COVER SHEET

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SEC Registration Number

DIGIPLUS INTERACTIVE CORP.
(Formerly Leisure & Resorts World Corporation)

(Company's Full Name)

ECOPRIME BUILDING, 32ND. ST. COR.
9TH. AVE. BONIFACIO GLOBAL CITY,
TAGUIG CITY

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

Mr. Wilfredo Pielago
(Contract Person)

8 637-5291 5291 to 93
(Company Telephone Number)

12 **31**
Month *Day*
(Fiscal Year)

17-A
(Form Type)

07 **28**
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

1,823
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 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, 2023**

2. Commission identification number **13174**

3. BIR tax identification number **321-000-108-278**

4. Exact name of issuer as specified in its charter
   DIGIPLUS INTERACTIVE CORP.

5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES

6. Industry Classification Code: ________ (SEC use only)

7. Address of registrant's principal office
   ECOPRIME BUILDING, 32ND ST. COR. 9TH AVE., BONIFACIO GLOBAL CITY, TAGUIG CITY

8. Issuer's telephone number, including area code
   8 637-5291

9. Former name, former address and former fiscal year, if changed since last report
   N/A

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	4,407,659,178 /NA

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

    Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

    a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 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: ₱10,500,166,497.60 (based on market price on April 11, 2024).

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. Corporate Information

Primary Purpose

DigiPlus Interactive Corp. (formerly Leisure & 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 were 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 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 various investors. The proceeds from the issuance were 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 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 Incorporated (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 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, 2023, 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;

(4) Apo View Hotel, Davao City with Pacific Palm Corporation; and (5) Bacolor, Pampanga with Kings Royal Hotel and Leisure Park 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 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 holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC. In 2023, DigiPlus acquired an additional 17.59% interest in the shares of FCLRC, increasing its ownership interest to 87.27%.

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 stopped its commercial operations on July 2022.

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 2023 and 2022.

Products, Games and Distribution Methods

AB Leisure Exponent, Inc. (ABLE)

ABLE is the pioneer in professional bingo gaming in the Philippines, is a wholly-owned 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, 2023, 9,315 machines were installed in 125 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, 2023, a total of 122 Rapid Bingo terminals were installed in 111 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, 2023, ABLE and its subsidiaries/affiliates own 128 bingo parlors nationwide, of which 119 sites are operating while 9 sites are temporary closed. 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
		8	J Ramos Bldg., Poblacion Zone 1 Bayambang, Pangasinan
		9	JSR, Kareenan Street, Roxas Blvd., San Carlos City, Pangasinan
		10	Benry Square, McArthur Highway, Brgy. San Nicolas, Tarlac City
		11	2/F Live Bistro Building, Sitio Paroba, Barangay Tibag, Tarlac City
		12	T - 1,2,3 City Mall F. Quimpo St., Pob. Kalibo, Aklan

Bingo Parlors Owned Through Subsidiaries/Equity			
	Date of Organization	Location	
Alabang Numbers & Gaming Corp., 100%	9/18/1997	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%	5/24/2013	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 Incorporated, 100%	1/25/2000	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	9/7/1998	45	Elizabeth Mall, Leon Kilat St., Cebu City

Gallery Inc., 100%			
First Leisure & 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%	10/22/1995	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
Ilo-Ilo 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, 100%	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%	2/16/2012	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, Incorporated, 95%	5/3/2000	80	SM City Manila, Arroceros St., Manila
One Bingo Pavilion Inc., 100%	7/29/2011	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 Corporation, 100%	1/13/1998	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 Corporation, 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)

Total Gamezone Xtreme Incorporated (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 December 31, 2023, TGXI has 31 branches sites with a total 787 terminals. Out of the 31 sites, 20 are operating while 11 sites remained temporary closed because of operating losses.

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
BINAN	3	2F SM Building, Barangay San Antonio, Biñan, Laguna
BINANGONAN	4	2F ECG Bldg National Road Brgy. Pantok Binangonan Rizal
CAINTA 4	5	2nd Floor Saunterfield Bldg. Km 20 Brgy. Sto. Nino Ortigas Ave. Extension Cainta, Rizal
CARMONA	6	Unit 5, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite
CUEVAS VILLE/ MOLINO 2	7	Units 10 & 11, Cuevasville Commercial Building 3, Daanghari Road, Molino 4, Bacoor, Cavite
DEL MONTE	8	716 Del Monte Avenue, Talayan, QC
DON ANTONIO	9	2F, Don Antonio Sports Complex, Brgy Holy Spirit, Quezon City
GUIGUINTO	10	2nd Flr., GD Plaza, Mc Arthur Highway, Brgy. Ilang ilang, Guiguinto, Bulacan
DJET PASIG	11	GF, D'Jet Commercial Bldg., Imelda Ave., Phase 11-A Lot C, No. 25 and 26, Karangalan Village, Pasig City
KATIPUNAN	12	175 Katipunan Ave., Loyola Heights, Quezon City
KAWIT	13	GF, Bautista Arcade, Brgy Binakayan, Kawit, Cavite
MABALACAT 2	14	Stall 19, Pineda Building, Mc. Arthur Highway, Mabalacat, Pampanga
MADISON	15	GF, Bldg. B, Madison Square #4, Pioneer Street, Mandaluyong City
MALABON	16	Unit 3 Francis Market, Gov. Halili cor. M.H Del Pilar Sts., Tenajeros Malabon
MANGGAHAN 1	17	2F, MSI Building, Governor's Drive, Brgy Manggahan, Gen. Trias, Cavite
MAYBUNGA	18	2F, SGC Building, 172 C. Raymundo Ave., Brgy. Maybunga, Pasig City
MEYCAUAYAN	19	665-A, McArthur Highway, Brgy. Bancal, Meycauayan, Bulacan
METROTOWNE	20	Metro Towne Center, 2020 Marcos Alvarez Ave., Talon 5, Las Piñas City
PACO	21	Unit 3, Topmark Building, Paz Mendoza Guazon St., Paco, Manila
PASO DE BLAS 1	22	2F, LB Bldg., Paso de Blas Road, Valenzuela City
SAN JOSE DEL MONTE	23	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan
SAN MIGUEL	24	Total Gas Station, National Highway, Cagayan Valley Road, Brgy. Kamias, San Miguel, Bulacan
SAN RAFAEL	25	141 Cagayan Valley Road, Brgy. Sampaloc, San Rafael, Bulacan
SILANG	26	Brgy. Buho, Silang, Cavite

SILVER CITY	27	GF, Silver City Bldg., Frontera Verde, Bo. Ugong, Paisg City
STA MARIA	28	112 C Gov. Halili Avenue, Brgy. Bagbaguin, Sta. Maria, Bulacan
STARMALL EDSA	29	2F, Starmall Building, EDSA corc. Shaw Blvd., Mandaluyong City
VALENZUELA 2	30	GF, Puregold Valenzuela, 419 McArthur Highway, Brgy Dalandanan, Valenzuela City
VISAYAS AVE	31	2F, MSK Building, Tandang Sora, Visayas Avenue, Quezon City

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC has a contract with the 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, 2023 and 2022, there were 7 and 11 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.

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
Gamemaster Integrated, Inc. (formerly G Boracay Beta Holding Corp.)	October 18, 2017	Amusement and Recreation
DigiLive, Inc. (formerly G Boracay Gamma Holding Corp.)	October 18, 2017	Amusement and Recreation

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 Incorporated (TGXI)

TGXI has continued to establish its position as one of the major front runners among PeGS operators in the country through the launching of ArenaPlus on February 2023. ArenaPlus is an engaging online platform that provides users with an opportunity to place bets on a variety of sports and games. Catering to the interests of a wide audience, the platform boasts a user-friendly interface and a secure betting environment.

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 SolidLeisure 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, 2023, BCGLC has 1,022 slot machines which are supplied by Aristocrat (Australia), IGT (USA), Scientific Gaming (USA), Konami (Japan), Jumbo (Taiwan), Alfastreet (Slovenia) and RGB (Macau) Ltd. 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 Incorporated (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 ₱97.14 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 and 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 192 and 203 employees in 2023 and 2022, respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,671 and 1,818, in 2023 and 2022, respectively while TGXI has 165 in 2023 and 145 in 2022. On the other hand, FCLRC has 16 in 2023 and 20 in 2022 whereas BCGLC has 51 and 53 employees in 2023 and 2022, respectively. LRLDI has 3 employees in 2023 and 2022. In 2023, the Company and its subsidiaries decreased its workforce mainly due to resignations and temporary closing of other branches. The Company did not have major changes in their employment portfolios. Their employees are not subject to a collective bargaining agreement.

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. As at December 31, 2023, the employee stock options plan is still subject to the approval of the SEC.

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 and PDRCI", Civil Case No. R-PSG-22-02495-SP, Regional Trial Court, Pasig City, Branch 268

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 Mediation is set on April 22, 2024.

2. "Leisure and Resorts World Corporation v. Atty. Katrina Nepomuceno", CBD Case No. 23-6980 (Admin Case No. 13650), Commission on Bar Discipline, Pasig City

This is a disbarment case against former LRWC Counsel Atty. Katrina Nepomuceno.

We received Respondent's Verified Answer on January 4, 2024.

We are waiting for the Order for the next scheduled hearing.

3. "People of the Philippines v. Marc Nicole Rino", Criminal Case No. 10-0886-2022, Regional Trial Court, Lipa City, Batangas, Branch 12

This case involves missing cash in the Prize Fund and Revolving Fund of the Extreme Bingo Club, SM Lipa Branch in Lipa Batangas in the amount of ₱170,000 and ₱6,150, respectively.

The trial is on-going. On January 30, 2024, our witness, Ms. Angioline Villanueva was presented as witness, where she identified her judicial affidavit.

The continuation of her cross examination is scheduled on April 29, 2024.

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

This case involves missing cash in the Prize Fund of the Extreme Bingo Club, SM Rosario Branch in Rosario Cavite in the amount of ₱200,000.

The trial is on-going. The Judicial Affidavit of our final witness, Kate Leen Jimeno, was filed on January 17, 2024.

The hearing for her presentation is scheduled on April 4, 2024.

5. "First Leisure & Game Co., Inc. vs. Riza June dela Bajan", NPS No. V-04-INV-23L-0023, Office of the City Prosecutor, Masbate City

This case for estafa by misappropriation is filed by First Leisure & Game Co., Inc. against its employee June Dela Bajan. The case involves unliquidated advances of for the payment of utilities and site rentals of BB Masbate amounting to ₱127,006 and ₱197,778, respectively.

The Complaint Affidavit was filed on December 27, 2023.

On January 17, 2024, the OCP found probably cause charging Dela Bajan with 3 counts of Estafa, which will be filed with the Municipal Trial Court in the Cities ("MTCC") in Masbate.

6. "People of the Philippines vs. Marvin S. Javier", Criminal Case No. 7557-M-2022, Regional Trial Court, Malolos City, Bulacan, Branch 84

Marvin S. Javier is a high roller player in Bingo Plus Guiguinto Bulacan. He convinced the branch's staff to give him credit amounting to ₱4 million. He left the branch without paying his credits and he cannot be contacted anymore.

Accused is at large.

The private investigators informed us that they found a possible address in Bulacan for accused's sister. They sent a proposal if we are amenable and they are asking for advice if we will proceed with their private investigation.

7. "Total Gamezone Extreme, Incorporated vs. Mary France Pena", NPS No. XV-18C-INN-23L for Qualified Theft, Office of the Provincial Prosecutor, Taytay, Rizal

This is case for qualified theft filed by TGXI against its cashier Mary France Pena who stole cash in the amount of ₱464,000.

The Complaint-Affidavit was filed on December 27, 2023.

As of February 23, 2024, the Complaint-Affidavit is already submitted for resolution.

8. "ABLE vs. Commission of Internal Revenue", EB Case No. 2595 (CTA Case No. 9620), Court of Tax Appeals

This is an appeal by way of Petition for Review filed on June 22, 2017 with the Court of Tax Appeals ("CTA") from the Commissioner of Internal Revenue's ("CIR") Final Decision on Disputed Assessment ("FDDA") dated May 24, 2017 issued against ABLE with respect to alleged deficiency value added tax ("VAT") and documentary stamp tax ("DST") assessments for taxable year ending December 31, 2013 in the aggregate amount of ₱517,895,721, inclusive of surcharge, interest, and compromise penalties.

On October 9, 2023, the CTA En Banc issued a Decision dated October 4, 2023 reversing the Decision and Resolution of the CTA in Division and held that ABLE's bingo games operation is covered by the phrase "operations of casino(s)". Hence, PAGCOR's tax exemption privileges under PD 1869 inure to the benefit of, or extend to, ABLE. Accordingly, the deficiency VAT and DST assessments in the amount of P611M were cancelled.

CIR filed a Motion for Reconsideration thereafter.

As of March 15, 2024, we are waiting for CTA En Banc's Resolution on the Motion for Reconsideration filed by the CIR.

9. "South Entertainment Gallery, Inc. v. Commissioner of Internal Revenue", G.R. No. 225809 (CTA EB No. 1129, CTA Case No. 8257), Supreme Court

This is an appeal by way of Petition for Review (with Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction) filed on March 31, 2011 with the CTA contesting the validity of the Warrant of Distraint and/or Levy ("WDL") issued by the CIR, through the BIR Revenue District Office No. 21B, South Pampanga, for collection of alleged deficiency IT and VAT for taxable year 2005 in the aggregate amount of ₱4,024,393.

SEGI assails the validity of the WDL for failure to receive any Formal Assessment Notice covering alleged deficiency taxes for taxable year 2005 in violation of the due process requirements under Section 228 of the 1997 National Internal Revenue Code ("1997 NIRC") and Rev. Regs.12-99.

On July 10, 2014, SEGI received CTA's Decision dated July 9, 2014 ("Decision") granting the Petition for Review, cancelling the assessment issued by the respondent and ordering the withdrawal of the WDL.

The CIR elevated the matter to the Supreme Court *via* Petition for Review on Certiorari dated September 6, 2016. Upon order of the Court, SEGI filed its Comment to the foregoing Petition for Review on Certiorari on December 16, 2016. Thereafter, CIR filed its reply to the Comment. On December 14, 2021, SEGI received a Decision from the Supreme Court 6 reversing the Decision and Resolution issued by the CTA En Banc. On January 10, 2022, and in accordance with Administrative Circular No. 102-2021, SEGI filed a Motion for Reconsideration of the Supreme Court's decision. On February 23, 2023, SEGI received the Resolution dated October 3, 2022 denying with finality SEGI's Motion for Reconsideration.

On March 8, 2023, SEGI received the Entry of Judgment.

10. “People of the Philippines vs. Cheryl Mortalla Go”, Crim. Case No. M-PSY-18-36003-CR, for Violation of BP 22, Regional Trial Court, Pasay City, Branch 45

The case has already attained finality and is assigned to Sheriff Randy Leviste for execution.

Last March 8, 2024, Sheriff Leviste informed our external counsel that Cheryl Go does not have any accounts in their bank from which the sheriff can garnish payment for her indebtedness. Sheriff informed the firm that they can already levy the personal and real assets of Cheryl Go.

11. “Racelis, et al. vs. Rioja et al.”, Civil Case No. R-MKT-18-00825-CV for Specific Performance, Regional Trial Court, Makati City, Branch 147

The case is for specific performance. Defendants include Rizaldy Rioja, Abram Sualog, and Kokoy Soguilon.

February 13 and 19, 2024 were the initial dates set by the Court for the presentation of defense evidence. Mr. Rizaldy Rioja was scheduled to be presented as witness on said dates.

On February 5, 2024, we filed a Motion for Postponement of hearings (February 13 and 19, 2024) with Manifestation that we will be filing a Demurrer to Evidence.

On February 21, 2024, we filed the Demurrer to Evidence and furnished a copy to the plaintiffs through registered mail. In its order dated February 22, 2024, the Court gave plaintiffs ten (10) days from receipt of the Demurrer to Evidence to file their comment/opposition. As of March 12, 2024, the Court informed us that they have yet to receive any comment/opposition to the Demurrer to Evidence.

12. “Prime Investment Korea Inc. vs. Commissioner of Internal Revenue”, SC-G.R. No. 257658 (CTA EB Case No. 2129; CTA Case No. 9573), Supreme Court

This is an appeal by way of Petition for Review filed on April 11, 2017 with the CTA given the CIR’s inaction in relation to PIKI's administrative claim for refund or issuance of tax credit certificate arising from erroneously, wrongfully, illegally, or excessively paid corporate income tax on junket gaming revenues for taxable year 2014 in the aggregate amount of ₱24,365,980.

On December 11, 2023, PIKI received the Supreme Court’s Resolution denying PIKI’s Motion for Leave of Court [to Admit Attached Second Motion for Reconsideration and to Refer the Same to the Court En Banc]. With this, PIKI’s refund claim on corporate income tax paid on junket gaming revenues for taxable year 2014 in the aggregate amount of ₱24,365,980 is deemed denied with finality.

13. “Prime Investment Korea Inc. v. Commissioner of Internal Revenue”, CTA EB Case No. 2483 (CTA Case No. 9814), Court of Tax Appeals

This is an appeal by way of Petition for Review filed on April 13, 2018 with the CTA given the CIR’s inaction in relation to PIKI's administrative claim for refund or issuance of tax credit certificate arising from erroneously, wrongfully, illegally, or excessively paid corporate income tax on junket gaming revenues for taxable year 2015 in the aggregate amount of ₱4,126,817.

On January 12, 2023, PIKI received the CTA *En Banc's* Decision dated January 9, 2023 ("Decision") granting PIKI's Petition for Review and setting aside the Decision and Resolution of the CTA First Division. In the Decision, the CTA En Banc held that PIKI's income from casino gaming operations pursuant to the Junket Agreements with PAGCOR is not subject to corporate income tax. In view of the foregoing, the CTA En Banc directed the remand of the case to the CTA First Division to determine the refundable amount. 5 On January 26, 2023, the CIR filed a Motion for Reconsideration. In compliance with the CTA En Banc's Resolution dated February 6, 2023, PIKI filed a Comment on February 15, 2023.

We are still awaiting the resolution of the CTA *En Banc* on the CIR's Motion for Reconsideration for this case.

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

a) On January 31, 2023, the Board approved the following:
   1. Approval of the Employee Stock Option Plan ("ESOP");
   2. Approval of the details of the Special Stockholders' Meeting ("SSM") to approve the ESOP:
      - Date of SSM: March 27, 2023
      - Conduct of SSM *via* Zoom
      - Record Date: February 27, 2023
      - Agenda
   3. Approval of the amendments to the Board Risk Oversight Committee ("BROC") Charter; and
   4. Approval of the Change of Ticker/PSE Stock Symbol, subject to regulatory approval/s.

b) On March 27, 2023, the stockholders approved the ESOP as endorsed by the Board.

c) An annual meeting of the stockholders of the registrant was held on July 28, 2023.

d) 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. Willy N. Ocier
   4. Rafael Jasper S. Vicencio
   5. Atty. Mardomeo N. Raymundo Jr.
   6. Renato G. Nunez
   7. Atty. Jose Raulito E. Paras

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

   8. Atty. Timoteo B. Aquino
   9. Mr. Ramon Pancratio D. Dizon

e) During the annual meeting of the stockholders of the registrant last July 28, 2023, the following matters were 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 29, 2022;
   2. Approval of the Annual Report and Audited Financial Statements for the fiscal year and Audited Financial Statements for the fiscal year 2022;
   3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on July 29, 2022;

4. Nomination and Election of Directors;
5. Appointment of External Auditor.

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
2Q 2023	3.80	3.80	2.42	2.42	153,318,000	155,075,000
3Q 2023	7.09	7.09	3.29	3.29	323,374,400	323,842,400
4Q 2023	8.13	8.13	5.50	5.50	159,955,400	162,123,800
1Q 2024	11.28	11.28	7.33	7.33	283,983,500	293,812,000

*There were no adjustments during 2023 and 2022.

Closing Market Price as of April 11, 2024 is ₱12.24 per share.

The Company complied with the required minimum public ownership. As of December 31, 2023, total number of common shares owned by the public is 857,856,740 shares or equivalent to 19.46% of the total issued and outstanding common shares.

The Company's earnings (loss) per share are: ₱1.0390 and ₱0.2034 per share 2023 and 2022, respectively.

b) Holders

The stock transfer agent reported 1,823 holders of common shares of the registrant, as of December 31, 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)	1,149,492,312	26.08
2	PCD Nominee Corporation (Non-Filipino)	963,509,615	21.86
3	Sagathy Holdings Inc.	340,000,000	7.71
4	Beldevere Skies Asset Holdings OPC	330,600,000	7.50
5	Clearspring Holdings Corporation	330,600,000	7.50
6	Euphonious Holdings, Inc.	230,000,000	5.22
7	Catchy Solution Limited	225,000,000	5.10
8	Globalist Technology Company Limited	190,000,000	4.31

	Name	No. of Shares Held	% To Total
9	Leisure Advantage, Inc.	187,352,512	4.25
10	Grandshares Inc.	120,000,000	2.72
11	Colonial Group Holdings Corporation	100,000,000	2.27
12	XII Capital Inc.	100,000,000	2.27
13	Dominique L. Benitez	31,680,000	0.72
14	Tucket Holdings Inc.	30,000,000	0.68
15	Alfredo Abelardo B. Benitez	22,095,859	0.50
16	AB Leisure Exponent, Inc.	21,567,000	0.49
17	Eusebio H. Tanco	10,432,480	0.24
18	Willy Ng Ocier	2,125,200	0.05
19	Paul Luis P. Alejandrino	1,426,224	0.03
20	Jianxi Li	1,026,000	0.02

Below is the summary list of foreign ownership as of December 31, 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	72	3,664,852	0.08
Filipino	1,732	2,925,292,669	66.37
Others	9	1,478,560,540	33.55

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 2023.

On March 19, 2024, DigiPlus' Board of Directors approved the declaration of cash dividends to all stockholders of the Parent Company amounting to P0.18 per outstanding common share. The cash dividends will be payable on April 18, 2024 to stockholders of record as of April 4, 2024.

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.

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

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

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 Incorporated (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 - 87.27% 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.

<u>Retail</u>

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.

As of December 31, 2023, ABLE also had 128 land-based sites, of which 119 were operational sites, while 9 sites remained temporary closed mainly because of operating losses.

TGXI
TGXI is engaged in operates e-games stations under licensee of PAGCOR.

As of December 31, 2023, TGXI had 31 sites, of which 20 were operational sites while 11 sites remained temporary closed mainly due operating loss.

ArenaPlus
In February 2023, the Group launched a new brand for its sports betting operations, ArenaPlus.

<u>Casino</u>

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

<u>Network and Licenses</u>

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) Sports betting 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. In April 2023, ABLE entered into a ₱3.0 billion term-loan agreement with Asia United Bank which is secured by the land owned by GREJC.

LRLDI
LRLDI entered into various lease agreements as lessor with lease terms ranging from monthly to one (1) year.

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

2023 as Compared to 2022

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	**2023**	2022	Inc/(Dec)	% Change
GROSS REVENUE				
Retail games	**₱26,430,811**	₱8,163,680	18,267,131	224%
Casino	**475,937**	385,225	90,712	24%
Service and hosting fees	**340,592**	351,793	(11,201)	-3%
Rent income	**3,711**	4,892	(1,181)	-24%
Total Gross Revenue	**27,251,051**	8,905,590	18,345,461	206%
COSTS AND EXPENSES				
Franchise fees and taxes	**13,103,632**	4,707,648	8,395,984	178%
Advertising and promotion	**4,103,449**	951,863	3,151,586	331%
Outside services	**3,113,346**	786,596	2,395,154	333%
Salaries and other benefits	**996,800**	508,281	488,519	96%
Depreciation and amortization	**493,432**	375,827	117,605	31%
Rent	**350,926**	287,203	63,723	22%
Communications and utilities	**322,835**	273,675	49,160	18%
Taxes and licenses	**165,152**	66,501	99,427	150%
Bandwidth and co-location costs	**39,510**	94,556	(55,046)	-58%
Repairs and maintenance	**39,443**	70,540	(31,097)	-44%
Others	**237,605**	151,601	(17,600)	8%
Total Costs and Expenses	**22,966,906**	8,274,291	14,692,617	178%
Operating Income	**₱4,284,145**	₱631,299	₱3,652,846	579%

Consolidated Revenue

In 2023, consolidated gross revenue increased by 206% or ₱18,345.5 million from ₱8,905.6 million of 2022 to ₱27,251.1 million of 2023. 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 2023 amounting to ₱26,430.8 million, an increase of 224% or ₱18,267.1 million. This was mainly due to increase in retail business operations and new licenses obtained from PAGCOR.

As of December 31, 2023, there were 139 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. In February 2023, the Group launched a new brand for its sports betting operations, ArenaPlus.

Casino
BCGLC and GCLWC revenue increased by 24% or ₱90.7 million from ₱385.2 million in 2022 to ₱475.9 million in 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 ₱351.8 million to ₱340.6 million in 2023 as compared to 2022. The decrease amounted to ₱11.2 million or 3%. 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
There was a decrease in rental revenue from ₱4.9 million to ₱3.7 million in 2023 as compared to 2022. The decrease amounted to ₱1.2 million or 24%. The decrease was due to non-renewal of contracts in 2023.

Consolidated Costs and Expenses
Total costs and expenses increased by 178% or ₱14,692.6 million in 2023 as compared to 2022. 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 utilities.

CONSOLIDATED EBITDA AND NET INCOME

Details of EBITDA and net income are as follows:

Amounts in thousands	**2023**	2022	Inc/(Dec)	% Change
Gross revenues	**₱27,251,051**	₱8,905,590	₱18,345,461	206%
Costs and expenses (excluding depreciation and amortization)	**(22,473,474)**	(7,898,464)	(14,575,010)	185%
EBITDA*	**4,777,577**	1,007,126	3,770,451	374%
Depreciation and amortization	**(493,432)**	(375,827)	(117,605)	31%
Finance expense	**(197,263)**	(376,705)	179,442	-48%
Unrealized fair value gain on investment property	**131,817**	297,772	(165,995)	-56%
Income tax benefit (expense)	**(84,385)**	161,207	(245,592)	-152%
Other expenses - net	**(39,461)**	(26,716)	52,296	48%
Net Income after Tax	**4,094,853**	686,857	3,407,996	496%
Minority interest	**17,119**	86,152	(69,034)	-80%
Net income attributable to Parent Company	**₱4,077,734**	₱600,705	₱3,477,029	579%

*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 ₱686.9 million net income in 2022 to ₱4,094.9 million net income in 2023 or 496% increase. EBITDA also improved by 374% in 2023 or equivalent to ₱3,770.5 million as compared to 2022. 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, 2023, our total assets stood at ₱29.7 billion, an increase of ₱8.8 billion or 42% as compared to total assets as of December 31, 2022 amounting to ₱20.9 billion. The increase was attributable to increase in cash, receivables, investment properties, property and equipment, and other assets. This was brought about by new gaming licenses and increase in operational activities of retail segment of the Group and cash received for the issuance of shares.

Cash and cash equivalents increased by ₱2,907.8 million or 214% mainly due to the positive results of operations primarily on launching the BingoPlus and ArenaPlus and the cash received from issuance of shares, net of payments of loans.

Receivables and lease receivables increased by ₱1.4 billion or 111% mainly due to increase in our receivables from payment channel gateways and due to lease amendments to increase rental rate of certain sub-lease agreements of the Group. Prepaid and other current assets also increased by 231% mainly due to increase in prepaid expenses such as advertising, rental, marketing and others, and advances to existing suppliers.

Property and equipment increased by 227% or ₱2,448.1 million, mainly due to office and site renovations, and purchase of gaming machines and studio equipment during the year. In addition to this, investment properties also increased by ₱132.3 mainly due to revaluation increment in 2023. Investment in associates and joint venture decreased mainly due to share in net loss 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 increased by ₱952.94 million or 88%, mainly due to deferred project costs for the development of software systems and increase in cash performance bonds due to new operating sites. Other noncurrent assets also include advances to suppliers, rental deposits and other assets.

The total liabilities as of December 31, 2023 amounted to ₱10.8 billion with an increase of ₱2.8 billion or 36% from the total liabilities as of December 31, 2022 amounting to ₱7.9 billion. The increase was mainly because of growth in business volume during the year resulting in higher costs and expenses.

Cash Flows

Cash balance as of December 31, 2023 and 2022 amounted to ₱4.3 billion and ₱1.4 billion, respectively. The increase was mainly due to net cash provided by operating activities amounting to ₱6.2 billion. This was reduced by the cash used in investing and financing activities amounting to ₱3.1 billion and ₱0.2 billion, respectively.

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.

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 shanjre.

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 performancs0zpe 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.

Future Plans

DigiPlus continues to execute on its strategic transformation agenda in line with its vision to be the number one digital entertainment group in the Philippines. Through new technologies, innovation, and strong knowledge of the local market, DigiPlus intends to unlock new forms of entertainment to Filipinos that can be accessed anytime and anywhere.

DigiPlus will continue to invest in new technologies and product development to offer unparalleled enjoyment for Filipinos with new digital offerings that cater to various demographics and lifestyle preferences such as specialty games, social games, and streaming in addition to its flagship platforms BingoPlus and ArenaPlus.

Moreover, it is integrating its digital platforms with its physical hubs with top-tier flagship stores, livestreaming hub, and cutting-edge gaming machines to deliver seamless, flexible, and fun experiences to customers wherever they are.

Finally, DigiPlus is utilizing big data technologies and embarking on aggressive marketing efforts to enhance customer engagement and retention.

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) in 2023 and 2022. 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

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)*	74	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. 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.) 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 Incorporated 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)*	67	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 *(Chairman and President)* Philippine Global Communications Inc. *(Chairman, CEO and President)* Premium Leisure & Amusement, Inc. (Chairman) APC Group, Inc. Tagaytay Midlands Golf Club, Inc. *(Chairman)* Belle Corporation *(Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)* Highlands Prime Inc. *(Vice Chairman)* The Country Club at Tagaytay Highlands, Inc. *(Chairman)* Abacore Capital Holdings, Inc. Total Gaming Technologies, Inc. *(Chairman)* Vantage Equities Inc. Toyota Corporation Batangas
Renato G. Nuñez *(Director, June 11, 2019 to present)* *(Director, September 30, 2005 to February 16, 2012)*	55	All British Cars, Inc. Coventry Motors Corporation Philippine Realty and Holdings Corp. Total Consolidated Asset Management, Inc. Techzone Philippines Corp. Techglobal Data Center Inc. PRHC 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)*	50	Salvador Llanillo & Bernardo, Attorneys-at-Law *(Managing Director)* 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	53	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	47	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 Incorporated Gamemaster Integrated Inc. DigiLive 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 Incorporated
Timoteo B. Aquino	60	Dynamic Care Corporation Tagle-Chua Cruz & Aquino Law Firm	*Filipino*	Dynamic Care Corporation Tagle-Chua Cruz & Aquino Law Firm *(Partner)* Pre-Bar review and MCLE lecturer San Beda University's College of Law *(Professor)* San Beda College Alabang School of Law *(Professor)* Lyceum of the Philippines University, College of Law *(Professor)* University of Asia and the Pacific's School of Law and Governance *(Professor)*
Ramon Pancratio D. Dizon	63	Megalink, Inc. (Independent Director) PAL Holdings, Inc. (Independent Director)	*Filipino*	SGV & Co. *(Retired Senior Partner)* Monde Nissin Corporation (Senior Consultant) Megalink, Inc.
Jose Raulito E. Paras	51	Manila Mining Corporation Zeus Holdings, Inc.	*Filipino*	Padernal & Paras Law Offices *(Founding Partner)* Philippine Dispute Resolution Center *(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.

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 (January – March 2023)				
Felbin Peter Soto, VP for Brand Marketing				
All above-named Officers as a group	2023	₱19,926,000	P2,444,444	
All other officers as a group unnamed	2023	None	None	None

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

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 ranging from were given to directors in 2023 and 2022 totaling to ₱2,444,444 and ₱1,277,778, respectively.

Total payments to non-salaried directors amounted to ₱5,211,123 and ₱6,547,333 in 2023 and 2022, respectively.

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.

b) 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, 2024

Title of Class (As of March 31, 2024)	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	®2,60,115,292	60.14%
Common	**PCD Nominee Corporation** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Non-Filipino	® 745,147,047	16.97%
Common	**Clearspring Holdings Corporation** 2nd Floor, AMPGP Law Offices PNB Financial Center Diosdado Macapagal Boulevard, Pasay City	Edgar Dennis A. Padernal	Filipino	® 330,600,000	7.53%
Common	**Belvedere Skies Asset Holdings Opc** 5th Floor, SGV II Building 6758 Ayala Avenue, Brgy. San Lorenzo Makati City	Francis Neil Mercado	Filipino	® 330,600,000	7.53%

** 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, 2024.

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	649,485,513	659,917,993	16.68
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0
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 Pancratio 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	649,485,513	663,749,825	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 Taguig on April 11, 2024.

By:

EUSEBIO H. TANCO
Chairman

TSUI KIN MING
President

WILFREDO M. PIELAGO
Chief Finance Officer

CAROL PADILLA
Corporate Secretary

APR 11 2024

SUBSCRIBED AND SWORN before me this ___ day of _____ 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	P0992946B	11 March 2019	Manila	141-978-255
Tsui Kin Ming	KJ0624497	11 August 2017	Hong Kong	507-239-740
Wilfredo M. Pielago	P2919820C	16 January 2023	Manila	240-659-380
Carol Padilla	EC7174795	21 March 2016	NCR South	271-536-697

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Page No. 77;
Book No. I;
Series of 2024.

JELLYN C. CLEMENTE
NOTARY PUBLIC
ROLL NO. 80912
MAKATI CITY, PHILIPPINES

JELLYN C. CLEMENTE
Notary Public for Makati City
Appointment No. M-462 until December 31, 2024
Roll of Attorneys No. 80912
PTR No. 10108536 I Makati City I 01-23-2024
IBP No. 371216 I Makati Chapter I 12-21-2023
Admitted to the Bar in 2022
Unit 2307 Cityland 10 Tower 1 H.V. Dela Costa cor. Valero St.,
Salcedo Village, Makati City 1227, Philippines

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 January 31, 2023, the Corporation reported that the Board approved the following:

   1. Approval of the Employee Stock Option Plan ("ESOP");
   2. Approval of the details of the Special Stockholders' Meeting to approve the ESOP
      a. Date of SSM: March 27, 2023
      b. Conduct of SSM *via* Zoom
      c. Record date: February 27, 2023
      d. Agenda
   3. Approval of the amendments to the Board Risk Oversight Committee ("BROC") Charter; and,
   4. Approval of the Change of Ticker/PSE Stock Symbol, subject to regulatory approval/s.

2. On January 31, 2023, the Board approved to hold a Special Stockholders' Meeting on March 27, 2023. For purposes of this meeting, only stockholders of record at the close of business day on 27 February 2023 will be entitled to vote.

3. On March 3, 2023, the Corporation filed the Amendment of Article IV of the By-Laws to separate the position of the President from the CEO.

4. On March 3, 2023, the Corporation also filed the Amendment of Articles I, III, and VII of the Articles of Incorporation.

5. On March 6, 2023, the Corporation announced the name change from Leisure & Resorts World Corporation to DigiPlus Interactive Corp. which was approved by SEC on February 28, 2023.

6. On March 14, 2023, the Corporation announced that DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation) has changed its stock symbol from LR to PLUS effective immediately.

7. On March 27, 2023, the Corporation reported that the stockholders approved the Employee Stock Option Plan ("ESOP") as endorsed by the Board during its meeting held on January 31, 2023.

8. On April 3, 2023, the Corporation released a notice to stockholders containing the guidelines and requirements on the updating of the Company's stock certificates in view of the Company's change in corporate name.

9. On April 14, 2023, the Corporation conducted a Special Board of Directors' Meeting. During the meeting, the following matters were approved:

   1. Approval of the Audited Financial Statements for FY 2022, as well as the Annual Report and its attachments (i.e. Sustainability Report); and,
   2. Ratification of the Issuance of the 1,272,352,512 shares on 8 August 2022 through the Private Placement ("PP2") to come from Treasury Shares instead of the unissued capital stock.

10. On April 19, 2023, the Corporation reported that DigiPlus secured ₱3.0 billion loan from AUB to fund expansion.

11. On April 19, 2023, the Corporation issued a press release on its 2022 financial results.

12. On May 15, 2023, the Corporation filed the financial highlights as of First Quarter of 2023.

13. On May 29, 2023, the Corporation announced that in the meeting of the Board of Directors, the Board confirmed and set the Annual Stockholders' Meeting ("ASM") on Friday, July 28, 2023 at 2:00p.m., in accordance with the By-Laws of the Corporation.

14. On July 28, 2023, the Corporation reported the results of the its Annual Stockholders' Meeting held *via* Zoom Teleconference.

15. On July 28, 2023, the Corporation reported that Board of Directors of DigiPlus Interactive Corp. held its Organizational Meeting. The officers, lead independent director, and committee members were elected during the meeting.

16. On August 3, 2023, the Corporation reported the acquisition and disposition of shares on July 27, 2023 by Mr. Eusebio H. Tanco, Chairman.

17. On August 11, 2023, the Corporation reported that the Board approved the following:
    1. The Quarterly Financial Report for Q2 FY2023; and,
    2. The Company's Dividend Policy

18. On August 14, 2023, the Corporation filed the financial highlights as of Second Quarter of 2023.

19. On August 29, 2023, the Corporation reported the acquisition and disposition of shares on August 24, 2023 by Mr. Eusebio H. Tanco, Chairman.

20. On September 12, 2023, the SEC approved the increase in authorized capital stock, which also includes the issuance of 691,200,000 common shares.

21. On September 15, 2023, the Company reported the Amendment of Company's Articles of Incorporation particularly Articles I, III, and VII.

22. On October 17, 2023, the Corporation clarified the news article published in The Philippine Star thru its online site philSTAR.com dated October 16, 2023. DigiPlus has no imminent plans to pursue the development of its 24-hectare property in Boracay Island into an integrated casino project. DigiPlus will remain focused on executing on its strategic transformation agenda and establishing itself as one of the fastest-growing, most innovative, and technologically developed digital entertainment groups in the Philippines.

23. On October 31, 2023, the Board of Directors of DigiPlus Interactive Corp. (DigiPlus) approved the reorganization to acquire 100% stake in its non-direct subsidiary, Gamemaster Integrated Inc. (Gamemaster). Gamemaster is currently directly owned by G-Boracay Land Holdings Inc., which is a wholly owned subsidiary of AB Leisure Global Inc., which in turn is a wholly owned direct subsidiary of DigiPlus.

24. On November 6, 2023, DigiPlus issued Press Release to announce over tenfold net income growth to P2.1 Billion in the first nine months of 2023.

25. December 27, 2023, the Corporation reported the Change in Shareholdings of Directors and Principal Officers. The number of shares of common stock outstanding is 4,407,659,178.

Item 15. Index to the Consolidated Financial Statements and Supplementary Schedules

digiplus

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 consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 consolidated financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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, 2023 and 2022, respectively, have audited the consolidated 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 and Chief Financial Officer

Signed this April 11, 2024

SUBSCRIBED AND SWORN to before me, a Notary Public for and in ~~MAKATI CITY~~ this APR 15 2024, affiants exhibited to me their valid proof of identification:

Name	Competent Evidence of Identity	Date/Place of Issue
EUSEBIO H. TANCO	Passport No. P0992946B	DFA valid until 03-10-2029
TSUI, KIN MING	Passport No. KJ0624497	HK Special Administrative Region valid until 8/11/2027
WILFREDO M. PIELAGO	Passport No. P2919820C	DFA valid until 01-15-2033

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Series of 2024.

JELLYN C. CLEMENTE
NOTARY PUBLIC
ROLL NO. 80912
MAKATI CITY, PHILIPPINES

JELLYN C. CLEMENTE
Notary Public for Makati City
Appointment No. M-462 until December 31, 2024
Roll of Attorneys No. 80912
PTR No. 10166556 I Makati City I 01-23-2024
IBP No. 371216 I Makati Chapter I 12-21-2023
Admitted to the Bar in 2022
Unit 2307 Cityland 10 Tower I H.V. Dela Costa cor. Valero St.,
Salcedo Village, Makati City 1227, Philippines

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

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 O R A T I O N)

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

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@digiplus.com.ph	**+632 8637-5291 to 93**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,823	**July 28**	**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.*

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 Audits of the Consolidated 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, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of total comprehensive income for the years ended December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the consolidated financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audits 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.

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 28.24 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 and the related automated and manual controls surrounding revenue recognition;

<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, 2023, total consolidated revenue from retail games amounted to Php26.4 billion.</td><td>• Our procedures included the test of relevant controls surrounding completeness of revenue transactions including key reconciliation processes of both online and onsite games;
• 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, inspected the reconciliation of reports submitted to regulatory agencies and the recorded revenue and independent recalculation of gross gaming receipts.</td></tr>
<tr><td>Impairment of non-financial assets

As at December 31, 2023, the Group's non-financial assets include investment properties, investment in a joint venture, and goodwill. Refer to Notes 6, 7, 10, 28.10, 28.12, and 28.15. 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.

• Investment properties - The Group's investment properties consist of land, land improvements and buildings that are held for lease and capital appreciation with carrying amount of Php11.1 billion as at December 31, 2023.</td><td>We addressed the matter through the following procedures:

Investment Properties

• Obtained the appraisal reports for investment properties and assessed the objectivity and competence of the third-party appraiser. Our assessment evaluated the appraiser's professional qualifications, experience and reporting responsibilities, as well as confirmed that it is duly accredited by the Securities and Exchange Commission (SEC);
• Performed understanding and evaluation of the accredited appraiser's work including the completeness and accuracy of data used, reasonableness of assumptions and calculation methods adopted;</td></tr>
</table>

Key Audit Matters	How our audit addressed the Key Audit Matters
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. • Investment in a joint venture - 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 as at December 31, 2023. HEPI is a company registered and doing business in the Philippines, which has experienced business slowdown due to the pandemic. The investment balance is accounted under the equity method with share in losses amounting to Php30.7 million for the year ended December 31, 2023. 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 71.7% of its total assets in 2023.	• For investment properties valued under the market approach, we compared, on a sampling basis, 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 tested the reasonableness of the discount rate; 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. *Investment in a joint venture* • We have obtained the financial information of HEPI and recalculated the Group's equity in net losses of the joint venture, and other comprehensive income 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; and • 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.

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>Goodwill - The Group has goodwill with carrying amount of Php1.3 billion as at December 31, 2023 that represents 4.5% of the Group's total assets. An annual impairment review is performed by management in relation to the retail, network and licenses segments, assessed as the lowest level of cash-generating unit (CGU). Management's impairment review is significant to our audit primarily due to its complexity and requires significant management estimates, assumptions and judgment. Relevant assumptions include discount rate and terminal growth rate applied together with those supporting the underlying forecasted cash flows particularly revenue growth rates and cost ratios.</td><td>Goodwill
We have 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 judgments 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; and
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 and for the year ended December 31, 2021 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.

- 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.

- 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.

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, actions taken to eliminate threats or related safeguards applied.

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 12, 2024 at Makati City
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 11, 2024

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, 2023, on which we have rendered the attached report dated April 11, 2024.

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 1,692 shareholders owning one hundred (100) or more shares each as at December 31, 2023.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 12, 2024 at Makati City
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
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Makati City
April 11, 2024

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, 2023, on which we have rendered the attached report dated April 11, 2024. 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 12, 2024 at Makati City
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 11, 2024

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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, 2023, and have issued our report thereon dated April 11, 2024. 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, 2023 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 12, 2024 at Makati City
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 11, 2024

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

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	2	4,264,238	1,356,481
Receivables, net	3, 8	2,523,382	1,086,372
Current portion of lease receivables	18	66,967	64,618
Due from related parties	21	156,823	157,156
Prepaid expenses and other current assets	4	1,450,288	437,992
Total current assets		8,461,698	3,102,619
Non-current assets			
Receivables, net of current portion	8	397,324	425,308
Lease receivables, net of current portion	18	126,513	142,924
Investments and advances, net	7	2,702,852	2,773,385
Financial assets at fair value through other comprehensive income (FVOCI)	9	67,578	78,513
Property and equipment, net	5	3,524,736	1,076,596
Investment properties	6	11,074,870	10,942,553
Goodwill	10	1,329,092	1,329,092
Other non-current assets	11	2,030,250	1,077,315
Total non-current assets		21,253,215	17,845,686
Total assets		29,714,913	20,948,305
Liabilities and Equity			
Current liabilities			
Trade payables and other current liabilities	12	6,163,163	2,454,359
Short-term loans payable	13	1,000	116,739
Current portion of:			
Long-term loans payable	13	1,017,384	3,160,901
Lease liabilities	18	275,294	260,511
Income tax payable		1,114	343
Total current liabilities		7,457,955	5,992,853
Non-current liabilities			
Long-term loans payable, net of current portion	13	869,423	-
Lease liabilities, net of current portion	18	799,071	369,952
Retirement benefits liability	19	69,841	53,077
Customer deposits, net of current portion	12	80,267	81,516
Deferred tax liabilities	22	1,512,706	1,444,183
Total non-current liabilities		3,331,308	1,948,728
Total liabilities		10,789,263	7,941,581
Equity			
Capital stock	14	4,785,307	4,094,107
Additional paid-in capital	14	6,245,301	5,090,997
Treasury shares	14	(431,598)	(431,598)
Retirement benefits reserve	19	12,907	20,502
Fair value reserve	7,9	488,900	499,835
Foreign currency translation reserve		(2,100)	(2,100)
Other reserve		239,681	(19,488)
Retained earnings		7,404,748	3,327,014
Equity attributable to equity holders of the Parent Company		18,743,146	12,579,269
Non-controlling interests		182,504	427,455
Total equity		18,925,650	13,006,724
Total liabilities and equity		29,714,913	20,948,305

(The notes on pages 1 to 74 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 years ended December 31, 2023 and 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Revenues				
Retail games	15	26,368,576	8,126,122	1,887,500
Rental income	18	475,937	385,225	260,673
Service and hosting fees	16	340,592	351,793	544,381
Commission income		62,235	37,558	108,472
Revenue from sub-lease	18	3,711	4,892	4,944
		27,251,051	8,905,590	2,805,970
Cost and operating expenses	17	(22,966,906)	(8,274,291)	(3,238,501)
Operating profit		4,284,145	631,299	(432,531)
Other expenses and losses, net				
Finance expense	20	(197,263)	(376,705)	(247,730)
Unrealized gains on changes in fair values of investment properties, net	6	131,817	297,772	15,741
Finance income	20	53,248	264,631	2,679
Impairment loss on:				
Financial assets	3	(96,745)	(118,515)	(152,021)
Non-financial assets	4,7	(55,723)	(8,655)	(27,770)
Equity in net loss of:	7			
Joint venture		(30,670)	(48,058)	(54,702)
Associates		-	-	(1,057)
Foreign exchange loss, net	26.4	(3,336)	(126,390)	(15,962)
Provision for probable losses	12	(3,000)	(18,803)	-
Gain on disposal of property and equipment, net	5	-	48	-
Other income, net	20	96,765	29,026	1,606
		(104,907)	(105,649)	(479,216)
Profit (loss) before income tax		4,179,238	525,650	(911,747)
Income tax (expense) benefit	22	(84,385)	161,207	17,124
Profit (loss) for the year		4,094,853	686,857	(894,623)
Other comprehensive (loss) income, net				
Items that will not be reclassified to profit or loss				
Remeasurement loss (gain) on retirement benefits, net of tax	18	(7,595)	(3,742)	42,866
Revaluation (loss) gain FVOCI	9	(10,935)	552,381	(59,049)
		(18,530)	548,639	(16,183)
Total comprehensive income (loss) for the year		4,076,323	1,235,496	(910,806)
Profit for the year attributable to:				
Equity holders of the Parent Company		4,077,734	600,705	(828,435)
Non-controlling interests		17,119	86,152	(66,188)
		4,094,853	686,857	(894,623)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		4,059,204	1,149,344	(844,904)
Non-controlling interests		17,119	86,152	(65,902)
		4,076,323	1,235,496	(910,806)
Earnings (loss) per share				
Basic and diluted	14	1.0390	0.2034	(0.3414)

(The notes on pages 1 to 74 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 years ended December 31, 2023 and 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in thousands of Philippine Peso)

	Capital stock (Note 14)		Additional paid in capital (Note 14)	Treasury shares (Note 14)	Retirement benefits reserve (Note 19)	Fair value reserve (Notes 7 and 9)	Foreign currency translation reserve	Other reserve (Note 28.3)	Retained earnings	Total equity attributable to Parent	Non-controlling interest	Total equity
	Common	Preferred										
Balances at January 1, 2021	2,417,500	1,650,000	4,263,308	(1,703,951)	(18,336)	6,503	(2,100)	(19,488)	3,564,744	10,158,180	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	-	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	9,343,266	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	-	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	12,579,269	427,455	13,006,724
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	4,077,734	4,077,734	17,119	4,094,853
Other comprehensive loss for the year	-	-	-	-	(7,595)	(10,935)	-	-	-	(18,530)	-	(18,530)
Total comprehensive income for the year	-	-	-	-	(7,595)	(10,935)	-	-	4,077,734	4,059,204	17,119	4,076,323
Transactions with owners												
Issuance of common shares	691,200	-	1,154,304	-	-	-	-	-	-	1,845,504	-	1,845,504
Acquisition of minority interest	-	-	-	-	-	-	-	259,169	-	259,169	(262,070)	(2,901)
Balances at December 31, 2023	4,785,307	-	6,245,301	(431,598)	12,907	488,900	(2,100)	239,681	7,404,748	18,743,146	182,504	18,925,650

(The notes on pages 1 to 74 are integral part of these financial statements)

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

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(With comparative figures for the year ended December 31, 2021)
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Income (loss) before income tax		4,179,238	525,650	(911,747)
Adjustments for:				
Depreciation and amortization	5,11,17	493,432	375,827	351,687
Finance expense	20	197,263	376,705	247,730
Unrealized gain on changes in fair values of investment properties	6	(131,817)	(297,772)	(15,741)
Finance income	20	(53,248)	(264,631)	(2,679)
Unrealized foreign exchange (gain) loss, net	26.4	(8,611)	118,850	12,640
Loss on impairment of financial asset	3	96,745	118,515	152,021
Equity in net loss of joint venture and associates	7	30,670	48,058	55,759
Loss on impairment of nonfinancial assets	4,7	55,723	8,655	27,770
Retirement expense (income)	19	9,169	(81,333)	21,630
Gain on reversal of liabilities	20	(118,894)	(42,940)	-
Provision for probable losses	12	3,000	18,803	-
Loss on disposal of property and equipment	5, 20	-	48	-
Operating income (loss) before working capital changes		4,752,670	904,435	(60,930)
Decrease (increase) in:				
Receivables		(1,481,484)	(210,162)	155,908
Prepaid expenses and other current assets		(1,035,330)	(333,748)	53,628
Increase (decrease) in:				
Trade payables and other current liabilities		3,960,763	791,352	(187,881)
Customer deposits		(1,249)	(10,287)	(2,469)
Net cash generated from (used in) operations		6,195,370	1,141,590	(41,744)
Income taxes paid		(15,091)	(10,985)	(12,966)
Benefits paid	19	-	(1,601)	(1,486)
Interest received		22,672	2,769	2,679
Net cash provided by (used in) operating activities		6,202,951	1,131,773	(53,517)
Cash flows from investing activities				
Additions to:				
Property and equipment	5	(2,111,161)	(133,239)	(16,024)
Other noncurrent assets		(956,028)	(13,630)	(11,150)
Investment properties	8	(500)	-	(4,697)
Decrease (increase) in investments and advances	97	7,174	(66,619)	(142,539)
Net cash used in investing activities		(3,060,515)	(213,488)	(174,410)
Cash flows from financing activities				
Proceeds from:				
Loans payable	13	1,760,423	-	430,574
Deposit for future stock subscription	14	-	-	321,250
Issuance of capital stock and treasury shares	14	1,845,504	1,765,409	39,990
Finance lease	18	20,684	26,373	3,599
Payments for:				
Loans payable	13	(3,141,739)	(1,312,880)	(106,821)
Lease liabilities	18	(438,991)	(241,807)	(200,506)
Interest		(117,401)	(215,822)	(218,587)
Dividends	14	(160,074)	-	-
Acquisition of additional stake in a subsidiary	28.3	(2,900)	-	-
Net cash (used in) provided by financing activities		(234,494)	21,273	269,499
Net increase in cash and cash equivalents		2,907,942	939,558	41,572
Effect of exchange rate changes on cash and cash equivalents		(185)	399	978
Cash and cash equivalents at beginning of year		1,356,481	416,524	373,974
Cash and cash equivalents at end of year	2	4,264,238	1,356,481	416,524

(The notes on pages 1 to 74 are integral part of these financial statements)

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

1. General 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 SEC 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.

The accompanying consolidated financial statements as at and for the year ended December 31, 2023 have been approved and authorized for issuance by the Board of Directors (BOD) on April 11, 2024.

2. Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2023	2022
Cash in banks	2,838,590	1,043,071
Cash equivalents	1,323,456	242,108
Cash on hand and payout fund	102,192	71,302
	4,264,238	1,356,481

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized in 2023 amounted to P22,672 (2022 - P2,769; 2021 - P1,268) (Note 20).

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.

3. Receivables, net

Receivables, net as at December 31 consist of:

	Notes	2023	2022
Trade receivables		2,799,410	1,300,452
Less: Allowance for expected credit loss (ECL) on trade receivables		(509,613)	(419,044)
		2,289,797	881,408
Advances to third parties		97,500	97,500
Less: Allowance for ECL on advances to third parties		(97,500)	(97,500)
		-	-
Advances to a stockholder		53,106	53,106
Current portion of:			
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	8	50,000	52,951
Advances to Binondo Leisure Resources, Inc. (BLRI)	7	18,000	18,000
Marketing support fund		27,373	27,373
Others		165,378	127,630
		313,857	279,060
Less: Allowance for ECL on other receivables		(80,272)	(74,096)
		233,585	204,964
		2,523,382	1,086,372

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.

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. (Note 8).

Advance to BLRI

These are cash advance to BLRI for the purpose of renovation and fittings of the building that it leases from AB Leisure Global Inc. (ABLGI).

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.

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 years ended December 31 are as follows:

	Trade receivables	Advances to third parties	Other receivables	Total
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
Provision for impairment	90,569	-	6,176	96,745
As at December 31, 2023	509,613	97,500	80,272	687,385

In 2023, the Group recognized provision for impairment of receivables amounting to P96,745 (2022 - P118,515; 2021 - P152,021).

4. Prepaid expenses and other current assets

Prepaid expenses and other current assets as at December 31 consist of:

	2023	2022
Prepaid expenses	1,221,528	227,292
Advances to contractors and suppliers	111,349	46,817
Advances to officers and employees	68,346	72,721
CWT	21,055	18,737
Restricted cash in bank	-	42,245
Others	5,231	6,310
Input VAT - net	37,041	240,323
Less: Allowance for impairment of input VAT	(14,262)	(216,453)
	22,779	23,870
Balance at end of year	1,450,288	437,992

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 contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of 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.

The movements in allowance for impairment of input VAT are as follows:

	2023	2022
Balance at beginning of year	216,453	231,617
Provisions	23,034	8,655
Write off	(225,225)	(23,819)
Balance at end of year	14,262	216,453

In 2023, the Group had written off input VAT amounting to P225,225 that are no longer recoverable (2022 - P23,819; 2021 - nil).

5. Property and equipment, net

Property and equipment, net 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	Construction in progress	Right-of-use asset - Office space (Note 18)	Total
At January 1, 2022										
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
For the year ended December 31, 2023										
Opening net carrying value	814	54,427	54,230	370,414	99,357	76,649	644	-	420,061	1,076,596
Additions	-	111,711	2,101	1,046,096	224,144	345	-	726,764	827,318	2,938,479
Disposals										
Cost	-	-	-	-	-	-	-	-	(332,929)	(332,929)
Accumulated depreciation and amortization	-	-	-	-	-	-	-	-	332,929	332,929
Depreciation and amortization	-	(15,910)	(11,957)	(112,052)	(42,895)	(11,343)	(212)	-	(295,970)	(490,339)
Closing net carrying value	814	150,228	44,374	1,304,458	280,606	65,651	432	726,764	951,409	3,524,736
At December 31, 2023										
Cost	814	1,528,392	287,270	1,978,968	1,231,216	349,296	7,147	726,764	1,512,142	7,622,009
Accumulated depreciation and amortization	-	(1,378,164)	(242,896)	(674,510)	(950,610)	(283,645)	(6,715)	-	(560,733)	(4,097,273)
Net carrying value	814	150,228	44,374	1,304,458	280,606	65,651	432	726,764	951,409	3,524,736

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, 2023 and 2022, there are no unpaid property and equipment additions.

6. Investment properties

Investment properties as at December 31 consist of:

	Land	Land improvements	Building	Total
January 1, 2022	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
Additions	500	-	-	500
Unrealized gains (loss) on changes in fair values	134,801	(686)	(2,298)	131,817
December 31, 2023	10,838,596	12,112	224,162	11,074,870

The following table provides the fair value hierarchy of the Group's investment properties as at December 31:

	Fair value hierarchy	2023	2022	Valuation technique	Unobservable inputs	Cost per unobservable inputs*	Relationship of unobservable inputs to fair value
Land							
Boracay	Level 3	8,941,968	8,835,516	Market comparison approach	Price per square meter	P30,000 to P40,000 per square meter	The higher the cost per square meter, the higher the fair value.
Cagayan	Level 3	1,896,628	1,867,779			P400 to P4,000 per square meter	
		10,838,596	10,703,295				
Building	Level 3	224,162	226,460	Income approach	Market rental data	P89,000 to P1,165,000 rental rate per month	The higher the market rental rate, the higher the fair value.
					Discount rate	11.0127%	The higher the rate, the lower the fair value.
Land improvements	Level 3	12,112	12,798	Cost approach	Replacement Cost	P1,200 to 12,000 per square meter	The higher the cost per square meter, the higher the fair value.
					Depreciation rate	36.67%	The higher depreciation rate, the lower the fair value.
		11,074,870	10,942,553				

**The amounts in the table above are in absolute values and not in thousands of pesos.*

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser.

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 and cost 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:

	2023	2022	2021
Rental income from operating leases	76,594	43,974	28,488
Direct operating expenses that generated rental income	23,773	24,394	19,086
Direct operating expenses from property that did not generate rental income	8,909	7,887	15,226
Fair value gain	131,817	297,772	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.

7. Investments and advances, net

Investments and advances, net as at December 31 consist of:

	Ref	2023	2022
Investment in associates and a joint venture, net	a	1,491,632	1,522,302
Advances, net	b	1,211,220	1,251,083
		2,702,852	2,773,385

a. Investments in associates and a joint venture

Investments in associates and joint venture as at December 31 is composed of:

	2023	2022
Investment in a joint venture	1,491,632	1,522,302
Investment in associates	21,400	21,400
	1,513,032	1,543,702
Less: Allowance for impairment	(21,400)	(21,400)
	1,491,632	1,522,302

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 years ended December 31, 2023 and 2022. 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

	2023	2022
Current assets	846,742	845,072
Includes:		
- Cash	6,574	29,600
Noncurrent assets	4,201,571	4,242,230
Current liabilities	(1,307,173)	(1,259,939)
Includes:		
- Financial liabilities	(1,298,305)	(1,250,245)
Noncurrent liabilities	(816,372)	(842,458)
Net assets	2,924,768	2,984,905

Summarized statements of total comprehensive income

	2023	2022
Revenues	382,356	239,235
Depreciation and amortization	(103,413)	(115,515)
Interest expense	(1,896)	(9,462)
Interest income	4	12
Income tax (expense) benefit	(24,554)	13,566
Loss for the year	(60,137)	(94,231)
Other comprehensive income for the year	-	309,768
Total comprehensive (loss) income for the year	(60,137)	215,537

Reconciliation of summarized financial information

	2023	2022
Net assets		
At January 1	2,984,905	2,769,368
Loss for the year	(60,137)	(94,231)
Other comprehensive income	-	309,768
At December 31	2,924,768	2,984,905
Group's share in %	51%	51%
Group share at January 1	1,522,302	1,042,910
Share in net loss for the year	(30,670)	(48,058)
Share in other comprehensive income for the year	-	527,450
Investment in joint venture	1,491,632	1,522,302

The Group's share in net loss of the joint venture for the year ended December 31, 2021 amounts to P54,702. There were no dividends received for the years ended December 31, 2023, 2022 and 2021.

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.

<u>*Investment in associates*</u>

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 P16,652 as at December 31, 2023 (2022 - P20,621; 2021 - P23,424). Unrecognized share in net income amounted to P4,079 and P3,216 in 2023 and 2022, respectively. The Group also recognized an allowance for the full amount of its investment in BLRI amounting to P21,200 as at December 31, 2023 and 2022.

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:

	2023	2022
Advances to related parties		
HEPI	118,918	118,652
BLRI, net of current portion	58,159	69,127
Advances to third parties	1,217,694	1,214,166
	1,394,771	1,401,945
Less: Allowance for impairment	(183,551)	(150,862)
	1,211,220	1,251,083
Advances for projects	259,511	259,511
Less: Allowance for impairment	(259,511)	(259,511)
	-	-
	1,211,220	1,251,083

Advances to HEPI and BLRI

In 2022, the Group, through its Parent Company extended advances to HEPI amounting to P118,652. 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:

	2023	2022
January 1	87,127	107,811
Additional advances	8,032	111
Collections during the year	(19,000)	(20,795)
At December 31	76,159	87,127
Less: Current portion	(18,000)	(18,000)
Non-current portion	58,159	69,127

Advances to third parties

This account mainly 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. This also includes cash advances to a third party for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR and advance payments for parcels of land wherein the Group is in the process of acquiring. The advances are unsecured and noninterest-bearing.

For the year ended December 31, 2023, the Group recognized an additional provision for impairment of advances to third parties that, based on management's assessment, are no longer recoverable amounting to P32,689 (2022 and 2021 - nil).

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 3).

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	2023	2022
Current	3	50,000	52,951
Non-current		397,324	425,308
		447,324	478,259
Future interest accretion		102,676	121,741
		550,000	600,000

Details and movements of the receivable for the years ended December 31 are as follows:

	2023	2022
January 1	478,259	479,870
Interest accretion	23,954	46,178
Collections during the year	(54,889)	(47,789)
At December 31	447,324	478,259

9. Financial assets at FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN, Inc. (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 18,105,263 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 2,671,783 common shares of DFNN on October 30, 2015. The fair value of 18,105,000 and 2,671,783 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 P67,578 as at December 31, 2023 (2022 - P78,513) 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:

	2023	2022
Balance at beginning of year	78,513	53,582
Unrealized (loss) gain	(10,935)	24,931
Balance at end of year	67,578	78,513

The market prices of DFNN common shares as at December 31, 2023 is P3.09 (2022 - P3.59).

The accumulated fair value loss for the financial asset at FVOCI as at December 31, 2023 amounts to P38,549 (2022 - P27,614).

10. Goodwill

Goodwill from Group's business acquisitions are as follows:

	2023	2022
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 has been subjected to the annual impairment review in 2023 and 2022. The recoverable amounts of the operations are based on value-in-use (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 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:

	2023	2022
Retail Group	3.10%	3.44%
Network and License Group	3.10%	3.44%

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:

	2023	2022
Retail Group	8.97%	9.80%
Network and License Group	8.97%	9.80%

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 rate used in the cash flow projections for all cash generating units is 4.61% in 2023 (2022 - 3.07%).

Sensitivity analysis

The Group has determined that the recoverable amount calculations are most sensitive to changes in assumptions on cash flow projections, discount rate and verifiable industry growth rates. The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in impairment loss due to the substantial headroom.

11. Other noncurrent assets

Other noncurrent assets as at December 31 are as follows:

	Notes	2023	2022
Deferred project costs		824,235	-
Rental deposits	18	478,605	454,558
Cash performance bonds	15	449,382	394,427
Advances to suppliers		75,926	77,012
Premium on group pension plan		36,090	36,090
Performance cash deposits and betting credit funds		33,700	32,450
Input VAT		26,836	26,836
Cash in bank - restricted	13	25,607	-
Utility and construction bond		18,941	13,731
Airstrip improvements, net		18,629	21,722
Others		42,299	20,489
		2,030,250	1,077,315

<u>Deferred project costs</u>

These are advances directly attributable to the development of software systems which will be capitalized upon deployment of the software and will subsequently be classified as intangible assets.

<u>Cash performance bonds</u>

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.

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).

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:

	2023	2022
Beginning	21,722	24,815
Depreciation	(3,093)	(3,093)
Closing net carrying value	18,629	21,722
Cost	103,100	103,100
Accumulated depreciation	(84,471)	(81,378)
	18,629	21,722

12. Trade payables and other current liabilities

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

	Notes	2023	2022
Payable to:			
PAGCOR	15	1,319,319	249,446
Suppliers		958,403	236,563
Government agencies		97,248	57,724
CEZA	16	11,670	9,311
		2,386,640	553,044
Accrued expenses:			
Machine fees		1,837,521	509,620
Outside services		415,161	220,868
Accrued marketing and advertising		300,378	105,056
Interest payable		183,708	162,596
Utilities		61,722	30,488
Salaries, wages and benefits		42,909	33,267
Professional fees		33,475	8,735
Others		53,039	21,924
		2,927,913	1,092,554
Contract liabilities		597,008	166,528
Rent payable		158,211	151,070
Finder’s fee		30,103	30,103
Jackpot liability		27,825	263,284
Provision for probable losses		16,233	18,803
Dividends payable	14	15,313	175,387
Customer deposit		3,503	3,503
Output VAT		414	83
		6,163,163	2,454,359

Payable to PAGCOR includes franchise fees that are remitted on a weekly basis.

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

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.

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:

	2023	2022
As at January 1	166,528	14,768
Additions	23,062,061	6,088,022
Revenue recognized	(22,631,581)	(5,936,262)
As at December 31	597,008	166,528

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.

Jackpot liability refers to the amount accrued for the jackpot price computed based on a certain percentage of total player deposits.

Provision for probable losses represents mainly estimated cost of future claims against the Group which is presented as part of other expenses, net in the consolidated statements of total comprehensive income.

Movements in provision for probable losses for the years ended December 31 are as follows:

	2023	2022
As at January 1	18,803	-
Additions	3,000	18,803
Settlements/ reversals	(5,570)	-
As at December 31	16,233	18,803

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, 2023, customer deposits aggregates to P83,770, of this amount, P80,267 relates to the non-current portion (2022 - aggregates to P85,019, P81,516 of which is non-current).

13. Loans payable

Short-term loans

Short term loans as at December 31 are as follows:

	Ref	2023	2022
Classic Finance (CFI)	a	-	116,739
UnionBank of the Philippines (UB)	b	1,000	-
		1,000	116,739

Movements of the short-term loans for the years ended December 31 are as follows:

	Ref	2023	2022
Balance at the beginning of the year		116,739	1,057,607
Additions	e	576,000	-
Payments		(691,739)	(940,868)
Balance at the end of the year		1,000	116,739

Interest expense and interest payments related to the loans for the year ended December 31, 2023 amounted to P14,137 (2022 - P50,890).

Long-term loans

Long term loans as at December 31 are as follows:

		2023		2022	
	Ref	Current portion	Non-current portion	Current portion	Non-current portion
BDO	c	-	-	2,250,000	-
Chip Leader	d	702,384	-	910,901	-
AUB	e	315,000	869,423	-	-
		1,017,384	869,423	3,160,901	-

Movements of the long-term loans for the years ended December 31 are as follows:

	2023	2022
Balance at the beginning of the year	3,160,901	3,408,036
Additions	1,200,000	-
Payments	(2,450,000)	(372,012)
Transaction cost on new drawdowns	(21,724)	-
Amortization of transaction costs	6,147	10,205
Impact of foreign currency translation	(8,517)	114,672
Balance at the end of the year	1,886,807	3,160,901

As at December 31, the unamortized amount of transaction costs are as follows:

	Note	2023	2022
Balance at beginning of year		21,724	10,205
Amortization	20	(6,147)	(10,205)
Balance at end of year		15,577	-

Interest expense related to the loans for the year ended December 31, 2023 amounted to P119,965 (2022 - P220,228; 2021 - P185,182).

a. In March 2020, LRLDI entered into a short-term loan agreement with a local finance company, CFI, for working capital requirements. The loan has 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 an twelve-month extension and LRLDI obtained an additional loan amounting to P76,500 with an interest rate of 8% and maturity date of one year. In 2022, CFI further granted LRLDI with a twelve-month extension for the two loans which are maturing in March 2023.

   In 2023, LRLDI settled the outstanding balance totaling P116,739.

b. On October 3, 2023, AB Leisure Exponent, Inc. (ABLE) entered into a short-term loan agreement with UB amounting to P1,000 with annual interest rate of 7.5% and maturity date of September 27, 2024.

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. ABLGI partially repaid the loan amounting to P250,000 in January 2020.

   On December 3, 2022, 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.

   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.

   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 "Restricted - cash in bank" account under other current assets in the consolidated statements of financial position amounting to P42,245 as at December 31, 2022.

   On January 18 and 23, 2023, ABLE entered into one-year short-term loan agreements with BDO amounting to P25,000 and P300,000, respectively. The loans are fully settled on various dates in 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 million 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, 2023 amounting to P1,874,943 (2022 - 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$ 6.32 million or P355,980 with annual interest rate of 10% on the unpaid principal amount and with maturity date same as the original loan. The additional loan is secured by the above-mentioned properties owned by the LRLDI.

In February 2023, LRLDI partially settled the loan amounting to P200,000. In March 2023, CLHC further granted LRLDI with a twelve-month extension for the outstanding balance of the loan maturing in March 2024.

e. In April 2023, ABLE entered into a term-loan facility with AUB amounting to P3,000,000 available for multiple drawdowns to finance both capital and general corporate expenditures. The loan is payable in nine (9) consecutive quarterly installments on its respective repayment dates beginning at the end of the 4th quarter from the initial drawdown date. Total transaction costs incurred for the availment of the loan amounted to P38,180. The loan is subject to interest rate calculated as the higher of (i) sum of benchmark rate and 2.25% divided by 0.95, or (ii) floor rate of 7% divided by 0.95, payable on a quarterly basis and is subject to annual repricing.

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

Among the provisions of the agreement, ABLE is mandated to establish a DSRA. The account is to be maintained at a certain level of funding to facilitate ABLE's loan and interest payments to AUB. The Group has classified its cash included under the DSRA as "Restricted - cash in bank" account under other non-current assets in the consolidated statements of financial position amounting to P25,607 as at December 31, 2023 (Note 11).

The loan is secured by land owned by G-L Real Estate JV Corporation located in Boracay with fair value as at December 31, 2023 amounting to P8,941,968 (2022 - P8,835,614). The loan is also secured by cash under the DSRA and Revenue accounts classified as "Cash in bank - restricted" under other noncurrent assets in the consolidated statements of financial position amounting to P25,607 as at December 31, 2023 (Note 11). Initial drawdown was made in April 2023 amounting to P1,200,000. The loan is maturing in April 2026 and is presented net of debt issue cost.

On the same date, ABLE entered into a loan line with AUB amounting to P250,000 to finance general working capital requirements. The loan is payable up to ninety days from date of drawdown. The Group fully settled the short-term loan in 2023.

14. Equity

Equity as at December 31 is as follows:

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

	2023		2022	
	Amount	Number of shares	Amount	Number of shares
Authorized:				
Preferred shares - P1 par value	-	-	-	-
Balance at beginning of year	-	-	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	-	-	-	-

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 Company received the full payment of the subscription amount from all the private placement subscribers. The 1,272,352,512 subscribed shares were issued from the 1,650,000,000 treasury shares. Transaction costs related to share issuances amounting to P12,723 are recognized as deduction to additional paid-in capital.

On September 15, 2022, the BOD of the Parent Company approved the increase of the Company's authorized capital stock from P5 billion to P7 billion. On November 24, 2022, the amendment was approved by the stockholders. On September 12, 2023, the SEC approved the increase of the Company's capital stock. Consequently, the Company issued 691,200 common shares at an issue price of P2.68 per share to various subscribers.

As of December 31, 2023 and 2022, the Parent Company has 1,823 and 1,821 common stockholders, respectively.

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.

For the year ended December 31, 2023, the Group partially settled the unpaid dividends amounting to P160,074. As at December 31, 2023, unpaid dividends, included under “Trade and other payables” account in the consolidated statements of financial position, amounted to P15,313 (2022 - P175,387) (Note 12).

Subsequent event

On March 19, 2024, DigiPlus’ Board of Directors approved the declaration of cash dividends to all stockholders of the Parent Company amounting to P0.18 per outstanding common share. The cash dividends will be payable on April 18, 2024 to stockholders of record as of April 4, 2024.

Treasury shares

Details of treasury shares are as follows:

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

Amount	2023	2022	2023	2022
Balance at beginning of year	377,647	1,650,000	53,951	53,951
Issuance of shares	-	(1,272,353)	-	-
Balance at end of year	377,647	377,647	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:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company (a)	4,077,734	600,705	(828,435)
Adjusted weighted average number of shares outstanding (b)	3,924,766	2,953,048	2,426,369
Basic earnings (loss) per share (a/b)	1.0390	0.2034	(0.3414)

Diluted earnings (loss) per share is computed as follows:

	2023	2022	2021
Net income (loss) attributable to ordinary stockholders of the Parent Company (a)	4,077,734	600,705	(828,435)
Adjusted weighted average number of shares outstanding (b)	3,924,766	2,953,048	2,426,369
Effect of dilutive potential common shares (c)	-	-	-
Adjusted weighted average number of shares outstanding (d=b+c)	3,924,766	2,953,048	2,426,369
Diluted earnings (loss) per share (a/d)	1.0390	0.2034	(0.3414)

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. As at reporting date, the employee stock options plan is still subject to the approval of the SEC.

15. Gaming licenses to operate bingo games

Revenue from retail games for the years ended December 31 are as follows:

	2023	2022	2021
Bingo games	10,384,844	6,292,695	1,879,880
Electronic games	15,983,732	1,833,427	7,620
	26,368,576	8,126,122	1,887,500

a. Bingo games

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

Bingo Plus

DigiPlus is granted the country's first Online Traditional Bingo (OTB) license by PAGCOR under its subsidiary, AB Leisure Exponent Inc. (ABLE) and launched its OTB game under the gaming brand "BingoPlus". Bingo Plus was developed by a third party service provider. This innovative game transforms the way traditional bingo is played by combining the excitement of the old and the convenience of new technology via online platforms. BingoPlus can be accessed via website and mobile application. ABLE remits to PAGCOR its share of 15% on Gross Gaming Revenue (GGR), where GGR is equal to Gross Bets less Total Payouts, or a monthly Minimum Guaranteed Fee (MGF) of P100 million, whichever is higher, including the 5% franchise tax on PAGCOR share. On August 15, 2023, PAGCOR issued a memorandum on the Regulatory Framework for the Fees and Rates on Gaming Site Operations. Effective August 2023, ABLE remits 20% PAGCOR share on GGR from OTB.

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

Operation of traditional bingo games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct traditional bingo games, as well as the betting aspect thereof, within the confines of the game sites. The licenses for various periods ranging from September 2020 to September 2023. In September 2023, the licenses were renewed and are valid until September 2025.

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

As at December 31, 2023, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P37,500 (2022 - 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 March 2024. In March 2024, the licenses were renewed and are valid until March 2026.

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

As at December 31, 2023, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totaling P326,632 (2022 - P349,277), 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, 2023, ABLE deposited cash performance bonds amounting to P1,000 (2022 - 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 P4,791,520 in 2023 (2022 - P3,452,000; 2021 - P1,300,792).

b. Electronic games

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

Franchise fees included in “Franchise fees and taxes” account in the consolidated statement of total comprehensive income amounted to P8,178,920 in 2023 (2022 - P1,146,518; 2021 - P3,619).

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

As at December 31, 2023, TGXI deposited cash performance bonds amounting to P84,250 (2022 - nil), with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the license (Note 11).

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 P23,713 as at December 31, 2023 (2022 - P13,520); 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 P133,192 in 2023 (2022 - P109,130; 2021 - P142,345).

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 P5,069 in 2023 (2022 - P4,166; 2021 - P6,657) (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, 2023, the Group recognized revenue related to service and hosting fees in Cagayan amounting to P340,592 (2022 - P351,793; 2021 - P544,381).

17. Costs and operating expenses

Cost and operating expenses as of December 31 consist of:

	Notes	2023	2022	2021
Franchise fees and taxes	15,16	13,103,632	4,707,648	1,446,057
Advertising and promotion		4,103,449	951,863	39,168
Outside services		3,113,346	786,596	180,426
Salaries and other benefits		996,800	508,281	372,581
Depreciation and amortization	5,11	493,432	375,827	351,687
Rent	18	350,926	287,203	135,851
Communications and utilities		322,835	273,675	162,029
Taxes and licenses		165,928	66,501	109,812
Bandwidth and co-location costs		39,510	94,556	252,754
Repairs and maintenance		39,443	70,540	53,046
Others		237,605	151,601	135,090
		22,966,906	8,274,291	3,328,501

Salaries and other benefits

The details of salaries and other benefits for the years ended December 31 are as follows:

	Note	2023	2022	2021
Salaries and wages		880,309	500,218	311,434
Government-mandated employee benefits		52,703	26,374	15,203
Insurance		18,422	9,005	9,333
Bonuses and allowance		14,651	35,424	1,261
Defined benefit retirement expense (income)	19	9,169	(81,333)	21,630
Others		21,546	18,593	13,720
		996,800	508,281	372,581

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	2023	2022	2021
Depreciation and amortization expense of right-of-use assets included in property and equipment	5	295,970	194,546	177,300
Expenses relating to short-term leases	17	350,926	232,049	119,626
Interest expense on lease liabilities	20	55,575	95,989	39,349
Expenses relating to leases of low-value assets		-	55,154	16,225
Total amount recognized in the consolidated statement of total comprehensive income		702,471	577,738	352,500

Total cash outflow related to short-term and low value leases for the year ended December 31, 2023 amounted to P344,318 (2022 - P254,632).

Total cash outflows related to lease liabilities for the year ended December 31, 2023 amounted to P438,991 (2022 - P241,807; 2021 - P200,506).

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:

	2023	2022
Cost		
Balance at beginning of year	1,017,753	1,001,700
Additions	827,318	124,369
Expired leases	(332,929)	(108,316)
Balance at end of year	1,512,142	1,017,753
Accumulated amortization		
Balance at beginning of year	597,692	511,462
Amortization	295,970	194,546
Expired leases	(332,929)	(108,316)
Balance at end of year	560,733	597,692
Net book value	951,409	420,061

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, 2023 and 2022.

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

	Note	2023	2022
Balance at beginning of year		630,463	651,912
Additions		827,318	124,369
Interest expense	20	55,575	95,989
Payments		(438,991)	(241,807)
Balance at end of year		1,074,365	630,463
Current portion of lease liabilities		275,294	260,511
Lease liabilities, net of current portion		799,071	369,952

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 five (5) years with escalation clauses ranging from 5% to 10%. 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 seven (7) years with annual escalation clauses ranging from 5% to 10%.

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, 2023 amounted to P478,605 (2022 - P454,558) (Note 11).

Rent expense for the year ended December 31, 2023 amounting to P350,926 (2022 - P287,203; P2021 - P135,851), pertains to the expense from short-term and low value leases (Note 17).

Maturity analysis of the undiscounted lease payments are as follows:

	2023	2022
Within one year	369,991	257,474
Between one and five years	709,453	266,598
More than five years	317,165	219,614
	1,396,609	743,686

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, 2023, the Group recognized revenue from finance leases amounting to P6,622 (2022 - P215,684; 2021 - P1,411) (Note 20).

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

	2023	2022
Balance at beginning of year	207,542	18,231
Finance lease income	6,622	215,684
Collections	(20,684)	(26,373)
Balance at end of year	193,480	207,542
Current portion of lease receivable	66,967	64,618
Lease receivable, net of current portion	126,513	142,924

Minimum lease receivables as at December 31 are as follows:

	2023	2022
Within one year	26,255	25,005
Between one and five years	118,820	113,162
More than five years	33,509	65,422
	178,584	203,589

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 and further renewed until June 30, 2024 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, 2023, lease receivables amounted to P193,480 (2022 - P156,986).

Total rental income recognized in the consolidated statements of total comprehensive income amounted to P475,937 in 2023 (2022 - P385,225; 2021 - P260,673).

For the year ended December 31, 2023, revenue from sub-lease recognized in the consolidated statements of total comprehensive income amounts to P3,711 (2022 - P4,892; 2021 - P4,944).

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 its 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, 2023. 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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Current service cost	5,217	3,783	14,900	153	225	875	5,370	4,008	15,775
Past service income	-	(83,176)	-	-	(3,744)	-	-	(86,920)	-
Interest cost on defined benefit obligation	3,690	2,224	5,615	109	119	240	3,799	2,343	5,855
Settlement gain	-	(223)	-	-	(541)	-	-	(764)	-
Net retirement expense (income)	8,907	(77,392)	20,515	262	(3,941)	1,115	9,169	(81,333)	21,630

The total retirement expense of ABLE and FCLRC for the year ended December 31, 2023 amounted to P9,169 (2022 - P81,333 retirement income).

Changes in present value of defined benefit obligation

	ABLE		FCLRC		TOTAL	
	2023	2022	2023	2022	2023	2022
Present value of defined benefit obligation at beginning of year	51,580	126,194	1,497	6,075	53,077	132,269
Current service cost	5,217	3,783	153	225	5,370	4,008
Past service income	-	(83,176)	-	(3,744)	-	(86,920)
Interest cost	3,690	2,224	109	119	3,799	2,343
Actuarial loss	7,344	2,778	251	964	7,595	3,742
Settlement gain	-	(223)	-	(541)	-	(764)
Benefits paid	-	-	-	(1,601)	-	(1,601)
Present value of defined benefit obligation at end of year	67,831	51,580	2,010	1,497	69,841	53,077

The change in the provisions of the plan in 2022 resulted to the past service income recognized amounting to P86,920.

As at December 31, 2023, the total retirement benefits liability amounted to P69,841 (2022 - P53,077).

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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Remeasurement loss (gain)									
- on change in financial assumptions	8,561	(6,020)	(25,128)	203	(141)	(620)	8,764	(6,161)	(25,748)
- on experience adjustments	(1,217)	1,334	(8,611)	48	800	(324)	(1,169)	2,134	(8,935)
- on demographic assumptions	-	7,464	-	-	305	-	-	7,769	-
	7,344	2,778	(33,739)	251	964	(944)	7,595	3,742	(34,683)

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2023	2022	2023	2022
Discount rate	6.20%	7.30%	6.20%	7.30%
Future salary increases	5.00%	5.00%	5.00%	5.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2023	2022	2023	2022
Average expected future service years	6.00	6.00	11.00	12.00

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, 2023				
Discount rate	(7,285)	8,851	(185)	219
Future salary growth	8,869	(7,430)	220	(188)
December 31, 2022				
Discount rate	(5,571)	6,495	(135)	160
Future salary growth	6,581	(5,734)	162	(139)

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, 2023					
ABLE	67,831	610,370	3,024	10,674	596,672
FCLRC	2,010	11,130	615	-	10,515
	69,841	621,500	3,639	10,674	607,187
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

20. Finance income/finance expense/other income

Finance income for the years ended December 31 consists of:

	Notes	2023	2022	2021
Interest income on receivables from TCAMI	8	23,954	46,178	-
Interest income on cash in banks	2	22,672	2,679	1,268
Finance lease income	18	6,622	215,684	1,411
		53,248	264,631	2,679

Finance expense for the years ended December 31 consists of:

	Notes	2023	2022	2021
Interest expense on loans payable	13	134,102	271,118	185,182
Interest expense on lease liabilities	18	55,575	95,988	39,349
Others		7,586	9,599	23,199
		197,263	376,705	247,730

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLE with AUB and ABLGI with BDO. The Group recognized amortization of transaction costs amounting to P6,147 for the year ended December 31, 2023 (2022 - P10,205; 2021 - P11,132) (Note 13).

Other income, net for the years ended December 31 consists of:

	2023	2022	2021
Finance charges	(22,129)	(12,705)	(2,570)
Others, net	118,894	41,731	4,176
	96,765	29,026	1,606

Others, net mainly consists of gain on reversal of liabilities that the Group determined as no longer payable based on Management’s assessment.

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:

		2023		2022	
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, noninterest-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		(333)	156,823	-	157,156
Individual stockholder		-	53,106	-	53,106
		(333)	209,929	-	210,262
b) Receivables and advances	Refer to Notes 3 and 7 for the details.				
Joint venture		266	118,918	118,652	118,652
Associate		(10,968)	76,159	-	87,127
		(10,702)	195,077	118,652	205,779

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.

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 P14,226,896 in 2023 (2022 - P6,830,190).

All intragroup transactions are eliminated during consolidation are unsecured, noninterest-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:

	2023	2022	2021
Salaries and employee benefits	76,603	69,104	60,454
Directors' fees	9,144	6,547	3,490

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 (benefit) are as follows:

	2023	2022	2021
Current tax expense	15,862	8,212	8,415
Deferred tax expense (benefit)	68,523	(169,419)	(25,539)
	84,385	(161,207)	(17,124)

The Group's income tax expense consists of the 25% 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 (benefit) in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2023	2022	2021
Income (loss) before income tax	4,221,998	525,650	(911,747)
Income tax (benefit) using statutory tax rate 25%	1,055,500	131,413	(273,524)
Additions to (reductions in) income taxes resulting from tax effects of:			
Non-deductible expenses	1,839,125	2,463,737	2,297,085
Income exempt from income tax	(2,747,718)	(2,584,473)	(2,238,497)
Change in deferred tax accounts	(68,523)	(195,846)	(6,555)
Equity in net loss of joint ventures	7,668	24,510	74,093
Interest income subject to final tax	(1,667)	(548)	(804)
Expired NOLCO	-	-	165,326
	84,385	(161,207)	17,124

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2023	2022
Unrealized gain on changes in fair value of investment properties	1,508,964	1,434,773
Accrued rental income	3,480	3,480
Others	262	5,930
	1,512,706	1,444,183

Movements of DIT liabilities for the years ended December 31 are as follows:

	2023	2022
As at January 1	1,444,183	1,613,602
Recognized in profit or loss	68,523	(169,419)
	1,512,706	1,444,183

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

	2023	2022
NOLCO	353,281	263,705
Right-of-use assets	(58,144)	(42,752)
Lease liabilities	68,420	56,736
Allowance for impairment loss	22,418	19,783
Retirement benefits liability	3,227	4,611
Unrealized loss on foreign exchange differences	2,153	835
MCIT	200	727
Unearned revenue	242	531
	391,797	304,176

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	Expiration	Amount	2023	2022
2023	2026	358,305	358,305	-
2022	2025	403,809	403,809	403,809
2021	2026	311,119	311,119	311,119
2020	2025	339,892	339,892	339,892
2019	2022	737,523	-	737,523
		2,150,648	1,413,125	1,792,343
Expired			-	(737,523)
			1,413,125	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	Expiry date	Amount	2023	2022
2022	December 31, 2025	29	29	29
2021	December 31, 2024	171	171	171
2020	December 31, 2023	527	527	527
2019	December 31, 2022	22	-	22
			727	749
Expired			(527)	(22)
			200	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.

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.

Casino

The casino group is involved in arcade leasing.

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.

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 2023 is as follows:

	Retail Group	Casino Group	Network and License Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	26,394,164	426,051	354,242	76,594	-	-	27,251,051
Cost and operating expenses	(21,542,535)	(230,381)	(238,062)	(100,367)	(362,129)	-	(22,473,474)
EBITDA	4,851,629	195,670	116,180	(23,773)	(362,129)	-	4,777,577
Depreciation and amortization	(273,611)	(171,437)	(27,803)	(4,285)	(16,296)	-	(493,432)
Finance expense	(122,465)	(7,036)	(13,645)	(50,298)	(3,819)	-	(197,263)
Unrealized gains on changes in fair values of investment properties, net	-	-	665	131,152	-	-	131,817
Impairment loss on financial assets	-	(89,673)	(7,072)	-	-	-	(96,745)
Impairment loss on non-financial assets	(53,702)	(1,878)	(143)	-	-	-	(55,723)
Equity in net earnings (loss) of a joint venture	-	-	1,689	-	(30,670)	(1,689)	(30,670)
Provision for probable losses	(3,000)	-	-	-	-	-	(3,000)
Finance income	19,913	48	10,981	22,033	273	-	53,248
Foreign exchange (loss) gain, net	(18,285)	7,405	(373)	7,155	762	-	(3,336)
Other income (expense), net	87,202	778	3,496	5,487	7,199,802	(7,200,000)	96,765
Income tax	(8)	(3,858)	(5,102)	(75,417)	-	-	(84,385)
Net income	4,487,673	(69,981)	78,873	12,054	6,787,923	(7,201,689)	4,094,853
Other information							
Total assets	4,526,431	434,040	2,651,877	8,697,011	17,456,406	(4,050,852)	29,714,913
Total liabilities	7,100,682	805,064	1,290,144	2,923,226	180,434	(1,510,287)	10,789,263
Capital expenditures	561,605	703,603	622,509	1,207	65,783	-	1,954,706

Analysis of financial information by business segment in 2022 is as follows:

	Retail Group	Casino Group	Network and License Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	8,163,770	341,251	356,595	43,974	-	-	8,905,590
Cost and operating expenses	(7,169,270)	(188,505)	(247,161)	(44,711)	(248,817)	-	(7,898,464)
EBITDA	994,500	152,746	109,434	(737)	(248,817)	-	1,007,126
Depreciation and amortization	(200,624)	(146,196)	(22,800)	(3,595)	(2,612)	-	(375,827)
Finance expense	(116,774)	(18,738)	(6,690)	(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	(24,225)	(83,497)	-	-	(10,793)	-	(118,515)
Impairment loss on non-financial assets	(5,382)	-	(832)	(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	442	32	207,440	48,392	61	-	256,367
Foreign exchange loss, net	(5,469)	(3,855)	(2,222)	(114,670)	(174)	-	(126,390)
Other income (expense), net	(10,046)	42,889	(2,524)	(42)	7,061	-	37,338
Income tax	-	(1,446)	(4,166)	166,819	-	-	161,207
Net income	632,422	(58,065)	260,245	163,426	(330,796)	19,625	686,857
Other information							
Total assets	2,644,296	1,623,276	2,504,368	14,668,524	8,588,998	(9,081,157)	20,948,305
Total liabilities	2,517,178	1,804,411	2,825,142	8,960,797	31,546	(8,197,493)	7,941,581
Capital expenditures	105,053	18,403	929	3,340	5,514	-	133,239

Analysis of financial information by business segment in 2021 is as follows:

	Retail Group	Casino Group	Network and License Group	Property Group	Corporate	Eliminations	Consolidated
Revenue	1,995,973	204,758	559,415	45,824	-	-	2,805,970
Cost and operating expenses	(1,988,096)	(160,007)	(481,004)	(79,026)	(178,681)	-	(2,886,814)
EBITDA	7,877	44,751	78,411	(33,202)	(178,681)	-	(80,844)
Depreciation and amortization	(148,729)	(151,012)	(29,474)	(4,152)	(18,319)	-	(351,687)
Finance expense	(70,145)	(36,611)	(7,545)	(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)	-	(913)	-	(152,021)
Impairment loss on non-financial assets	(8,803)	(5)	(8,116)	(10,846)	-	-	(27,770)
Equity in net earnings of a joint venture	(2,048)	-	(176,100)	(1)	4,347	118,043	(55,759)
Gain (loss) on sale of an asset	-	-	-	-	-	-	-
Finance income	100	9	1,458	4	1,108	-	2,679
Foreign exchange loss, net	(631)	(1,602)	(13,720)	-	(9)	-	(15,962)
Equity in net earnings of associates	-	-	-	-	-	-	-
Other income (expense), net	(1,909)	384	3,089	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	-	(1,758)	(6,725)	25,607	-	-	17,124
Total comprehensive income (loss)	(224,288)	(145,844)	(309,016)	(122,690)	(269,878)	160,909	(910,806)
Other information							
Segment assets	2,315,691	1,388,659	3,606,387	14,369,645	6,105,267	(11,418,294)	16,367,355
Investments and advances	136,459	-	50,092	1,059,059	4,847,713	(3,865,948)	2,227,375
Total assets	2,452,149	1,388,659	3,656,479	15,428,704	10,952,980	(15,284,242)	18,594,730
Total liabilities	3,043,051	1,635,851	2,656,622	8,822,125	4,618,271	(11,865,759)	8,910,161
Capital expenditures	966	748	177	12	33	-	1,936

There were no intersegment sales recognized among reportable segments in 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.

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.

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 judgment 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 and right-of-use asset

The Group assess impairment of property and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Based on the assessment, the Group assessed that the carrying amount of property and equipment as at and for the years ended December 31, 2023 and 2022 are fully recoverable. The carrying value of the Group's property and equipment and right-of-use asset amounted to P3,524,736 as at December 31, 2023 (2022 - P1,076,596) (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 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 and for the years ended December 31, 2023 and 2022 is not impaired. The carrying value of the Group's investment in HEPI amounted to P1,491,632 as at December 31, 2023 (2022 - P1,522,302) (Note 7).

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, income approach for buildings and cost approach for land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 6.

Investment properties amounted to P11,074,870 as at December 31, 2023 (2022 - P10,942,553). Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to P131,817 in 2023 (2022 - P297,772 gain; 2021 – P15,741 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, 2023 and 2022, 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, 2023, the Group recognized an allowance for impairment of receivables amounting to P687,385 (2022 - P590,640). Management believes that the recorded allowance is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

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 Group's lease liabilities amounted to P1,074,365 as at December 31, 2023 (2022 - P630,463) (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, 2023, retirement benefits liability amounted to P69,841 (2022 - P53,077) (Note 19).

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 P391,797 in 2023 (2022 - P304,176) (Note 22).

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	2023	2022
Cash and cash equivalents	2	4,162,046	1,285,179
Receivables, current portion, net	3	2,523,382	1,086,372
Receivables, non-current portion, net	8	397,324	425,308
Advances	7	1,211,220	1,251,083
Lease receivables	18	193,480	207,542
Rental deposits	11	478,605	454,558
Cash performance bonds	11	449,382	394,427
Performance cash deposits	11	33,700	32,450
Due from related parties	21	156,823	157,156
		9,605,962	5,294,075

Cash and cash equivalents exclude cash on hand and pay out fund amounting to P102,192 as at December 31, 2023 (2022 - P71,302).

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 noninterest-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 P1,130,447 as at December 31, 2023 (2022 - P1,022,413) (Notes 3 and 8).

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

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.

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:

	2023					
	Current	30 days	60 days	90 days and above	ECL	Total
Cash and cash equivalents	4,162,046	-	-	-	-	4,162,046
Receivables, current portion, net	3,210,767	-	-	-	(687,385)	2,523,382
Receivables, non-current portion, net	397,324	-	-	-	-	397,324
Advances	1,394,771	-	-	-	(183,551)	1,211,220
Lease receivables	193,480	-	-	-	-	193,480
Rental deposits	478,605	-	-	-	-	478,605
Cash performance bonds	449,382	-	-	-	-	449,382
Performance cash deposits	33,700	-	-	-	-	33,700
Due from related parties	156,823	-	-	-	-	156,823
Financial assets at FVOCI	67,578	-	-	-	-	67,578
	10,544,476	-	-	-	(870,936)	9,673,540

	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

	2023				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Cash and cash equivalents	4,162,046	-	-	-	4,162,046
Receivables, current portion, net	-	-	-	2,523,382	2,523,382
Receivables, non-current portion, net	-	-	-	397,324	397,324
Advances	1,211,220	-	-	-	1,211,220
Lease receivables	-	-	-	193,480	193,480
Rental deposits	478,605	-	-	-	478,605
Cash performance bonds	449,382	-	-	-	449,382
Performance cash deposits	33,700	-	-	-	33,700
Due from related parties	156,823	-	-	-	156,823
Financial assets at FVOCI	67,578	-	-	-	67,578
	6,559,354	-	-	3,114,186	9,673,540

	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 December 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	2,526,763	21,080	41,077	525,266	687,385	3,801,571
Expected credit loss	-	-	-	-	(687,385)	(687,385)
	2,526,763	21,080	41,077	525,266	-	3,114,186

	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

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, 2023, there are no commitments under the line of credit (2022 - nil). As at December 31, 2023, there were no amounts drawn against the line of credit (2022 - nil). 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:

	2023				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	4,121,271	4,121,271	4,121,271	-	-
Short-term and long-term loans payable	1,887,807	1,903,384	823,961	210,000	869,423
Lease liabilities	1,074,365	1,396,609	137,647	137,647	1,121,315
Deposits	80,267	80,267	-	-	80,267
	7,163,710	7,051,531	5,082,879	347,647	2,071,005

	2022				
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	1,952,464	1,952,464	1,952,464	-	-
Short-term and long-term loans payable	3,277,640	3,277,640	3,277,640	-	-
Lease liabilities	630,463	743,686	128,737	128,737	486,212
Deposits	81,516	81,516	-	-	81,516
	5,942,083	6,055,306	5,358,841	128,737	567,728

Trade and other payables as at December 31 exclude the following:

	2023	2022
Payable to:		
PAGCOR	1,319,319	249,446
Government agencies	97,248	57,724
CEZA	11,670	9,311
Contract liabilities	597,008	166,528
Provision for probable losses	13,233	18,803
Output VAT	414	83
	2,038,892	501,895

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:

	2023		2022	
	In USD	In PHP	In USD	In PHP
Cash in banks	1,177	65,170	50	2,888
Trade receivables	11,218	621,141	7,230	417,605
Rental deposits	400	22,148	400	23,104
Trade and other payables	(17,975)	(995,276)	(1,772)	(102,351)
Net (liabilities) assets	(5,180)	(286,817)	5,908	341,246

The exchange rate used to translate the net assets in foreign currency as at December 31, 2023 is P55.37 (2022 - P57.76).

The Group's foreign exchange loss for the years ended December 31 are as follows:

	2023	2022	2021
Realized loss	(11,947)	(7,540)	(3,322)
Unrealized gain (loss)	8,611	(118,850)	(12,640)
	(3,336)	(126,390)	(15,962)

Sensitivity analysis

A 2% weakening of the Philippine peso against the US dollars would have decreased equity and net income by P5,736 (2022 - increased equity and net income by P6,825).

A 2% strengthening of the Philippine peso against the US dollars as at December 31, 2023 and 2022 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 2023 and 2022.

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)	2023	2022
300bp rise	(56,604)	(87,067)
225bp rise	(42,453)	(65,300)
300bp fall	56,604	87,067
225bp fall	42,453	65,300

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 AFS financial assets 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)	2023	2022
Increase by 10%	6,758	7,851
Increase by 5%	3,379	3,926
Decrease by 10%	(6,758)	(7,851)
Decrease by 5%	(3,379)	(3,926)

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, 2023 and 2022. 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.

	2023	2022
Profit before income tax	4,179,238	525,650
Total average equity	15,966,186	11,345,647
	26.18%	4.63%

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, 2023 and 2022.

27. Notes to consolidated statement of cash flows

The changes in the Group's liabilities arising from financing activities are as follows:

December 31, 2023	Notes	January 1, 2023	Cash flows	Non-cash changes	Amount
Short term loans	13	116,739	(115,739)	-	1,000
Long term loans	13	3,160,901	(1,250,000)	(24,094)	1,886,807
Lease liabilities	18	630,463	(438,991)	882,893	1,074,365
Total liabilities from financing activities		3,908,103	(1,804,730)	858,799	2,962,172
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)	220,357	630,463
Total liabilities from financing activities		5,117,555	(1,554,686)	345,234	3,908,103

The non-cash changes are disclosed in the specific notes.

28. Summary of material 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; and
- 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.

<u>Statement of compliance</u>

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 and Sustainability Reporting Standards Council (FSRSC) 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 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, 2023 and have not been early adopted nor applied by the Company in preparing these 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. In January 1, 2023, the Group applied the amendment to PAS 1 and 2.

- Amendments to PAS 8 : Definition of Accounting Estimates

  The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2023 with earlier adoption permitted. In January 1, 2023, the Group applied the amendments to distinguish changes in accounting policies from changes in accounting estimates.

- 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.

  In January 1, 2023, the Group applied the amendment to PAS 12.

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

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, 2023 and 2022:

Subsidiaries	Percentage of ownership 2023	2022	Country of incorporation
AB Leisure Exponent, Inc. (ABLE) and subsidiaries	100	100	Philippines
AB Leisure Global, Inc. (ABLGI)	100	100	Philippines
LR Land Developers, Inc. (LRLDI)	100	100	Philippines
Prime Investment Korea, Inc. (PIKI)*	100	100	Philippines
Total Gamezone Xtreme Incorporated (TGXI)	100	100	Philippines
Blue Chip Gaming and Leisure Corporation (BCGLC)	100	100	Philippines
Gold Coast Leisure World Corporation (GCLWC)	100	100	Philippines
LR Data Center and Solutions Inc. (LRDCSI)	80	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)**	87.27	69.68	Philippines
First Cagayan Converge Data Center, Inc. (FCCDCI)	57.81	57.81	Philippines
Bingo Bonanza (HK) Limited (BBL)***	60	60	Hong Kong

**Non-operating subsidiary*
***In 2023, the Group acquired an additional 17.59% interest in the shares of FCLRC, increasing its ownership interest to 87.27%. Cash consideration of P2,900 was paid to the non-controlling shareholders.*
****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, 2023				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Non-controlling interests percentage	**20.00%**	**12.73%**	**40.00%**	**31.64%**	
Current assets	7,438	1,544,450	61	69,672	1,621,621
Noncurrent assets	1,739	950,671	33	77,907	1,030,350
Current liabilities	(17,558)	(809,766)	(87,144)	(104,366)	(1,018,834)
Noncurrent liabilities	(2,298)	(283,093)	-	(73,064)	(358,455)
Net assets (liabilities)	(10,679)	1,402,262	(87,050)	(29,851)	1,274,682
Carrying amount of non controlling interests	(2,136)	178,508	(34,820)	(9,444)	132,108
Revenue	-	268,113	-	86,128	354,241
Net income for the year	2,264	81,083	-	2,596	85,943
Other comprehensive income	(36)	(251)	-	(288)	(575)
Total comprehensive income	2,228	80,832	-	2,308	85,368
Net income allocated to non-controlling interests	446	10,290	-	730	11,466
Other comprehensive income allocated to non-controlling interests	(7)	(32)	-	(91)	(130)
Cash flows from operating activities	251	15,196	-	5,632	21,079
Cash flows used in investment activities	-	(4,156)	-	(3,439)	(7,595)
Cash flows used in financing Activities	-	(22,763)	-	(339)	(23,102)
Net increase (decrease) in cash	251	(11,723)	-	1,854	(9,618)

	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) increase in cash	(3,482)	20,144	-	6,870	23,532

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on December 28, 1994. 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, 2023 and 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 December 31, 2023 and 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
Gamemaster Integrated Inc. (formerly G-Boracay Beta Holdings Inc. (GBBHI)	100	Philippines
DigiLive Inc. (formerly G-Boracay Gamma Holdings Inc. (GBGHI)	100	Philippines

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

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.

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'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.

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.

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.

Measurement

At initial recognition, the Group measures a financial asset at amortized cost and FVOCI. 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.

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 are 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 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.

28.7 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.

28.8 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.

28.9 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.

28.10 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.

Management assessed that the Group has significant influence over its associates and joint ventures by virtue of the Group's more than 20% voting power in the investee, representation in the board of directors, and participation in policy-making processes of the associates and joint ventures.

28.11 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, plant and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

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.

The fair value of land is calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. Discount rates is based on actual location, size and quality of the property and taking into account any available market data at the valuation date.

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.

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.

When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

28.12 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.

28.13 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.

28.14 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.

28.15 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.

28.16 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, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 costs 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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.

28.17 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.

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.

28.18 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.

28.19 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.

28.20 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.

28.21 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.

28.22 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.

28.23 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.

28.24 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 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.

28.25 Contract liabilities

A contract liability is the obligation to deliver services to a player or customer for which the Group has received consideration (or an amount of consideration is due) from the player or customer. Player deposits before the player plays and bets in the BingoPlus and ArenaPlus applications are recognized as contract liabilities. Likewise, if a customer pays consideration before the Group transfers 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 upon conclusion of each game cycle or when the Group performs under the contract.

28.26 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.

28.27 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.

28.27.1 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).

Measurement of right-of-use assets

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.

28.27.2 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.

28.28 Employee benefits

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.

28.29 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.

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 assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses

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.

28.30 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.

28.31 Related party transactions and relationships

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.

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

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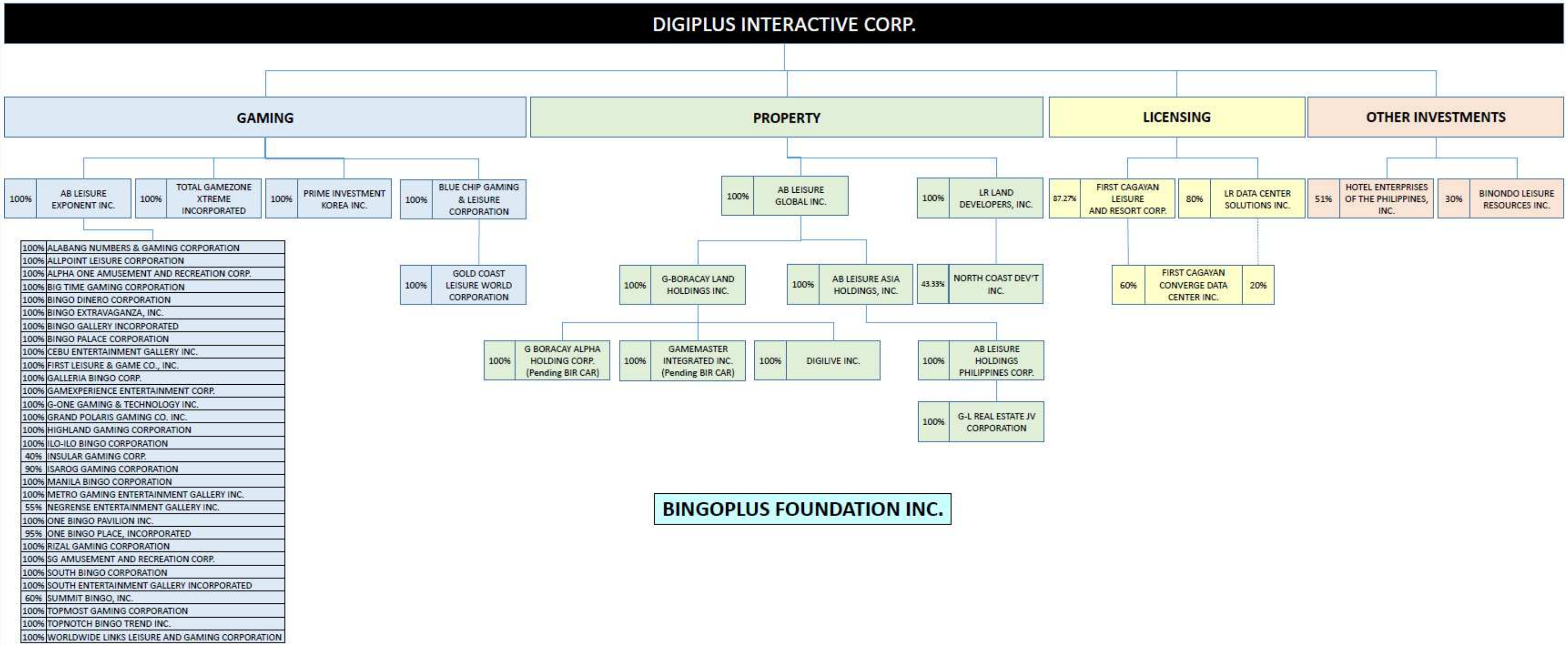
DigiPlus Interactive Corp. and Subsidiaries
(formerly Leisure & Resorts World Corporation)

Reconciliation of Parent Company's Retained Earnings
Available for Dividend Declaration
As at December 31, 2023
All amounts in thousands of Philippine Peso
(Part 1, 4C, Annex 68-C)

Unappropriated Retained Earnings, beginning of the year		(P580,343)
Add/Less: Net Income for the current year		6,787,907
Less: Category C.1: Unrealized income recognized in the profit or loss during the year (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(48,058)	(48,058)
Adjusted net income/loss		6,739,849
Total Retained Earnings, end of the year available for dividend declaration		**P6,159,506**

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

Map of Conglomerate
As at December 31, 2023



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

Financial Assets
(All amounts in thousands of Philippine Peso)

Financial Assets	Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Cash in banks	Sterling Bank	870,368	22,672
	Eastwest	674,293	
	AUB	521,863	
	Union Bank	394,567	
	PBB	300,848	
	Others	76,651	
		2,838,590	
Cash equivalents	Others	1,323,456	-
Cash on hand		102,192	-
Receivables		2,920,706	23,954
Advances		1,211,220	-
Lease receivables		193,480	6,622
Rental deposits		478,605	-
Cash performance bonds		449,382	-
Performance cash deposits		33,700	-
Due from related parties		156,823	-
		9,775,732	30,576

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 thousands of 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

SCHEDULE C

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 thousands of 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	1,317,241	7,079,921	-	-	8,397,162	-	8,397,162
AB Leisure Global, Inc.	1,999,236	2,332,873	-	-	4,332,109	-	4,332,109
Blue Chip Gaming and Leisure Corporation	366,889	753,563	-	-	1,120,452	-	1,120,452
PIKI	291,049	14,272	-	-	305,321	-	305,321
FCCDCI	234,556	-	(171,047)	-	63,509	-	63,509
TGXI	-	8,343	-	-	8,343		8,343
Due to LR Land:						-	
LR Land Developers	584,272	-	(584,272)	-	-	-	-
TGXI	360,222	-	(360,222)	-	-	-	-
FCLRC	1,675,493	-	(1,675,493)	-	-	-	-
LR Data Center	1,232	-	(1,232)	-	-	-	-
	6,830,190	10,188,972	(2,792,266)	-	14,226,896	-	14,226,896

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

Long Term Debt
(All amounts in thousands of 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
Asia United Bank	1,184,423	315,000	869,423
Chip Leader	702,384	702,384	-
	1,886,807	1,017,384	869,423

Terms of the Long-term debt:

In April 2023, ABLE entered into a term-loan facility with AUB amounting to P3,000,000 available for multiple drawdowns to finance both capital and general corporate expenditures. The loan is payable in nine (9) consecutive quarterly installments on its respective repayment dates beginning at the end of the 4th quarter from the initial drawdown date. The loan is subject to interest rate calculated as the higher of (i) sum of benchmark rate and 2.25% divided by 0.95, or (ii) floor rate of 7% divided by 0.95, payable on a quarterly basis and is subject to annual repricing.

Initial drawdown was made in April 2023 amounting to P1,200,000. The loan is maturing in April 2026.

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

Indebtedness to Related Parties (Long-term loans from Related Companies
(All amounts in thousands of 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 thousands of 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 thousands of 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	7,000,000,000	4,785,306,666	377,647,488	4,407,659,178	-	21,567,000	12,557,680	4,373,534,498

On September 15, 2022, the BOD of the Parent Company approved the increase of the Company's authorized capital stock from P5 billion to P7 billion. On November 24, 2022, the amendment was approved by the stockholders. On September 12, 2023, the SEC approved the increase of the Company's capital stock. Consequently, the Company issued 691,200 common shares at an issue price of P2.68 per share to various subscribers.

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

Schedule of Financial Soundness Indicators
(All amounts in thousand Philippine Peso)

Key Performance Indicator	Formula	2023	2022
Current Ratio	Current Assets / Current Liabilities	1.13:1	0.52:1
Acid Test Ratio	Cash and cash equivalents + Receivables, net + Due from related parties / Current Liabilities	0.94:1	0:44:1
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	0.57:1	0.61:1
Asset to Equity Ratio	Total Assets / Stockholders' Equity	1.57:1	1.61:1
Return on Average Equity	Net Income / Average Stockholders' Equity	25.65%	6.05%
Return on Average Assets	Net Income / Average Total Assets	16.16%	3.47%
Solvency Ratio	Net Income + Depreciation / Average Total Liabilities	0.49:1	0.13:1
Interest Coverage Ratio	Income Before Interest, Tax & Depreciation / Interest Expense	24.22:1	2.67:1
Net Book Value Per Share	Stockholders' Equity / Shares Outstanding	4.25	3.38
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	1.039	0.2035
Net Profit Margin	Net income / Revenue	15.03%	7.71%

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digiplus

2023

DIGIPLUS
SUSTAINABILITY REPORT

I. Contextual Information

Name of Organization
DigiPlus Interactive Corp.

Location of Headquarters
32-36 Floors, Ecoprime Building
32nd St. Corner, 9th Avenue, Bonifacio Global City
Taguig City, 1635

Location of Headquarters
Through our subsidiaries, we operate in multiple locations:

Blue Chip Gaming and Leisure Corporation (BCGLC or Blue Chip) operates in the following locations:

- Bacolor, Pampanga
- Subic, Zambales
- Malate, Manila
- Sta. Rosa, Laguna
- San Pedro, Laguna
- Davao City, Davao

AB Leisure Exponent, Inc. (ABLE) & **Total Gamezone Xtreme Incorporated (TGXI)** are managed by one team and operate in the following areas:

- Area 1: Western North Luzon
- Area 2: Eastern North Luzon
- Area 3: Pampanga / Bulacan
- Area 4: Bulacan / Valenzuela
- Area 5: Cavite / Laguna
- Area 6: Batangas / Camarines Sur / Masbate
- Area 7: Rizal
- Area 8: Las Piñas / Parañaque / Pasay
- Area 9: Mandaluyong / Marikina
- Area 10: Makati / Manila
- Area 11: Northern Quezon City
- Area 12: Other Areas in Quezon City / San Juan
- Area 13: Negros / Iloilo / Palawan
- Area 14: Cebu
- Area 15: Mindanao

Report Boundary
(Legal entities covered in the 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)

Business Model
(Including Primary Activities, Brands, Products, and Services)

DigiPlus Interactive Corp. (DigiPlus) is a leading digital entertainment company in the Philippines, with over 20 years of experience in the leisure and entertainment industries. We envision to be the number one diversified leisure and entertainment hub with diverse product offerings in digital gaming, media streaming, traditional & e-bingo, sports betting, digital card games, and carnival games. Our flagship products such as BingoPlus, ArenaPlus, PeryaGame, and BingoPlus Poker were developed in-house and from the ground up using cutting edge technology and top talents from the global technology industry.

We aim to multiply the fun and happiness in peoples' lives anytime and anywhere. Our digital platforms are complimented by over 140 operating sites nationwide, creating a seamless integration of our online and on-site customer experience. Moving forward, we will continue to unlock more business opportunities and refine our existing platforms through established digital operational capabilities, alongside marketing and analytics powered by big data.

Our portfolio of entertainment products includes:

1. **BingoPlus**
   Launched in January 2022, BingoPlus is the leading digital bingo platform in the country offering the game to bingo-loving Filipinos anytime and anywhere. Its robust technology infrastructure is complemented by over 140 physical sites spread out across the Philippines.
2. **ArenaPlus**
   ArenaPlus is the country's premiere sports betting brand, offering sports fans the opportunity to add more excitement to their favorite sports. ArenaPlus offers betting services for a variety of sports both locally and internationally, including professional basketball, volleyball, and football.
3. **PeryaGame**
   PeryaGame, which mirrors traditional Filipino carnival games, offers a wide selection of games of chance that involve cards, colors, and numbers. PeryaGame makes these luck-based games approachable and accessible with affordable buy-ins and simple game mechanics so everyone can join in the fun.
4. **BingoPlus Poker**
   BingoPlus Poker captures the thrill and fun of well-loved card games in the digital space, allowing users to play their favorite card games anytime, anywhere.

Reporting Period
CY 2023 (January 1, 2023 – December 31, 2023)

Highest Ranking Person Responsible for the Report

MR. TSUI KIN MING
President

To request additional information or ask any questions, please email:
inquiry@digiplus.com.ph

Editorial and Design by:
Drink Sustainability Communications
www.drinkph.com

II. DigiPlus Sustainability Framework

A. Industry Benchmarking

As we began our digital transformation, we found it necessary to further understand what sustainability means for DigiPlus. The first step was to benchmark ourselves against leading industry peers. To implement this, we sought the guidance and support of a third-party sustainability consultant.

To understand our baseline, the following were reviewed: our company history and business milestones; information about core business units; strategic outlook; major risks and opportunities; financial performance; board meetings and disclosures; governance policies; and previous sustainability reports.

The benchmarking exercise involved evaluating our progress with that of comparable listed companies. Benchmarking criteria were based on the following key areas: economic impact and business, governance structure, users or customers, employees' welfare, and the environment. The benchmarking exercise revealed that while we are still at the start of our sustainability journey, we are on track to go beyond compliance through efforts such as firming up our material topics and aligning with global sustainability reporting frameworks such as the Global Reporting Index (GRI), Sustainability Accounting Standard (SASB), and the Integrated Reporting (IR) Framework.

B. Stakeholder Engagement

Through stakeholder engagement, we determined our key issues and identified our material environmental, social, and governance themes. The engagement also allowed us to review our risk approach, regulatory compliance, opportunities for innovation, employee management, and community relationships.

Our stakeholder engagement was conducted from September 6 to 20, 2023. Participants that were interviewed included nine internal stakeholders and two external partners. Internal stakeholders included the President, along with the heads of Finance, Investor Relations, Legal and Compliance, Human Resources, Data Privacy, and Operations. The external stakeholders involved were represented by an investor rating company and iAcademy, our education partner for the FutureSmart Scholarship Program of BingoPlus Foundation.

The list of interview questions used in the stakeholder engagement sessions was formulated based on the review of our assets, sustainability reports, and the results from our industry benchmarking exercise, which presented an initial list of material topics. SASB disclosures and metrics were also considered, particularly industry specific topics under internet media and services, media and entertainment, and casinos and gaming.

C. Materiality Review

To prepare our list of material topics, we referred to the GRI Standards and the results of our stakeholder engagement sessions. We also conducted several workshops with senior management to narrow down our list of material topics.

Our Materiality Review Process

Both the virtual interviews and the online responses provided a picture of how DigiPlus' stakeholders view sustainability and its importance. These insights provided a basis for the analysis of these issues and the common themes they were organized into. Using these insights, we developed a sustainability framework that reflects current trends, best practices, the organization's capabilities, and the aspirations of our leadership.

The list of key ESG issues for DigiPlus was mapped and evaluated in the succeeding workshops. During two workshops, participants discussed these issues in terms of their relevance, urgency, and importance to our business and stakeholders.

After considering all the gathered inputs, the following were the identified as priority sustainability themes: Environmental Responsibility and Energy Management, Employees and Workplace, Responsible Gaming, Digital and Data Security, and Good Governance.

Environmental Responsibility and Energy Management
- Energy Use
- Climate Change
- Environmental Compliance

Responsible Gaming
- Customer Protection
- Community Investment

Employees and Workplace
- Hiring
- Employee Benefits
- Training and Education
- Employee Engagement
- Diversity, Equality, and Inclusion

Digital and Data Security
- Digital Rights
- Data Privacy
- Information Security

Good Governance
- Ethics and Integrity
- Anti-Curroption
- Risk Management
- Economic Performance

Good governance and leadership practices that encourage transparency, accountability, and responsibility are the foundation of our business and sustainability performance. It provides much-needed guidance and anchors us to our commitments in the areas of environmental responsibility, workplace management, responsible gaming, and digital safety.

III. Good Governance

BOARD OF DIRECTORS

Eusebio H. Tanco

CHAIRMAN

Expertise:
Strategy | Business Management | Industry Expertise

Date of Election & Length of Service
August 9, 2019 | 4 Years (& 4 months)

Mr. Eusebio H. Tanco is a Philippine businessperson who has been at the helm of more than 50 companies. Mr. Tanco holds the position of Chairman for STI Education Systems Holdings Inc., iACADEMY, Mactan Electric Company , Venture Securities Inc., Manila Bay Hosiery Mills, Inc., Grow Vite Inc., and Eximious Holdings Inc. He is the Chairman and President of Philippines First Insurance Co. Inc., Prime Power Holdings Corporation, First Optima Realty Corporation, and Prudent Resources Inc. He is the CEO and Director of Classic Finance Inc. He is also the President of Asian Terminals Inc. , Bloom with Looms Logistics Inc., Total Consolidated Asset Management Inc., International Hardwood & Veneer Co. of the Philippines, Cement Center Inc., Mar-bay Homes Inc., Amina Inc., Biolim Holdings and Management Corporation, Tantivy Holdings Inc. and Eujo Phils. Inc. He is a Director of Maestro Holdings, Inc., STI West Negros University, Philplans First, Inc., Philippine Life Financial Assurance, PhilhealthCare Inc., and Philippine Racing Club. Mr. Tanco is associated with the Philippines-Thailand Business Council and Philippines-UAE Business Council both as Chairman. He is a Board of Trustee at Philippines, Inc. and a Member of Philippine Chamber of Commerce & Industry.

The Palawan State University conferred Mr. Tanco a degree in Doctor of Humanities, honoris causa in 2007. He obtained a degree of Master of Science in Economics from London School of Economics & Political Science in 1973 and a degree of Bachelor of Science in Economics from the Ateneo de Manila University in 1970.

BOARD OF DIRECTORS

Tsui Kin Ming
PRESIDENT

Expertise:
Finance | Accounting | Industry Expertise

Date of Election & Length of Service
October 4, 2021 | 2 Years (& 2 months)

Mr. Tsui Kin Ming is a member of the American Institute of Certified Public Accountants, Certified Management Accountants, and Certified Internal Auditors.

He has a vast amount of experience in the finance and gaming industries, making him an ideal candidate for running DigiPlus. In the past, Mr. Tsui served as the former Chief Financial Officer (CFO) of Meg*Star International in Macau, the former CFO of Jimei Group Limited, listed in the Hong Kong Stock Exchange (HKSE), and the former Chief Accounting Officer of Entertainment Gaming Asia, Inc. in Hong Kong. While in charge of the overall finance management of these companies, he managed cage operations, accounting, and credit departments, among others. Additionally, he oversaw the full scope of finance operations, including the development of monthly financial reports, cash flow management, annual budget, cost reduction strategies, accounting policies and controls, and the evaluation of new investment opportunities. Mr. Tsui managed these transactions while complying with the listing rules of the Hong Kong Stock Exchange, including rules regarding fund raising activities such as those that cover the issuance of convertible bonds.

Mr. Tsui graduated with a Bachelor of Business Administration degree in Public Accounting. He later earned his Master of Business Administration in Finance and Investment from Baruch College, City University of New York.

Atty. Jose Raulito E. Paras
DIRECTOR

Expertise:
Commercial Law

Date of Election & Length of Service
October 26, 2022 | 1 Year (& 2 months)

Atty. Jose Raulito E. Paras was elected as Director of DigiPlus Interactive Corp. on 26 October 2022. He is also the founding partner of the Padernal & Paras Law Offices. He also serves as a commercial arbitrator in the Philippine Dispute Resolution Center, Inc. since 2014. He is a member, and occasionally sits in the board, of the Philippine Bar Association. Additionally, he currently serves in the board of several listed and unlisted corporation.

Atty. Paras has extensive experience in the practice of law. He still handles various civil and criminal cases and remains active in trial and appellate litigation. In the past, he was a faculty member off a few schools of law.

Atty. Paras obtained his Bachelor of Arts in 1993 from the University of the Philippines, and later on, his Bachelor of Laws in 1997 from the San Beda University College of Law. He was valedictorian of his graduating law class and thereafter placed 5th in the Bar Examinations. In 2003, he finished his Master of Laws from the University of Sydney, Australia

Willy Ocier
DIRECTOR

Expertise:
Business Management | Industry Expertise

Date of Election & Length of Service
July 29, 1999 | 24 Years (& 5 months)

Aside from serving as a Director for DigiPlus, Mr. Willy Ocier, a Filipino, is the Chairman and President of the Pacific Online Systems Corporation. At present, he is the Chairman of Belle Corporation as well as the Vice Chairman of Highlands Prime, Inc., and Tagaytay Highlands International Golf Club, Inc. He is also the Chairman of the Board and Director of Premium Leisure Corp., APC Group, Inc., and Premium Leisure and Amusement, Inc. Mr. Ocier also serves as the Chairman of the following: Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc.; The Spa and Lodge, Inc., Abacore Capital Holdings; and Total Gaming Technologies, Inc. He also holds directorship positions at Leisure and Resorts World Corporation, Vantage Equities Inc., and Toyota Corporation Batangas. Moreover, he is the Chairman, Chief Executive Officer, and President of Philippine Global Communications, Inc. Previously, he was the President and Chief Operating Officer of Eastern Securities Development Corporation.

Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. To recognize Mr. Ocier's corporate leadership and role in providing jobs to Filipinos, the University of Batangas conferred on him a degree in Doctor of Humanities, *honoris causa*.

Renato G. Nuñez
DIRECTOR

Expertise:
Business Management | Industry Expertise

Date of Election & Length of Service
June 11, 2019 | 4 Years (& 6 months)

From 2001 to 2016, Mr. Renato G. Nuñez, a Filipino, held key positions at DigiPlus. He is a seasoned entrepreneur in the gaming industry. In the past, he served as President and Chairman of gaming companies such as Arwen Gaming Consultancy, Inc., Leisure Advantage, Inc., Techglobal Data Center, Inc., and Techzone Philippines, Inc., among others.

Mr. Nuñez also built a thriving career in the car industry. In 2015, Mr. Nuñez became the President of CATS Motors, which is a dealer of Mercedes-Benz and American auto brands such as Chrysler, Dodge, Jeep and Ram. Through the supervision of Mr. Nuñez, CATS shifted its focus to the retail aspect of its business, including after-sales service, a strategy that cemented Mercedes-Benz as the Philippines' leading luxury car brand in 2016, 2017, and 2018. He is currently a Director at Coventry Motors Corporation (CMC), the creator of All British Cars, which is the first and only official distributor authorized to sell and service Jaguar and Land Rover cars in the Philippines.

Mr. Nuñez earned a Bachelor of Science in Industrial Management Engineering Minor in Mechanical Engineering from De La Salle University in 1991.

BOARD OF DIRECTORS

Atty. Mardomeo N. Raymundo, Jr.
DIRECTOR

Expertise:
Commercial Law | Tax Law

Date of Election & Length of Service
August 28, 2020 | 3 Years (& 4 months)

Atty. Mardomeo N. Raymundo, Jr. was elected as Director of DigiPlus Interactive Corporation on August 28, 2020. He is currently the Managing Partner of Salvador Llanillo & Bernardo, Attorneys-at-Law.

His legal practice has run its entire breadth, encompassing major fields in commercial law and taxation, including high-level corporate work, special projects, tax and civil litigation, labor standards and relations, as well as intellectual property. His practice cuts across a wide range of key industries, including mining, hotel, gaming, outsourcing, real estate, and infrastructure. With his extensive knowledge and experience in corporate law, he has implemented various corporate reorganizations and rendered advice on a myriad of commercial transactions. His tax litigation practice is equally impressive, having won numerous and precedent-setting cases in claims for refund of taxes, and protest against deficiency internal revenue and local tax assessments.

Mr. Raymundo graduated with honors from De La Salle University with a Bachelor of Science in Commerce degree, major in Business Management. He obtained his Bachelor of Laws degree with honors from the University of the Philippines, College of Law in 2002.

Rafael Jasper S. Vicencio
DIRECTOR

Expertise:
Business Management | Industry Expertise

Date of Election & Length of Service
February 22, 2022 | 1 Year (& 10 months)

For 25 years, Mr. Rafael Jasper S. Vicencio has gained extensive experience in the fast-moving consumer goods, renewable energy, and gaming ang hospitality industries. He has also gathered extensive experience in supply chain management, operations research, corporate planning, and investment analysis and management.

Previously, he was the Strategic Planning Manager of DigiPlus Interactive Corporation from 2011 to 2016. In 2017, he was also the AVP and General Manager of First Cagayan Leisure & Resort Corp., which is a subsidiary of DigiPlus Interactive Corporation. From 2017 to 2019, Mr. Vicencio was the Treasurer, Vice President of Corporate Planning, and Analytics Head of DigiPlus Interactive Corporation.

Currently, he holds the position of President at AB Leisure Exponent, Inc. (ABLE) and Total Gamezone Xtreme, Inc. (TGXI), a wholly owned subsidiary of DigiPlus Interactive Corporation.

Mr. Vicencio graduated from De La Salle University in 1996 with a Bachelor of Science in Industrial Engineering, minor in Chemical Engineering. In 2012, he earned a diploma in Corporate Finance from the Ateneo Graduate School of Business.

Ramon Dizon
INDEPENDENT DIRECTOR

Expertise:
Accounting | Audit

Date of Election & Length of Service
October 26, 2022 | 1 Year (& 2 months)

Mr. Ramon Dizon has more than 40 years of professional experience in advisory and assurance services. A retired senior partner of SGV & Co., Mr. Dizon previously held leadership positions in SGV/EY as Head of Transaction Advisory Services, Risk Advisory Services, Training & Methodology, and Market Group while specializing in real estate, BPO, and telco. Moreover, he spearheaded SGV's first ISO 9001 certification for its Audit Division.

In 1980, Mr. Dizon graduated with a Bachelor's Degree in Commerce, major in Accounting, and a cum laude distinction from the Polytechnic University of the Philippines. Later on, he earned his Master of Business Administration degree in 1988 from the Asian Institute of Management.

Atty. Timoteo B. Aquino
INDEPENDENT DIRECTOR

Expertise:
Commercial Law | Civil Law

Date of Election & Length of Service
July 29, 2022 | 1 Year (& 5 months)

Since 1994, Atty. Timoteo B. Aquino has been a Partner of Tagle-Chua Cruz & Aquino Law Firm. His legal practice has a particular focus on commercial and civil law. His areas of expertise include the following: the Revised Corporation Code, the Foreign Investment Act, insurance, the Financial Rehabilitation and Insolvency Act (FRIA), torts and damages, and obligations and contracts.

At present, he serves as a Pre-Bar review and MCLE lecturer, and he has been a professor of Commercial and Civil Law at San Beda University's College of Law since 1989. He has also been working at the University of Asia and the Pacific's School of Law and Governance since 2013. Aside from these, he has worked at other well-known institutions. Moreover, he is the author of various books and reviewers published by Rex Bookstore. Atty. Aquino placed 8th in the Bar Examinations.

BOARD OFFICERS

Eusebio H. Tanco	Chairman	
Tsui Kin Ming	President	
Wilfredo Pielago	Treasurer and Chief Financial Officer	

Mr. Wilfredo Pielago has a wealth of experience in merger and acquisition, project investment, fundraising, financial analysis, financial forecasting, and financial reporting. He is a Certified Public Accountant, a Certified Internal Auditor, a Chartered Financial Analyst, and a Certified Financial Consultant.

In the past, Mr. Pielago served as the Vice President of Finance, Assistant Vice President for Investment Portfolio, CFO, Financial Controller, Finance Executive, and Finance and Administration Manager. He has also served as an auditor for real estate, investment institutions, business space solutions, golf club resorts, conglomerate groups, and assurance services.

Atty. Kristine Margaret Delos Reyes — Chief Legal and Compliance Officer

From 2007 to 2010, Atty. Kristine Margaret Delos Reyes worked as an Associate Lawyer at the Angara Abello Concepcion Regala & Cruz Law Offices, one of the Philippines' biggest and most distinguished law firms.

She performed regulatory compliance in relation to the requirements of the Philippine Amusement and Gaming Corporation (PAGCOR) and other government agencies. Prior to working at DigiPlus Interactive Corporation, she was the Chief Legal Officer and Senior Vice President for Legal and Compliance of Fortunegate Holdings Philippines, Inc.; Millennium Pan-Asia Hotel and Resort Inc.; and Stotsenberg Leisure Park and Hotel Corporation. She was also the former Senior Vice President for Legal and Corporate Affairs of the Human Resources and Administration Department of Elxcite Gaming and Entertainment, Inc. and Starcap Management, Inc. Moreover, she was the former Assistant Vice President and Director for Legal Special Projects and Contracts of Resorts World Manila.

Atty. Delos Reyes graduated with a Bachelor of Science in Commerce major in Legal Management from De La Salle University. She holds a Juris Doctor degree from the Ateneo De Manila University School of Law.

Atty. Carol Valenzuela Padilla — Corporate Secretary

Atty. Carol Valenzuela Padilla previously served as the Assistant Director for Legal and Corporate Affairs of Millennium Pan-Asia Hotel and Resort, Inc. Through her past experience, she has handled the regulatory requirements of PAGCOR and supervised managing and protecting the intellectual properties of the company, such as trademark applications, copyright, and patents, among others.

Atty. Padilla attended college in Ateneo De Manila University and finished a Bachelor of Arts, major in Psychology. She later earned her Juris Doctor degree from the Ateneo De Manila University School of Law.

A. Board Structure and Composition

Board Composition

More than 77% of our Board is composed of non-executive directors (7 out of 9) while 23% of our Board is composed of independent directors (2 out of 9). 63% of our Board have extensive experience in our industry while 38% have expertise in various aspects of Law. Our Board of Directors is mostly composed of non-executive directors (NEDs) who possess the qualifications necessary to effectively participate in and secure objective, independent judgment on corporate affairs. They are also capable of providing proper checks and balances.

Our Board's combination of backgrounds, skills, and experience ensures that all directors have an equal hand and the opportunity to contribute to the decision-making process. Moreover, since the majority of the Board is composed of non-executive directors, this ensures that they consider our Company's interests over the interests of individual shareholders.

Board Diversity

By ensuring diversity among members of the Board, members will be less likely to make decisions based on groupthink and will be able to make fair, optimal, and relevant choices. Board member diversity does not only cover gender diversity but also diversity in terms of age, ethnicity, culture, skills, competence, and knowledge.

Responsibilities of the Board

Our Board is responsible for overseeing the development of, approving, and monitoring our business objectives and strategy to sustain our long-term viability and shareholder value.

To ensure good governance, the Board is required to create a Board Charter that clearly states its roles, responsibilities, and accountabilities in carrying out its fiduciary duties. It is also tasked with adopting an effective succession planning program and establishing a formal and transparent board nomination and election policy. Furthermore, it must also ensure that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risks.

When it comes to performance management, the Board must establish an effective performance management framework and approve the selection process and performance assessment of the Management.

The Board also plays an essential role in upholding ethical standards in good governance. It must ensure that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest involving Management, board members, and shareholders. Moreover, it must establish a group-wide policy and system for related party transactions and other unusual or infrequently occurring transactions.

Finally, the Board is in charge of aligning the remuneration of key officers and board members with the long-term interests of the company.

B. Board Performance

Performance Assessment

Each year all members of the Board must fill out an evaluation form to assess the performance of the Board of Directors, the Board Committees, and themselves. This process is overseen by the Corporate Governance Committee. The Board is also required to set a criteria and process for these performance evaluations. They must also ensure that feedback mechanism is available to all shareholders. Every three years an external facilitator is sourced to strengthen this process and increase objectivity.

Board Training

SEC Memorandum Circular No. 20, Series of 2013, requires all directors and key officers of publicly-listed companies to attend a program on corporate governance at least once a year. All of our directors and key officers attended and completed a Corporate Governance Training conducted by the Center for Global Best Practices on December 11, 2023, via Zoom teleconference.

Board Attendance

In 2023, the Board of Directors held 15 meetings, all of which had 100% attendance of all Board members, including the Chairman, Directors, and Independent Directors.

All directors are required to attend all meetings unless they have a justified cause for their absence. Unless the absences have a justified cause, a director's absence from more than 50% of all regular and special Board meetings is grounds for disqualification in future elections.

Board Remuneration

All members of the Board are elected for a one year term. Except for the President and Vice President, all other directors do not receive compensation aside from the director's per diem per meeting. Members of the executive committee receive a per diem of PHP30,000 per meeting, and members of other committees receive a per diem of PHP20,000 per meeting. All directors were given cash bonuses totaling to PHP2,444,444 in 2023. Total payments to non-salaried directors amounted to PHP5,211,123 and PHP6,547,333 in 2023 and 2022, respectively.

C. Board Committees

Audit Committee	Ramon Dizon	Chairman
	Atty. Timoteo B. Aquino	Member
	Atty. Jose Raulito Paras	Member

The Audit Committee oversees our financial reporting process, system of internal control, audit process, and compliance monitoring. The members of this committee should preferably have a background in accounting and finance. All must have a good understanding of our financial management systems and environment.

Corporate Governance Committee	Atty. Timoteo B. Aquino	Chairman
	Ramon Dizon	Member
	Eusebio H. Tanco	Member

The Corporate Governance Committee has the responsibilities of advising the Board with regards to Board composition, procedures, and committees; developing and recommending a set of corporate governance guidelines to the Chief Executive Officer and the Board; and monitoring these corporate governance guidelines.

Board Risk Oversight Committee	Atty. Timoteo B. Aquino	Chairman
	Ramon Dizon	Member
	Renato G. Nuñez	Member

The Risk Oversight Committee is in charge of assisting our Board of Directors in managing and overseeing matters related to financial risk and our other risk exposures. It is also tasked with assessing, monitoring, and controlling these risks. One of its duties includes developing, overseeing the implementation of, and evaluating a formal risk enterprise management plan.

Related Party Transaction Committee	Ramon Dizon	Chairman
	Atty. Timoteo B. Aquino	Member
	Willy N. Ocier	Member

The Related Party Transactions Committee is responsible for reviewing all materials related to our transactions. They also oversee and implement a system that identifies, monitors, measures, controls, and reports related party transactions. Additionally, the system must include a periodic review of policies and procedures covering related party transactions.

Executive Committee	Eusebio H. Tanco	Chairman
	Tsui Kin Ming	Member
	Atty. Richie Raymundo	Member

The Executive Committee is tasked with assisting the Board in performing its duty of setting guidelines and policies regarding our daily operations. It also assists the Board in developing a clear, focused strategy for non-financial information. This strategy should take into account economic, environmental, social, and governance issues and adopt best global practices and standards.

Compensation Committee	Ramon Dizon	Chairman
	Tsui Kin Ming	Member
	Atty. Jose Raulito Paras	Member

The Compensation Committee provides guidelines on the compensation and remuneration of the Board, key officers, senior management, and employees. It also reviews the Human Resources Development or Personnel Handbook to improve provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance of personnel with the statutory requirements of their posts.

Nomination Committee	Eusebio H. Tanco	Chairman
	Rafael Jasper Vicencio	Member
	Atty. Timoteo B. Aquino	Member

The Nomination Committee identifies and recommends to the Board the best candidates for director nominees in each subsequent annual shareholder meeting. It is also charged with ensuring a smooth process for nominating and electing members of the Board that is in line with existing laws and company policies.

D. Enterprise Risk Management

Our Board of Directors have the overall responsibility for managing the risk management policy. The Board Risk Oversight Committee (BROC) is established to provide oversight and continuous review of its risk management framework. The Management Risk Oversight Committee (MROC) is established to perform planning, implementation, and an assessment on the impact of risks on the strategic and long-term goals and report regularly the results of its assessment to the BROC. A Chief Risk Officer (CRO) is appointed by the Board and is accountable for the implementation and operationalization of the Enterprise Risk Management framework. The business unit heads on the other hand are responsible for managing operational risks by implementing internal controls within their respective units. Our risk management systems and improvement plans are updated on a regular basis.

Our risk management approach is based on the Committee of Sponsoring Organizations Enterprise Risk Management (COSO ERM) Framework of 2017 and ISO 31000, an international risk management standard which was last updated in 2018. These frameworks both have a structured approach to identifying, assessing, and managing risks. The COSO ERM Risk Management Framework has a greater focus on risks within an organization's internal environment. Meanwhile, ISO 31000 covers both internal and external risks and provides more guidance on the role of culture in risk management. Combining these frameworks leads to a comprehensive risk management approach that considers a wide range of internal and external risks. This will lead to more effective risk management, decision-making, strategic objective setting, and asset and reputation protection.

Overview of the Risk Management Process

1

Risk Identification

We identify potential risks that may have an impact on our business objectives. This process involves assessing internal and external factors that may affect our operations.

2

Risk Assessment

We evaluate the potential impact of identified risks and the likelihood of their occurrence.

3

Risk Management Strategy Development

The strategy developed during this step will guide us in mitigating or avoiding our identified risks. Creating this strategy involves identifying and selecting appropriate risk management techniques and tools.

4

Risk Management Strategy Implementation

After the risk management strategy has been developed, it is then implemented. This step involves establishing risk management procedures, monitoring and reporting on risks, and allocating resources to implement risk management

5

Monitoring and review

Regular monitoring and reviewing of risks is key to an efficient, accurate evaluation of our risk management strategies. This step also involves making necessary adjustments based on the assessment of our strategies.

Risk Exposure Categories

Risk Exposure	Risk Assessment	Risk Management and Control
Safety and Security Risk	We take steps to monitor the protection of our physical assets from endangerment and unauthorized use. We monitor this risk through the DigiPlus Safety and Security Team's annual audit, which is also validated and monitored by the DigiPlus Internal Audit Team.	We properly maintain our facilities to minimize physical security risks that could affect our operations. Additionally, our department personnel are trained to respond to safety and security incidents.
Property Damage and Business Disruption Risk	Each year we review our business continuity and conduct a business impact assessment.	To improve our Business Continuity Management System (BCMS), we implement data back-up procedures and risk transfer methods. These include entering insurance policies to ensure that critical resources can be recovered. We also undergo an annual business continuity exercise that is reported to the Board Risk Oversight Committee.
Information Security and Technology Risks	To ensure better information security, we conduct vulnerability assessment and penetration testing as well as incident monitoring.	Our Information Security Department monitors our compliance with our Information Security Policy and handles incidents where system security breaches occur. Throughout the year we also hold training sessions on cybersecurity management across all our business units.
Environmental Risk and Social Risk	We regularly report on our sustainability road map and its progress.	We are committed to protecting the environment in the areas where we operate by implementing effective resource conservation measures. Additionally, we are exploring methods to reduce our consumption, recycle our waste and water, and use renewable energy. We also provide equal employment opportunities to persons with special needs, senior citizens, women, and indigenous peoples.
Operational and Process Risk	On a regular basis, we create business process reviews.	Our Management Risk Oversight Committee (MROC) reviews business processes and creates tools and procedures that enhance operational process efficiency and risk controls. We also continue to improve our business processes to ensure enhanced efficiency.
Financial Risk	We regularly monitor interest and foreign exchange rates as well as financial ratios.	We continue to improve our financial risk management processes in compliance with regulatory issuances that are relevant to our operations.
Regulatory and Compliance Risk	We regularly engage in compliance monitoring and reporting.	To ensure that our employees are aware of regulations, we conduct regular employee training sessions on our Code of Ethics, the Data Privacy Act of 2012, the Anti-Money Laundering Act of 2001, and other relevant external regulations. We also monitor employee compliance with these.

E. Business Ethics

Corporate Policies

Manual on Corporate Governance

This manual guides us in attaining our corporate goals, creating sustainable value, and fulfilling our economic, moral, legal, and social obligations. It defines corporate governance as a system of stewardship and control that makes use of regulations, performance standards, and ethical guidelines to promote accountability across our company, especially among members of the Board and senior management.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics states that we are committed to conducting our operations in a manner that is aligned with our values and ethical standards. The Code covers principles that guide our directors, officers, and employees in their work, and it contains principles about transactions with other stakeholders. Furthermore, it states that we will comply with the law in all areas where we operate.

Policy on Related-Party Transactions

This policy requires all of our related party transactions (RPT) to be conducted at arm's length and under fair terms. The purpose of the policy is to avoid conflicts of interest and abusive transactions between related parties. It also ensures that every RPT is reviewed, approved, and disclosed in a manner that complies with the rules, regulations, and laws of the government and regulatory agencies such as the Securities and Exchange Commission. Moreover, under the policy, the Board of Directors is responsible for conducting RPTs in a fair, prudent, effective, and trustworthy manner.

Anti-Money Laundering and Terrorist Financing Prevention Program (AMLA Policy)

This program ensures that we closely comply with the Anti-Money Laundering Act of 2001. We are committed to preventing our businesses, employees, and players from being used as avenues for money laundering and the financing of terrorism or criminal activity.

Included in the program are policies, procedures, and controls for anti-money laundering (AML) and countering terrorism financing (CTF) as well as guidelines on the establishment of our AML and CTF offices and committees. The program details AML and CTF procedures for monitoring, maintaining due diligence, reporting, record keeping, employee training, risk management, and targeted financial sanctions.

Policy on Soliciting and Accepting Gifts, Gratuities, Tips, Favors, or Entertainment

To avoid conflicts of interest, employees cannot accept gifts, entertainment, or travel of significant value from the Company's suppliers or customers, as well as their immediate family members or other representatives.

Our Policy on Soliciting and Accepting Gifts, Gratuities, Tips, Favors, or Entertainment lays down rules on this topic. It also details guidelines for identifying when such offers are in violation of any law, rules, regulations, company policies, contracts, agreements, or good morals and customs.

Information Security Policy

Our Information Security Policy centers on preserving the confidentiality, integrity, and availability of our information assets and technology infrastructure. It aims to mitigate exposure to adverse risks by taking on a proactive approach to improving information security and building a culture of data security in the workplace. The policy also ensures that we comply with regulatory requirements for data protection, address audit and security assessment findings, and adopt current standards and best practices in information security. Additionally, it is based on the following frameworks and standards: ISO 27001, the National institute of Standards and Technology (NIST) Cybersecurity Framework (CSF), and the 18 Critical Security Controls.

Data Privacy Manual

This manual guides us in ensuring data privacy for the information we collect, use, disclose, dispose of, and store. It also strengthens our compliance with the Data Privacy Act of 2012.

The manual details our data protection and security measures, serving as a guide for all of our employees. Additionally, it explains our general standards for upholding the rights of data subjects.

Cash Dividends Policy

This policy showcases our commitment to responsible financial management and to rewarding our shareholders for their trust and investments. It covers guidelines and principles regarding the payment of regular cash dividends to shareholders. In particular, it includes policies pertaining to the following: the determination of the availability of retained earnings, declaration of cash dividends, payment of cash dividends, computation of tax on cash dividends, and communication about cash dividends.

Whistleblowing Policy

The Whistleblowing Policy makes it possible to raise reports outside of the normal management channels. These reports can cover misconduct, illegal acts, or failure to act within the Company. Whistleblowing is part of the Company's internal control measures and plays an important role in investigations and fact-finding. The presence of this policy also promotes a healthy corporate culture and encourages openness, accountability, and integrity.

Sexual Harassment Policy

To prevent sexual harassment and resolve related cases, this policy was established. It provides a procedure for the resolution, settlement, and disposition of sexual harassment cases. The Company does not tolerate sexual harassment, and any employee or officer that is found guilty of this misconduct will be subject to disciplinary action.

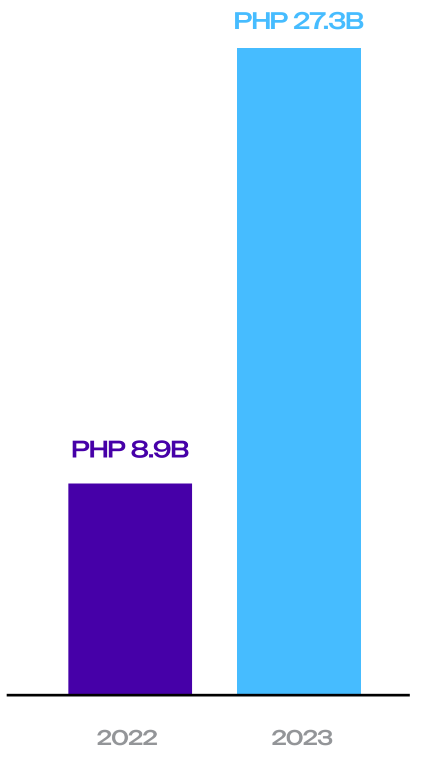
F. Economic Performance

Direct Economic Value Generated and Distributed

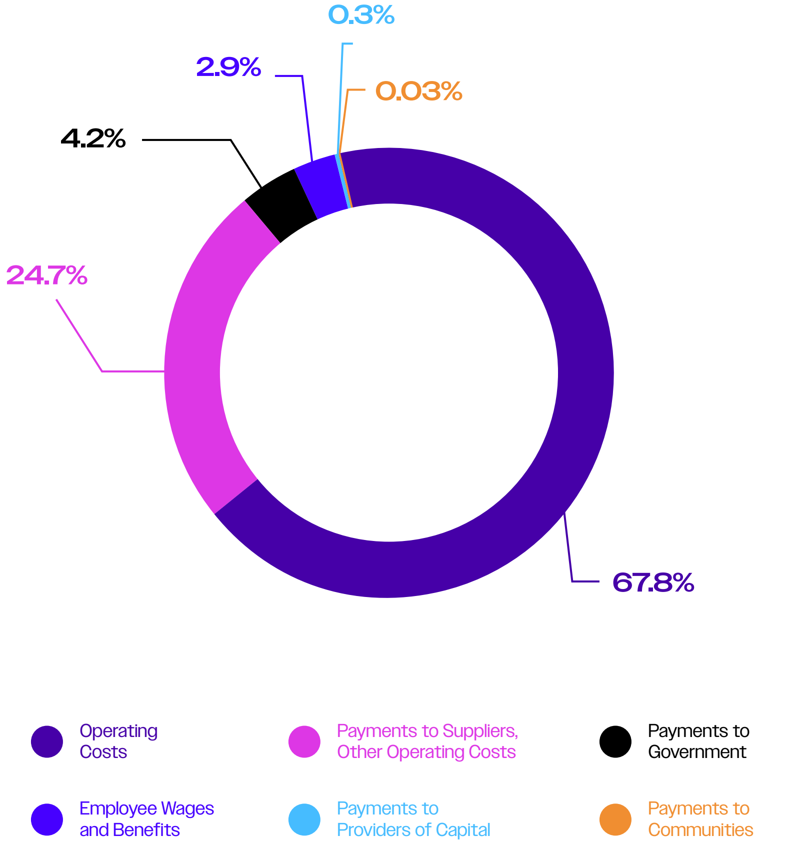
Our strong performance in 2023 was driven by the sustained growth of our digital retail segment, boosted by the introduction of new platforms and cost-efficiencies as our business continues to gain scale. Revenues soared 306% to ₱27.3 billion in 2023 due to higher user traffic in our flagship bingo platform BingoPlus and sportsbook ArenaPlus, lifted by the contribution of new digital offerings.

Operating Costs made up the majority of our value distribution, similar to last year. Moving forward, we will continue to invest in new technologies and product development as we aim to establish a digital entertainment ecosystem, unlocking innovative product formats for Filipinos that can be accessed anytime and anywhere.

Direct Economic Value Generated



Direct Economic Value Distributed



IV. Environmental Responsibility & Energy Management

A. Policy Commitment

We are committed to protecting the environment and operating using sustainable practices. In 2023, we did not have any violations related to environmental regulations in the operation of our business. Each member of our Company, from Board members to employees, is committed to ensuring that their interactions with the environment are progressive and support sustainable development.

B. Energy Performance

2023 Electricity Consumption

12,252,404.96 KwH

Equivalent to **8,746.13** $MTCO_2e$ of Scope 2 emissions

Our main sources of electricity come from the grid via distribution units such as Meralco and local electric cooperatives.

C. Improving Energy Management

As we continue our sustainability journey, we plan to improve our approach to energy management. We may conduct a full greenhouse gas (GHG) accounting, explore climate scenario analysis in line with SEC Guidelines and IFRS Standards, and conduct an energy audit to improve energy efficiency and identity opportunities for renewable energy sourcing.

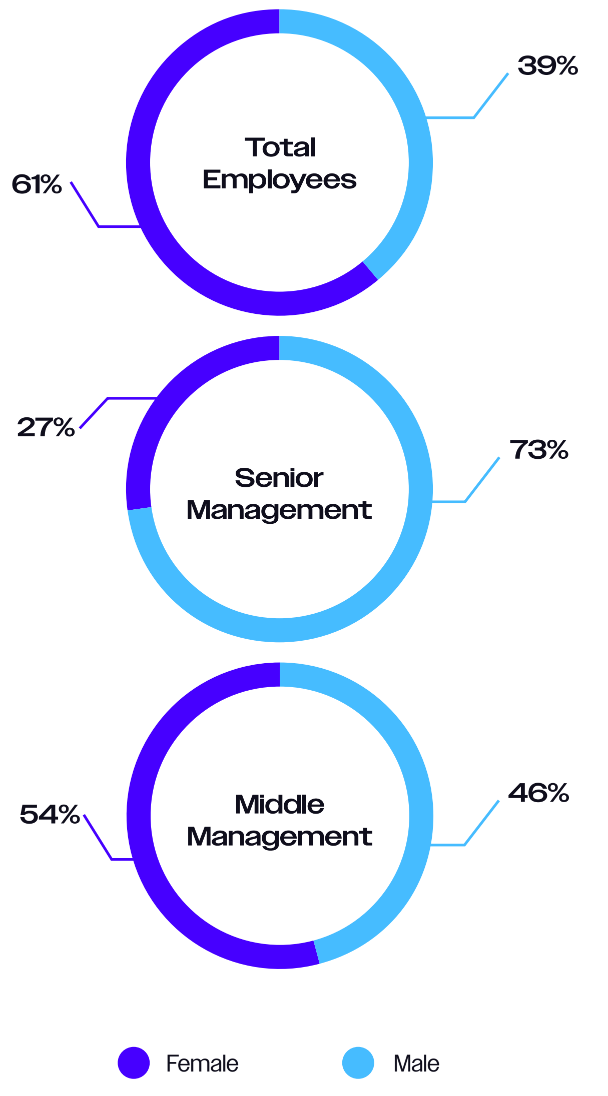
V. Employees & Workplace

A. Employee Demographics

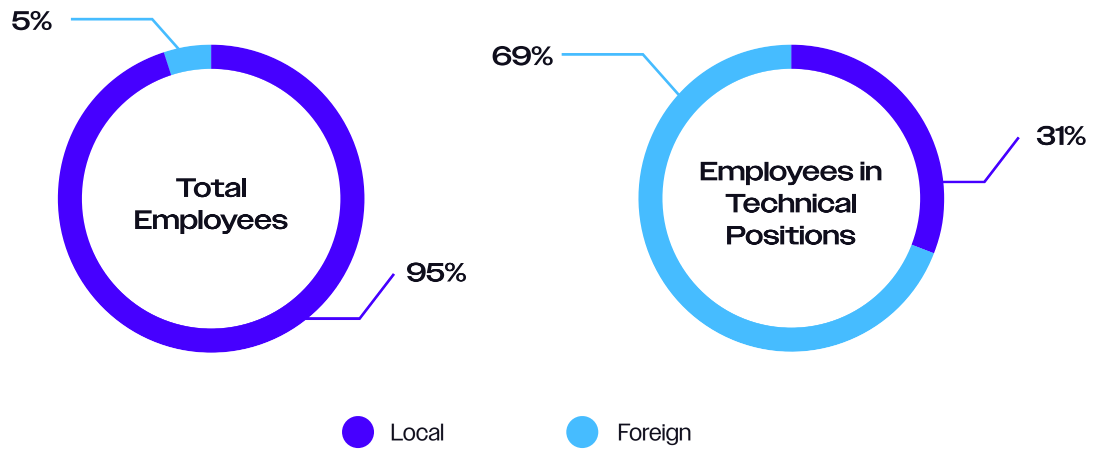
Key Statistics (2023)

Total Employees	2,045
New Hires	835
Turnover	549

Gender Representation



Local and Foreign Employees



B. Talent Attraction & Retention

We use a variety of initiatives to attract the best talents who will help us fulfill our objectives as a company. Our job advertisements are communicated through several channels, including job boards, social media, recruitment events, job opening endorsements through headhunting firms, and active candidate searches.

We reward our employees for their hard work and aim to increase employee retention. Each year, we provide salary adjustments and promotions. When appropriate, salary adjustments and promotions can also take place outside of the annual cycle for top performers. Additionally, we provide a variety of training and promotion programs for the continued growth and development of our employees.

In 2024, we plan to strengthen our avenues for hiring by implementing a campus recruitment program and an employee referral program. We will also create the Corporate Development Department which aims to make DigiPlus one of the best employers in the Philippines and promote talent development while realizing professional value.

C. Employee Development

G.O.A.L. Program

Through the G.O.A.L. Program, all employees receive quarterly and annual performance evaluations. These evaluations allow employees to effectively plan, assess, and improve their performance through consistent collaboration with their people managers. This process ensures mutual understanding and alignment with the company's strategic goals and objectives.

The GOAL Program involves the following steps:

Guide (Setting of Performance Standards)
Clearly defined goals are cascaded to people managers who then create specific, aligned performance goals for their teams.

Optimize (Performance Evaluation)
Performance measures are developed and applied to assess the achievement of performance standards.

Attain (Continuous Improvement/ Feedback Giving)
Clearly defined goals are cascaded to people managers who then create specific, aligned performance goals for their teams.

Leap (Recognition and Execution of Action Plans)
Employees receive timely and meaningful recognition of successful performance outcomes. Appropriate interventions are swiftly provided when performance is less than satisfactory.

Training for Employees

We will strengthen employee development efforts by embedding employee training in our HR policies and supporting development programs. These programs will be tailor-fit to employees' specific job functions or job levels.

To effectively address the diverse learning needs of our workforce, employee training programs have been created under different categories:

General
These training courses are universally applicable across various job roles

- **Core** - These target the foundational skills and knowledge that are necessary for all employees within the organization. They focus on core and basic competencies such as communication, teamwork, problem-solving, and workplace ethics.
- **Mandated** - These training sessions are required by law, the Company, or by one of our license requirements.

Leadership
Designed to develop individuals in managerial or leadership roles, this type of training focuses on skills such as strategic thinking, decision-making, team management, and inspiring others to achieve organizational goals.

Specific
This category of training centers on high-level skills and in-depth knowledge that employees need to excel in their particular roles.

- **Functional** - As for this type of training, these are specific to a particular job or department within the organization. They aim to enhance the skills and expertise required to effectively perform job-specific tasks. For example, functional training for recruiters might focus on how to facilitate a behavioral interviewing workshop.
- **Technical/Certification** - These involve learning specialized skills and knowledge related to a specific technical field or industry. They may include training in software usage, machinery operation, technical troubleshooting, and other technical skills required for specific job roles.

D. Employee Engagement & Well-being

Employee Engagement Channels

We use employee engagement channels to gather and keep track of employee feedback. Taking this feedback into account allows us to improve our operations and tailor fit our employee experience. Through these communication channels, our employees also stay well informed about important updates regarding the company.

Our employee engagement channels include:

- **DigiLife**
  Launched on January 17, 2024, this platform is hosted on Lark and shares company news, announcements, and other important information. It will serve as a free zone where employees can share their thoughts or inquire about any topic.

- **Employee Engagement Post Event Survey**
  After each event employees are sent an online survey. The answers from these surveys help us to improve the implementation of future engagement activities.

- **Employee Satisfaction Survey**
  In June 2024, we will run an annual employee pulse survey that will help us gauge employee satisfaction and determine how we can improve the experience of our employees.

- **iCare Center**
  A sanctuary for sharing troubles, stress, and engaging in conservations.

- **iGrow Camp**
  This aims to unite and develop our team by providing various online resources such as promotional materials and training courses, as well as organizing training and events.

Employee Engagement Activities

ACTIVITIES THAT CELEBRATE PEOPLE AND CULTURE

Our rewards and recognition programs foster an environment where we reward the hard work of our employees and organize events where everyone can celebrate special days. These activities also bring employees together and foster camaraderie and teamwork.

MVP Award

DigiPlus MVP is a company-wide annual recognition program designed to shine the spotlight on excellent performers from every business unit and department. Recipients of the award must meet one of the following DigiPlus MVP Standards:

- **Reach for Excellence**
  Awardees must demonstrate and sustain exceptional performance that consistently exceeds goals and expectations in quantity and/or quality.

- **Deliver Wow Service**
  Employees can receive the award for introducing a one-time innovation or output that results in time or cost savings, revenue enhancement, or productivity improvement. Ongoing innovative activities that benefit DigiPlus can also fall under this standard.

- **Lead by Example**
  This standard is met when an employee exhibits extraordinary skills in leadership. Their efforts should result in effective project management, the attainment of significant departmental goals and objectives, or greater effectiveness through enhanced organizational capability.

- **Collaborate to be Great**
  Employees may also receive the award for acting as an exceptionally effective and cooperative team member. They can be recognized for significantly exceeding productivity or demonstrating exemplary customer service, such as superb interactions with stakeholders, clients, or customers.

Lunar New Year

To celebrate the cultural diversity within our company we held a Lunar New Year event in 2023. A dragon dance performance at our offices was organized and encouraged employees to get into a festive spirit. Employees were also given red envelopes with cash, also known as ang pao, a traditional gift during the Lunar New Year.

Days to Celebrate

Throughout the year, we held activities on special days to make these more memorable and reward our employees' hard work. To spread the love to our employees, we commemorated Valentine's Day through an in-office celebration where we gave away sweet treats and held games. On Mother's Day, we showed appreciation for Digiplus employees who balance being a mother and a professional by providing them with gift bags and holding a pampering day the following week. Moreover, our DigiPlus Online employees who are also fathers received gift bags and massages on Father's Day. We also egularly hold celebrations for employees who have their birthdays within the same month. Celebrants receive a small birthday cake and a token to celebrate the occasion. Each celebrant is also given celebratory signage to use while taking pictures with their co-workers. Games are also organized which allow them to bond with their colleagues on a more personal level.

Year End Party

To celebrate Christmas and a successful year of work, we held our year end party for our employees at the Grand Ballroom of Shangri-La The Fort. The title of the 2023-year end party was "Razzle Dazzle" and the venue was decked out with colorful decorations that matched the party's carnival theme. The fun-filled night included dinner, drinks, and performances from local artists and music groups. Employees also dressed formally to look their best for the occasion.

ACTIVITIES THAT PROMOTE HEALTH AND WELLNESS

We host programs that create, sustain, and promote a culture of health. These programs encourage our employees to lead active and mindful lifestyles and be conscious of their overall well-being.

World Mental Health Day

To emphasize the importance of mental well-being, we celebrated World Mental Health Day with our employees. Each of them received cups with treats such as instant coffee packets and small cakes. At our Appreciation Booth, employees were free to write notes with encouraging statements or messages about what they were proud of and grateful for. We also set up the Affirmation Mirror, which had positive messages that employees could take pictures with.

Health and Wellness Fairs

Our health and wellness fairs remind our employees about the value of maintaining healthy habits, such as eating well and taking care of their mental health. We held our first Health and Wellness Fair of the year on April 28, 2023. Employees had access to fresh fruit juice, healthy snacks, and free 15-minute massages. To improve our employees' self-care habits and knowledge about mental health, we offered three webinars on mental health topics. The lucky winners of the event's raffle were also given a bag of premium healthy treats.

Our second Health and Wellness Fair was held on September 8, 2023. Much like the first event, employees had the chance to relax and be rewarded for their hard work. We provided fresh fruit juice and salads. A booth was also set up for employees who wanted to get their eyes checked.

Yoga Sessions

We kicked-off our beginner-friendly yoga sessions with Teacher Sen on September 20, 2023. The sessions were meant to help our employees feel more relaxed and refreshed. These activities were held during sunset at a balcony area in our offices to heighten the feeling of serenity. We also provided free snacks and drinks, and each participant was given a yoga mat.

VI. Digital & Data Security

A. Data Privacy

Data Privacy Manual

The DigiPlus Data Privacy Manual serves as our guide for handling personal and sensitive information. The manual's policies apply to all of DigiPlus' offices, branches, subsidiaries, and affiliates. Its implementation also ensures that we comply with the Data Privacy Act of 2012, the implementing Rules and Regulations of the Act, and other relevant policies of the National Privacy Commission.

Data Privacy Breach Reporting Process

Digiplus is responsible for collecting, using, disclosing, disposing of, and storing personal information. Thus, it is essential for us to have an established process for reporting data breaches. In the event of a breach, it is our policy to notify the National Privacy Commission and concerned customers within 72 hours. We are also required to update the affected parties about the progress and resolution of the complaint within seven days.

No reportable data breaches were documented in 2023.

Privacy Impact Assessment

We further bolster our data security by conducting Privacy Impact Assessments (PIA) for all of our processing systems involving personal data. PIAs are carried out for both new and existing programs, projects, procedures, measures, or technology products that affect personal data processing.

B. Cybersecurity

Information Security Policy

As a company that aims to provide world-class gaming products and facilities, we understand the diverse range of data security threats prevalent in our industry. By implementing our Information Security Policy, we have taken a proactive approach in enhancing our information security protocols and ensuring compliance with relevant data security regulations. This policy outlines specific guidelines for safeguarding the confidentiality, integrity, and accessibility of our information assets and technological infrastructure. Our information security policy is based on multiple information security frameworks and standards, including ISO 27001, National Institute of Standards and Technology Cybersecurity Framework, and the 18 Critical Security Controls.

Strengthening Security

In 2023, Information Security Department (ISD) performed its first-ever Vulnerability Assessment Penetration Testing (VAPT) for DigiPlus' technology infrastructure and core gaming products, BingoPlus and ArenaPlus. This assessment was carried out in collaboration with Trustwave, a reputable third-party service provider. The VAPT was instrumental in detecting and remedying any security weaknesses within the system. Furthermore, it provided assurance to stakeholders that DigiPlus' technology infrastructure and core gaming platform are secure, as validated by a trusted third-party service.

To strengthen the culture of security across our company, the ISD is developing a Security Education, Training, and Awareness (SETA) Program.

We have plans to develop and implement a company-wide Incident Response Handbook for information security and to maintain a Security Incident Registry.

In 2023, our cybersecurity defenses remained strong, with no successful breaches reported.

VII. Responsible Gaming

A. Customer Protection

Player Restriction

Strict procedures are in place at our gaming sites and remote gaming platforms to ensure that only qualified individuals can participate in gaming activities. We enforce restrictions for the following groups:

- Government officials connected directly with the operation of the government or any of its agencies;
- Members of the Armed Forces of the Philippines, including the Army, Navy, Air Force, or the Philippine National Police;
- Persons under 21 years of age or students at any school, college, or university in the Philippines; and
- Persons included in the National Database of Restricted Persons.

Through signage, posters, bulletins, and our website, we increase public awareness about our responsible gaming practices, including restrictions for ineligible players.

Support Programs

Player Exclusion Program

We provide customers and their relatives with the option to enter the Player Exclusion Program if they feel that they are developing a problem. Under this program, customers are barred from entering our gaming venues and sites. Moreover, all personal data about excluded persons is treated as classified information.

In cases where we must verify if a potential customer is ineligible to participate in our gaming services, we utilize PAGCOR's National Database of Restricted Persons. The identities of people who are part of the National Database of Restricted Persons are also kept secure.

Customers may apply for self exclusion or their immediate family members may request that they be added to the Player Exclusion Program. We may also ban customers from entering our gaming premises for one of the following offenses: cheating, theft, counterfeiting, interference with gaming equipment, forgery, money laundering, fraud, and the use of cameras or other electronic devices to project the outcomes of games.

Help Centers and Hotlines

Each of our gaming sites is equipped with a responsible gaming help desk or kiosk, staffed by employees who are well-versed in PAGCOR regulations. Our gaming sites also have posters containing contact information to help lines for gaming problems or addiction, including mobile or landline numbers, email addresses, and websites. Additionally, the posters also include the contact numbers of therapists for counseling.

In compliance with PAGCOR regulations, we have complaint resolution mechanisms through which customers and their loved ones can raise gaming-related concerns.

Employee Training

Employees in our gaming operations are required to have a Gaming Employment License (GEL). They must undergo training on responsible gaming in line with the regulations of Philippine Amusement and Gaming Corporation. To ensure they are knowledgeable and up to date on upholding responsible gaming practices, employees also attend internal refresher courses that are available quarterly.

Responsible gaming training sessions cover the following topics:

- Defining responsible gaming
- Spotting a problem gambler
- Handling problem gamblers or relatives
- Helplines and other support mechanisms in place

B. Advocacy

Be A Responsible Gamer

In its commitment to ensure that its customers maintain an enjoyable and safe gaming practices, DigiPlus has launched a Responsible Gaming advocacy campaign. Through a robust publicity campaign across traditional and online media and social media platforms, DigiPlus disseminates information around responsible gaming practices. These include guidelines to help customers maintain a healthy and positive relationship with gaming. By following these guidelines, customers can set more realistic expectations for their gaming experience and derive more enjoyment.

C. Community Impact

BingoPlus Foundation 2023 Programs and Projects

iAcademy FutureSmart Scholarship Program

The Filipino youth has the potential to change the nation for the better and advance the technology industry. Through our scholarship program, Digiplus provides opportunities for Filipino students to continue their education and eventually become part of the tech workforce.

We invested PHP6,000,000 in our FutureSmart Scholarship Program to fund three years of education for our 10 scholars at iACADEMY, an innovative academic institution that specializes in technology, design, and business.

Scholars can pursue one of the following degrees: Bachelor of Science in Computer Science with a specialization in Software Engineering; Bachelor of Science in Entertainment and Multimedia Computing Game Development; or Bachelor of Science in Information Technology with a specialization in Web Development. These technology-focused programs were chosen to instruct the scholars on advanced digital transformation and develop their skills in the industry. iAcademy students with degrees in computing also have a high placement rate of 96%, ensuring that these scholars will have many employment opportunities in the future.

Paskong BingoPlus Gift Giving

We celebrated Christmas and the spirit of giving by providing gift bags containing noche buena packs to 7,000 families in our host communities in the cities of Manila, Quezon, Pasay, Taguig, Valenzuela, Malabon, and Navotas. The activity was organized by BingoPlus Foundation and implemented in partnership with the local government. Over 100 of our employees from DigiPlus, BingoPlus, and ArenaPlus worked alongside members of the local government, community volunteers, and partners to distribute the packs.

Blood Donation Drive

We partnered with the Philippine Red Cross to host a blood donation drive led by the BingoPlus Foundation. 98 employees volunteered in the blood drive. They underwent a health screening before donating their blood, and received a free meal afterwards.

Paleng-Keri Feeding Program

In partnership with WinRadio 91.5FM's Paleng-Keri Day, BingoPlus Foundation held a feeding activity at the Pasay Public Market on July 14, 2023. Participants went around the wet market distributing lugaw, or rice porridge with egg, to 300 palengke customers and vendors. The event also involved games with prizes and a Zumba activity.

Brigada Eskwela

In August 2023 the BingoPlus Foundation participated in the Brigada Eskwela cleaning and painting activity for R. Almario Elementary School in Tondo, Manila. This was implemented with the help of 50 employee volunteers. Close to 150 students benefited from the improvement of classrooms and facilities.

Malabobo Elementary School Facility Donation

Students need facilities that will serve as a conducive environment for education. As such, the BingoPlus Foundation partnered with Love@Pal Club (Singapore) to donate a student facility for the Malabobo Elementary School at Mangatarem, Pangasinan. The multi-purpose building will cater to the students and will supplement the school's existing facilities. Volunteers from BingoPlus visited the school on April 27, 2023 to commemorate the completion of the project, meet teachers and students, and help paint a mural on the side of the facility.

The BingoPlus Foundation Pillars

In 2024, plans are already in place to spend over P100 million on various projects and initiatives that provide support to important causes through the BingoPlus Foundation. Compared to the previous year's budget of P20 million, this is close to a 500% increase in funds for corporate outreach projects. To further focus our efforts, the BingoPlus Foundation has identified four pillars of advocacy to focus on:

1) Bingo sa Edukasyon

Technology Education
Under this pillar, we are focused on empowering the next generation of Filipino talents in the technology industry. The FutureSmart Scholarship Program will help to make this goal possible. We plan to expand the reach of this program by funding an additional 30 scholars in the academic year 2024 to 2025. To achieve this, we will partner with a top performing technology university in Metro Manila.

2) Bingo sa Kalusugan

Accessible Healthcare
This pillar aims to make basic healthcare accessible to the communities we serve, especially to those community members who are not capable of providing for their own. The flagship program that falls under this pillar is Tulong BingoPlus, which involves the foundation's healthcare initiatives. To further support healthcare access, we may undertake activities such as bloodletting drives in partnership with the Philippine Red Cross and rehabilitation of medical equipment and facilities.

3) Bingo Sa Malasakit

Community Safety and Resiliency
The mission of this pillar is centered on addressing our communities' pressing needs. Each year, we provide grocery packages through Paskong BingoPlus and BingoPlus Day, which are celebrations hosted by the Foundation. We also organize disaster relief and emergency support efforts for our communities when the need arises.

4) Bingo sa Online Safety

Responsible Digitalization
This pillar puts an emphasis on creating a safer online environment for Filipinos. We will collaborate with various groups to create an information campaign that will spread awareness on key topics such as responsible gaming, data privacy, and cybercrime. This will help ensure online safety and confidence, not only for online gamers, but for Internet users at large.

GRI and SASB Content Index

DigiPlus Interactive Corp. has reported the information cited in this report in accordance with the following internationally recognized sustainability reporting frameworks and standards: Global Reporting Initiative (GRI) and the Sustainable Accounting Standards Board (SASB) for the Casinos & Gaming and Internet Media & Services industries.

Material Topics	GRI	SASB	Page
General Disclosures	**The organization and its reporting practices** GRI 2-1 Organizational details GRI 2-2 Entities included in the organization's sustainability reporting GRI 2-3 Reporting period, frequency and contact point **Activities and workers** GRI 2-6 Activities, value chain and other business relationships GRI 2-7 Employees		2-3
Material Topics	**Disclosures on material topics** GRI 3-1 Process to determine material topics GRI 3-2 List of material topics GRI 3-3 Management of material topics		4-6
Good Governance	**Governance** GRI 2-9 Governance structure and composition GRI 2-10 Nomination and selection of the highest governance body GRI 2-11 Chair of the highest governance body GRI 2-12 Role of the highest governance body in overseeing the management of impacts GRI 2-13 Delegation of responsibility for managing impacts GRI 2-14 Role of the highest governance body in sustainability reporting GRI 2-15 Conflicts of interest GRI 2-16 Communication of critical concerns GRI 2-17 Collective knowledge of the highest governance body GRI 2-18 Evaluation of the performance of the highest governance body GRI 2-19 Remuneration policies GRI 2-20 Process to determine remuneration **Strategy, policies and practices** GRI 2-22 Statement on sustainable development strategy GRI 2-23 Policy commitments GRI 2-24 Embedding policy commitments GRI 2-25 Processes to remediate negative impacts GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 2-27 Compliance with laws and regulations **Anti-corruption** 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures **Economic Performance and Impact** 201-1 Direct economic value generated and distributed	**Internal Controls on Money Laundering** SV-CA-510a.1	7-21

Material Topics	GRI	SASB	Page
Environmental Responsibility	**Energy Use** GRI 302-1 Energy consumption within the organization **Emissions** GRI 305-2 Energy indirect (Scope 2) GHG emissions	**Energy Management** SV-CA-130a.1 **Environmental Footprint of Hardware Infrastructure** TC-IM-130a.1	22
Employees and Workplace	**Employment** GRI 401-1 New employee hires and employee turnover GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees **Training and Education** GRI 404-2 Programs for upgrading employee skills and transition assistance programs GRI 404-3 Percentage of employees receiving regular performance and career development reviews **Diversity, Equality, and Inclusion** GRI 405-1 Diversity of governance bodies and employees	**Employee Recruitment, Inclusion & Performance** TC-IM-330a.1 TC-IM-330a.3	23-27
Digital and Data Security	**Customer Privacy** GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	**Data Privacy, Advertising Standards & Freedom of Expression** TC-IM-220a.1 TC-IM-220a.3 **Data Security** TC-IM-230a.1 TC-IM-230a.2	28-29
Responsible Gaming	**Customer Health & Safety** GRI 416-1 Assessment of the health and safety impacts of product and service categories **Local Communities** GRI 413-1 Operations with local community engagement, impact assessments, and development programs	**Responsible Gaming** SV-CA-260a.1 SV-CA-260a.2	30-33

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