Laws.

Upon motion duly made and seconded, the following motion was unanimously approved:

> "**RESOLVED,** as it is hereby resolved, that the deletion of Article III (8) of the By-Laws, which reads as follows, is hereby approved:
>
> 'Article III (8): EACH MEMBER OF THE BOARD OF DIRECTORS shall receive a per diem of TEN THOUSAND PESOS (Php10,000.00) for each meeting actually attended by him (as amended on 28 November 2003).'"

The Chairman then recommended, for the approval of the stockholders, the amendment of the following sections of Article IV of the By-laws to update the role and functions of the Company's officers:

1. Section 1: identifying the officers to be the Chairman, the President who is the Chief Executive Officer, the Chief Operating Officer, the Treasurer, the Secretary, and the Assistant Secretary;
2. Section 2: identifying the powers and duties of the Chairman;

3. Section 3: identifying the powers and duties of the President and Chief ExecutiveOfficer;
4. Section 4: removing the current provision on the Vice President, and replacing itwith the Chief Operating Officer;
5. Section 5: deleting the current provision on the Assistant Vice Presidents;
6. Section 8: updating the role of the Treasurer; and,
7. Section 10: deleting the current provision on the General Manager.

Since the specific wordings of the amendments were provided in the InformationPackage and flashed on screen.

Thus, upon motion duly made and seconded, the following resolutions were unanimously approved:

> **"RESOLVED,** as it is hereby resolved that the amendment of the following sections of Article IV of the By-Laws is hereby approved:

Article No.	From	To
IV (1)	"THE OFFICERS OF THE COMPANY shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a President, who shall be the Chief Operating Officer, one or more Assistant Vice President, a Treasurer and Assistant Treasurer, a Secretary and Assistant Secretary, and a General Manager, xxx"	"THE OFFICERS OF THE COMPANY shall consist of **a Chairman of the Board, a President and Chief Executive Officer, a Chief Operating Officer, a Treasurer, a Secretary and Assistant Secretary**, and these officers shall be elected to hold office until their successors are elected and qualified. Any person may hold both the offices of the Treasurer and Secretary. **In avoidance of doubt, these are separate and distinct** **persons, except for the President, who is also considered the CEO**."
Articl eIV (2)	"THE CHAIRMAN of the Board and the Chief Executive Officer of the company shall have the following powers and duties xxx"	"THE CHAIRMAN of the Board of the Company **shall have the following powers and duties:** a. **preside at the meetings of the Board of Directors and of the stockholders;** b. **to lead the review, discussion, and approvals to be made by the Board;** c. **provide leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness;** d. **lead the Board in discussions of proposals put forward by the executive team including those on strategy, risk management, governance, capital, financial reporting and M&A activity;** e. **promote and oversee the highest standards of corporate governance**

		with the Board and the Company; f. **set direction and policies of the Company;** g. **lead discussion to achieve the mission and vision of the Company; and,** h. **perform such other duties as may be entrusted to him by the Board."**
Articl eIV (3)	"THE PRESIDENT and Chief OperatingOfficer shall exercise the following functions: a. To ensure that the administrative and operational policies of the company are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer; b. To supervise and direct the day-to-day business affairs of the company; c. To recommend the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies; d. Subject to the guidelines prescribed by law or by the Board of Directors, to appoint, remove, suspend or discipline employees of the company, prescribe their duties, determine their salaries; e. To oversee the preparation of the budgets and the statements of accounts of the company; f. To prepare such statements and reports of the company as may be required by law; g. To exercise such powers and perform such duties as the Chairman of the Board and ChiefExecutive Officer may from timeto time assign to him; Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's function as specified in the next preceding section of this Article IV in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer.	"THE PRESIDENT **and CHIEF EXECUTIVE OFFICER** shall exercise the followingfunctions: a. To recommend to the Board **and execute** specific projects for the attainment of corporate objectives and policies; b. Subject to the guidelines prescribed by law or by the Board of Directors, to appoint, remove, suspend or discipline employees of the company, prescribe their duties, determine their salaries; c. To oversee the preparation of the budgets and the statements of accounts of the company; d. To prepare such statements and reports of the company as may be required by law; e. To exercise such powers and perform such duties as the **Board** may from time to time assign to him; f. **To initiate and develop corporate objectives and policies, and formulate long range projects, plansand programs for the approval of the Board;** g. **To represent the company at allfunctions and proceedings;** h. **To execute on behalf of the company all contracts, agreements and other instruments affecting theinterests of the company which require the approval of the Board;** i. **To make reports to the Directorsand stockholders;** j. **To sign certificates of stock;** k. **To perform such other duties as are incident to his office or entrusted tohim by the Board."**

Articl eIV (4)	"THE VICE PRESIDENTS – In the absence and disability of both the Chairman of the board and president, the Vice-President inthe order designated by the Board shall act in their place and perform their duties.Each Vice-President shall also have the powers, and perform such duties as may from time to time assigned to him by the Board of Directors."	The provision on the VP shall be removed, and will be replaced with the following provision: **"THE CHIEF OPERATING OFFICER shall** **exercise the following functions:** **a. To ensure that the administrative and operational policies of the company are carried out under the direction of the President and ChiefExecutive Officer;** **b. To supervise and direct the day-to-day business affairs of the company;** **c. To have the general supervision andadministration of the affairs of the company; and,** **d. To carry out resolutions of the Board."**
Articl eIV (5)	"THE ASSISTANT VICE PRESIDENTS – shall have such powers and perform such duties as may from time to time be assigned by the Board of Directors."	Provision to be deleted
Articl eIV (8)	"THE TREASURER shall have custody of all moneys, securities and values of the company which come to his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the company in such banking institutions in the City of Manila, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon checks or other written demands of the company which have been signed by such officer or officers, or person or persons as the Board of directors may from time to time direct, he shall perform all other duties incident to his office and all that are properly required of him by the Board of Directors. He shall furnish bond conditioned upon the faithful performance of his duties. If and as required so to do by the Board of Directors, the amount of said bond to be determined and fixed by said board in such requirements."	"THE TREASURER shall have **the followingduties:** **a. To keep full and accurate accountsof receipts and disbursements in the books of the Company;** **b. To have custody of, and be responsible for, all the funds,securities and bonds of the Company;** **c. To deposit in the name and to the credit of the Company, in such bankas may be designated from time to time, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the Company which may come under his control;** **d. To render annual statements showing the financial condition ofthe Company and such other financial reports as the Board of Directors, or the President may, from time to time require;** **e. To prepare such financial reports, statements, certifications and otherdocuments which may, from time to time, be required by government** **rules and regulations and to submit**

		<u>the same to the proper government agencies; and,</u> f. **<u>To exercise such powers and perform such duties and functionsas may be assigned to him by the President."</u>**
Articl eIV (10)	"THE GENERAL MANAGER – shall have such authority and exercise such powers as may from time to time conferred upon him by the Board of Directors."	Provision to be deleted.

IX. NOMINATION AND ELECTION OF THE COMPANY'S DIRECTORS

The Chairman moved on to the next item in the agenda, which is the election of the members of the Board of Directors for the ensuing year 2022-2023. He then called on the Chairman of the Nomination Committee, Mr. Willy Ocier to announce the nomination.

Mr. Ocier informed the stockholders that out of the 11 directors to be nominated and elected to the board seats of the Company, the Company is required by law to nominate andelect two (2) independent directors. The nominees to the seats for independent directors have been pre-qualified by the Nomination Committee in accordance with the requirements and procedure set forth under Rule 38 of the Securities Regulations Code.

Upon motion duly made and seconded, the following persons were elected as independent directors for the ensuing year until their successors have been duly elected andqualified:

Mr. Winston Chan
Atty. Timoteo B. Aquino

Mr. Ocier presented the nominees to the Board, are as follows:

1. Eusebio H. Tanco;
2. "Andy" Tsui Kin Ming;
3. Paolo Martin O. Bautista;
4. Renato G. Nuñez;
5. Rafael Jasper S. Vicencio;
6. Mardomeo N. Raymundo Jr.; and,
7. Willy N. Ocier.

Upon the inquiry of the Chairman, the Corporate Secretary presented the tally of votes received by each nominee, as confirmed and validated by the Company's stock and transfer agent, STSI, as follows:

Nominee	Votes in favor		Votes against		Abstain	
	No. of Votes	%	No. of Votes	%	No. of Votes	%
1)Eusebio H. Tanco	1,906,293,948	100.00%	0	0.00%	0	0.00%
2) "Andy" Tsui Kin Ming	1,906,293,948	100.00%	0	0.00%	0	0.00%
3) Paolo Martin O. Bautista	1,906,293,948	100.00%	0	0.00%	0	0.00%
4) Renato G. Nunez	1,906,293,948	100.00%	0	0.00%	0	0.00%
5) Rafael Jasper S. Vicencio	1,906,293,948	100.00%	0	0.00%	0	0.00%
6) Mardomeo N. Raymundo Jr.	1,906,293,948	100.00%	0	0.00%	0	0.00%

7) Willy N. Ocier	1,906,293,948	100.00%	0	0.00%	0	0.00%
8) Mr. Winston Chan	1,906,293,948	100.00%	0	0.00%	0	0.00%
9) Atty. Timoteo B. Aquino	1,906,293,948	100.00%	0	0.00%	0	0.00%

There being no other nominations, and considering the votes cast all in favor, the Chairman declared the nine (9) nominees as the duly elected directors of the Company for the ensuing year until their successors have been duly made elected and qualified.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman then announced that the next item in the agenda is the appointment of the external auditor for the ensuing year.

On behalf of the Audit Committee, Mr. Bautista presented the recommendation of the Audit Committee to appoint Isla Lipana & Co., the Philippine member firm of PwC (PricewaterhouseCoopers).

Upon motion duly made and seconded, the following resolution was unanimously approved:

> "**RESOLVED**, that Isla Lipana & Co., the Philippine member firm of PwC global network ("PwC Philippines"), is hereby appointed as external auditor of the Company for the ensuing year."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	2,003,453,743	100%
Against	0	0.00%
Abstain	0	0.00%

XI. QUESTION AND ANSWER

The Chairman then called Ms. Christine Gabrieles, from the Investor Relations Department to read out the questions that were submitted on time prior to the meeting.

Ms. Gabrieles presented the questions raised and answered them briefly, as follows:

- **Question #1: What is the Management's plan for the whole company?**

LRWC aims not only to be a bingo or gaming provider, but also a world-class, one- stop hub for a variety of entertainment. The company will not stop to explore new products and possibilities. LRWC holds subsidiaries which specialize in different leisure fields. We not only have Bingo Parlors and Casinos, we also have property investments and hosting services. All of these will build us up to become an industry icon.

- **Question #2: How is the performance of BingoPlus since it was launched?**

BingoPlus was only launched in January this year. Just half year from its initial kick- off, it has changed the way people play bingo. BingoPlus created a unique online social platform for players where real and live interactions make it seem like the game is still being played face-to-face on the table, but with the convenience of time and venue of player's choice.

Additionally, it has changed many people's lives through the numerous prizes it had awarded. BingoPlus has awarded a total of 19 Jackpot players with a total prize amount of Php126,630,993.

Being fun and rewarding, the two most essential factors of a game, BingoPlus quicklygained loyal customer base across the country. We can see a very promising future in it.

XII. ADJOURNMENT

There being no other business to discuss, the Chairman, on behalf of the Board of Directors and management of the Company, expressed gratitude to all those who participated in the meeting and for their continued support. Thereafter, the meeting was adjourned.

CERTIFIED CORRET:

CAROL V. PADILLA
Corporate Secretary

ATTESTED BY:

EUSEBIO H. TANCO
Chairman

REPUBLIC OF THE PHILIPPINES)
) S.S.

CERTIFICATION

I, **CAROL V. PADILLA,** of legal age, Filipino, and with office address at 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after having been duly sworn in accordance with law, state that:

1. I am the duly appointed Corporate Secretary of **DIGIPLUS INTERACTIVE CORP.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at Ecoprime Building, 32nd Street corner Ninth Avenue, Bonifacio Global City, Taguig City.

2. The incumbent members of the Board of Directors and officers of the Corporation are as follows:

NAME	POSITION
Eusebio H. Tanco	Chairman
Tsui Kin Ming	President
Willy N. Ocier	Director
Renato G. Nuñez	Director
Rafael Jasper S. Vicencio	Director
Mardomeo N. Raymundo Jr.	Director
Jose Raulito E. Paras	Director
Timoteo B. Aquino	Independent Director
Ramon D. Dizon	Independent Director
Carol V. Padilla	Corporate Secretary
Analen A. Hernandez	Assistant Corporate Secretary
Kristine Margaret R. Delos Reyes	Compliance Officer
Wilfredo M. Pielago	Treasurer/CFO

3. None of the foregoing directors and officers of the Corporation are currently employed by or otherwise connected in any capacity to the Philippine Government or any of its bureaus, agencies or instrumentalities.

IN WITNESS WHEREOF, I have affixed my signature this ____ day of JUN 15 2023 2023 in ~~PARAÑAQUE CITY~~ City.

CAROL V. PADILLA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this _____ day of JUN 15 2023 2022, in PARAÑAQUE CITY City, affiant exhibiting to me her Tax Identification No. [redacted]

NOTARY PUBLIC

Doc. No. 434;
Page No. 86;
Book No. I;
Series of 2023.

MARIA VICTORIA C. RIVERA-GILERA
Notary Public for Parañaque City
Until December 31, 2024
Commission No. 305-2023
Roll No. 52139
IBP Lifetime No. 08742 / 01.13.2010
PTR No. 3200089 / 01.04.2023 / Parañaque City
MCLE Compliance No. VII 003258 / 06.04.2021
24 F.G. Calderon St. BF Manresa, BF Homes, Parañaque City

REPUBLIC OF THE PHILIPPINES)
) S.S.

C E R T I F I C A T I O N

I, **TIMOTEO B. AQUINO**, of legal age, Filipino and with address at [redacted], after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of **DIGIPLUS INTERACTIVE CORP**, and I have been its independent director since July 29, 2022.

2. While I am a director of Dynamic Care Corporation since 2021, I am not involved nor affiliated, both in the management and ownership, of said company or any company or organization, including public companies and Government-Owned and Controlled Corporations.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of DigiPlus Interactive Corp., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of DigiPlus Interactive Corp. and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not affiliated with any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of DigiPlus Interactive Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done this ____day of JUN 02 2023 2023 PARAÑAQUE CITY City.

TIMOTEO B. AQUINO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of JUN 02 2023 2023 at PARAÑAQUE CITY affiant personally appeared before me and exhibited to me his [redacted], that he is the same person who personally signed before me the foregoing certification and acknowledged that he executed the same.

Doc. No. 318;
Page No. 65;
Book No. I;
Series of 2023.

MARIA VICTORIA D. RIVERA-GILERA
Notary Public for Parañaque City
Until December 31, 2024
Commission No. 305-2023
Roll No. 52139
IBP Lifetime No. 08742 / 01.13.2010
PTR No. 3200089 / 01.04.2023 / Parañaque City
MCLE Compliance No. VII 003258 / 06.04.2021
24 F.C. Calderon St. BF Manresa, BF Homes, Parañaque City

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

C E R T I F I C A T I O N

I, **RAMON D. DIZON**, of legal age, Filipino and with address at [redacted], after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of **<u>DIGIPLUS INTERACTIVE CORP</u>**, and I have been its independent director since October 26, 2022.

2. I am affiliated with the following companies and organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Monde Nissin Corporation	Senior Consultant	Sept. 2022 to present
Megalink, Inc.	Independent Director	May 2022 to present
PAL Holdings Inc.	Independent Director	Sept. 2022 to present
Management Association of the Phils.	Member	2012 to present
Financial Executives of the Phils.	Member	2016 to present

3. I possess all the qualifications, and was granted an exemptive relief by the Securities and Exchange Commission in its letter dated 8 September 2022, to serve as an Independent Director of DigiPlus Interactive Corp. beginning year 2022, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of DigiPlus Interactive Corp. and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not affiliated with any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of DigiPlus Interactive Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done this ____day of JUN 02 2023 2023 at PARAÑAQUE CITY City.

RAMON D. DIZON
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of JUN 02 2023 2023 at PARAÑAQUE CITY, affiant personally appeared before me and exhibited to me his [redacted], that he is the same person who personally signed before me the foregoing certification and acknowledged that he executed the same.

Doc. No. 321;
Page No. 66;
Book No. I;
Series of 2023.

MARIA VICTORIA C. RIVERA-GILERA
Notary Public for Parañaque City
Until December 31, 2024
Commission No. 305-2023
Roll No. 52139
IBP Lifetime No. 08742 / 01.13.2010
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