

A S 0 9 3 - 7 9 4 6

S.E.C. Registration Number

A L L I A N C E G L O B A L
G R O U P , I N C .

(Company's Full Name)

7 / F 1 8 8 0 E A S T W O O D A V E N U E
E A S T W O O D C I T Y C Y B E R P A R K
B A G U N B A Y A N Q U E Z O N C I T Y

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

S E C F O R M 2 0 - I S

FORM TYPE

(Definitive Information Statement)

06

Month

3rd Thurs.

Day

Certificate of Permit to Offer Securities for Sale

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

NOTICE AND AGENDA OF THE ANNUAL MEETING OF STOCKHOLDERS**TO ALL STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Alliance Global Group, Inc. (the "Company") will be held on **15 June 2023** at **9:00 a.m.** to be conducted virtually, through the link <https://www.allianceglobalinc.com/asm2023> that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on 16 June 2022
4. Report of Management for Year 2022
5. Appointment of Independent Auditors
6. Ratification of Acts of the Board of Directors, Board Committees, and Officers
7. Election of Directors
8. Other matters
9. Adjournment

Stockholders of record as of 16 May 2023 will be entitled to notice of, and to vote at, the Annual Meeting.

As provided under Sections 23 and 57 of the Revised Corporation Code and the Company's Amended By-Laws, the Company will hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or *in absentia*, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 a.m. of **23 May 2023** until 5:00 p.m. of **06 June 2023**. The procedure for participation via remote communication and *in absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 p.m. of **06 June 2023**, to the Office of the Corporate Secretary at the 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City or by email to corporatesecretary@allianceglobalinc.com. Validation of proxies shall be held on 08 June 2023. A sample proxy form will be enclosed in the Information Statement for your convenience.

The Information Statement and other pertinent documents and information on the Annual Meeting are available through the Company's website. For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@allianceglobalinc.com.

Taguig City, Metro Manila, Philippines, 28 April 2023.



ALAN B. QUINTANA
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Annual Meeting will be formally opened at approximately 9:00 o'clock in the morning.

2. Certification of Notice and Quorum

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, stockholders may register by submitting requirements via email at corporatesecretary@allianceglobalinc.com and vote *in absentia* on the matters for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the Annual Meeting for complete information on remote participation or voting *in absentia*, as well as on how to join the livestream for the Annual Meeting.

3. Approval of the Minutes of the Annual Meeting of Stockholders held on 16 June 2022

The minutes of the meeting held on 16 June 2022 are available at the Company's website, <https://www.allianceglobalinc.com/> and attached in this Information Statement as **Annex "B"**.

4. Report of Management for Year 2022

The performance of the Company in 2022 will be reported.

5. Appointment of Independent Auditors

The election of the external auditor for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

6. Ratification of Acts of the Board of Directors, Board Committees, and Officers

The actions of the Board, its committees and officers were those taken since the annual stockholders' meeting on 16 June 2022 until 14 June 2023. These include, among others, the internal procedures for participation in meetings and voting through remote communication or *in absentia*, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, appointment of attorneys-in-fact, investment and financing activities in the ordinary course of business, other similar activities of the Company, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

7. Election of Directors

Nominees for election of seven (7) members of the Board of Directors, including Three (3) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

8. Other Matters

Other concerns or matters raised by stockholders will be discussed.

9. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

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

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **ALLIANCE GLOBAL GROUP, INC.**
3. Province, country or other jurisdiction of incorporation or organization:
METRO MANILA, PHILIPPINES
4. SEC Identification Number: **ASO93-7946**
5. BIR Tax Identification Code: **003-831-302-000**
6. Address of Principal Office:
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines 1110
7. Registrant's telephone number, including area code: **(632) 8709-2038 to 41**
8. Date, time and place of the meeting of security holders:
15 June 2023, 9:00 AM
by livestream access via <https://www.allianceglobalinc.com/asm2023>
The Presiding Officer shall call and preside the Meeting in Quezon City, Metro Manila.
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **18 May 2023**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding (as of 31 March 2023)
Common	9,103,689,779
Treasury	1,166,138,200
11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes

Disclose the name of such Stock Exchange: **Philippine Stock Exchange; Common Shares**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.

SAMPLE ONLY

PROXY

The undersigned shareholder(s) of **ALLIANCE GLOBAL GROUP, INC.** (the "Company") hereby appoint/s _____ or in his absence, the Chairman of the Annual Stockholders' Meeting, as proxy of the undersigned shareholder(s) at the Annual Meeting of Stockholders scheduled on 15 June 2023 at 9:00 in the morning, via livestream access through the link available at the Company's website, and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned shareholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [√] or [X]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Meeting of Stockholders held on 16 June 2022			
5	Appointment of Independent Auditors			
6	Ratification of Acts of the Board of Directors, Board Committees and Officers			
7	Election of Directors			
	Andrew L. Tan			
	Kevin Andrew L. Tan			
	Kingson U. Sian			
	Katherine L. Tan			
	Enrique M. Soriano, III – Independent Director			
	Anthony T. Robles - Independent Director			
	Jesli A. Lapus. - Independent Director			

PRINTED NAME OF
SHAREHOLDER

SIGNATURE OF
SHAREHOLDER/
AUTHORIZED SIGNATORY

NUMBER OF SHARES
TO BE
REPRESENTED

DATE

This proxy should be submitted no later than 5:00 PM of 06 June 2023, to the Office of the Corporate Secretary at the 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City, or by email to corporatesecretary@allianceglobalinc.com.

This proxy when properly executed will be voted in the manner as directed herein by the shareholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement.

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

This proxy does not need to be notarized.

Partnerships, Corporations and Associations must attach their respective certified resolutions particularly designating therein the name/s of their Proxy/Representative and Authorized Signatory/ies.

THIS FORM IS NOT A SOLICITATION TO EXECUTE OR DESIGNATE A PROXY

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date & time: 15 June 2023, 9:00 AM
Place: by livestream access via <https://www.allianceglobalinc.com/asm2023>.
The Presiding Officer shall call and preside the Meeting in Quezon City, Metro Manila.

Principal office: 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines 1110

Approximate date on which the Information Statement is first to be sent or given: 18 May 2023

The Company is not soliciting proxies. We are not asking for a proxy. Neither are you required to send us a proxy.

Item 2. Dissenter's Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the annual meeting of stockholders that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Revised Corporation Code of the Philippines.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; (3) in case of merger or consolidation, and (4) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken, provided, that failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the dissenting shares by the Company, all rights accruing to such shares shall be suspended in accordance with the provisions of the Code, except the right of such stockholder to receive payment of the fair value thereof, provided that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, the voting and dividend rights shall immediately be restored. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If the fair value is not determined within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined and appraised by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third by the two thus chosen). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. *Provided*, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: *Provided*, further, that upon payment by the Company of the agreed or awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No officer or director at any time since the beginning of last fiscal year, or nominee for election as director, or associate of any of these persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

(b) No director has informed the Company in writing of his/her intention to oppose any matter to be acted upon at the Annual Stockholders' Meeting ("Meeting").

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Each of the 9,103,689,779 common shares outstanding as of 16 May 2023 shall be entitled to one vote with respect to all matters to be taken up during the Meeting.

(b) All stockholders of record as of 16 May 2023 are entitled to notice of, and to vote at, the Meeting either in person or by proxy. The Company is not soliciting your proxy.

(c) Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or *in absentia*, stockholders may now participate in the Annual Meeting by remote communication and cast their votes *in absentia*. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 06 June 2023. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2023 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the Annual Meeting.

(d) All stockholders shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected. There is no condition precedent to the exercise thereof and discretionary authority to cumulative votes is not solicited.

(e) Security Ownership of Certain Record and Beneficial Owners and Management:

Security Ownership of Holders of more than 5% of the Company's Voting Securities as of 31 March 2023:

<u>Title Of Class</u>	<u>Name and Address of Record Owner & Relationship w/ Issuer</u>	<u>Beneficial Owner & Relationship w/ Record Owner</u>	<u>Citizenship</u>	<u>No. of Shares</u>	<u>Percent Owned</u>
Common	THE ANDRESONS GROUP, INC. 18 th Floor Alliance Global Tower, 36 th Street cor. 11 th Avenue, Uptown Bonifacio, Taguig City <i>A Record Owner/stockholder of the issuer.</i>	Andrew L. Tan, Chairman of the Board, is authorized to appoint proxy to vote for the shares	Filipino	4,746,080,794 (common)	52.13
Common	YORKSHIRE HOLDINGS, INC. 18th Floor Alliance Global Tower 26th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City <i>A Record Owner/Stockholder of the issuer.</i>	Andrew L. Tan, Chairman of the Board, is authorized to appoint proxy to vote for the shares	Filipino	1,143,451,842 ¹ (common)	12.56
Common	PCD Nominee Corporation (Filipino)	STANDARD CHARTERED BANK	Non-Filipino	559,532,630 (common)	6.15

¹ This includes direct and indirect beneficial ownership through Altavision Resources, Inc. and Asiagroup Holdings, Inc.

	G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City <i>A Record Owner/Stockholder of the issuer.</i>				
Common	PCD Nominee Corporation G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City <i>A Record Owner/Stockholder of the issuer.</i>	THE HONGKONG AND SHANGHAI CORP. LTD - CLIENT'S ACCT.	Non-Filipino	497,827,711 (common)	5.47

Security Ownership of Directors and Management as of 31 March 2023:

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	Amount of Beneficial Ownership (Common)	Percent Owned
Common	Andrew L. Tan	Filipino	Direct	63,684,349	0.70
Common	Kevin Andrew L. Tan	Filipino	Direct	1	0.00
Common	Kingson U. Sian	Filipino	Direct	5,001,100	0.05
Common	Katherine L. Tan	Filipino	Direct	1	0.00
Common	Anthony T. Robles	Filipino	Direct	1	0.00
Common	Jesli A. Lapus	Filipino	Direct	1	0.00
Common	Enrique M. Soriano III	Filipino	Direct	1	0.00
Common	Dina D.R. Inting	Filipino	Direct	1,100	0.00
			Indirect	1,658	0.00
Common	Alan B. Quintana	Filipino	Direct	0	0.00
Common	Nelileen S. Baxa	Filipino	Direct	0	0.00
Directors and Executive Officers as a Group				68,688,212	0.75

There are no indirect beneficial ownership of the named Directors and Officers, except for Ms. Dina D.R. Inting as indicated above.

Voting Trust Holders of 5% or More

The Company has no knowledge of persons holding more than 5% of its voting securities under a voting trust or similar agreement.

Change in Control

The Company has no knowledge of any arrangements among stockholders that may result in a change in control of the Company.

Item 5. Directors and Executive Officers

Incumbent

The following are the incumbent directors and executive officers of the Company:

Name	Age	Citizenship	Present Position
Andrew L. Tan	73	Filipino	Chairman of the Board
Kevin Andrew L. Tan	43	Filipino	Vice Chairman and Chief Executive Officer
Kingson U. Sian	61	Filipino	President
Katherine L. Tan	71	Filipino	Director and Treasurer
Jesli A. Lapus	73	Filipino	Independent Director
Enrique M. Soriano III	55	Filipino	Independent Director
Anthony T. Robles	68	Filipino	Independent Director
Dina D.R. Inting	63	Filipino	Chief Financial Officer, Compliance Officer and Corporate Information Officer
Alan B. Quintana	54	Filipino	Corporate Secretary
Nelileen S. Baxa	44	Filipino	Asst. Corporate Secretary

There are seven (7) members of the Company's Board of Directors, three (3) of whom are independent directors. All incumbent directors were elected during the annual meeting of stockholders held on June 16, 2022 and will hold office for one (1) year and/or until their successors are elected and qualified.

Background

Andrew L. Tan Chairman of the Board

Dr. Tan, 73 years old, Filipino, has served as Chairman of the Board since September 2006. He also served as the Chief Executive Officer from September 2006 to June 2018 and as Vice-Chairman of the Board from August 2003 to September 2006. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Chairman	Aug 2013	May 2022	9
Megaworld Corporation	Chairman & President	Aug 1989	June 2022	33
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman	January 2011	June 2022	11
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2022	28

He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Dr. Tan is concurrently the Chairman of the Board and President of Megaworld Globus Asia, Inc., Megaworld Land, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmonde Hotel Group International Limited, Twin Lakes Corporation, The Bar Beverage, Inc., Yorkshire Holdings, Inc., and Manila Bayshore Property Holdings, Inc. He is also Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., Megaworld Foundation, Inc., Townsquare Development Inc., Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., Southwoods Mall, Inc., Eastwood Cyber One Corporation, and Emperador Distillers, Inc. He is the Chairman and Treasurer of The Andresons Group, Inc. and sits in the boards of Alliance-Global - Infracorp Development, Inc., Megaworld Cayman Islands, Inc., Megaworld Cebu Properties, Inc., Travellers International Hotel Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Dr. Tan graduated Magna Cum Laude with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) from the University of the East.

Kevin Andrew L. Tan CEO and Vice-Chairman

Mr. Tan, 43 years old, Filipino, has been elected as Chief Executive Officer since June 2018 and Vice-Chairman since September 2018. He has served as Director since April 20, 2012. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Emperador Inc.	Director	October 2017	May 2022	5
Empire East Land Holdings, Inc.	Director	June 2015	June 2022	7
Global-Estate Resorts, Inc.	Director	June 2014	June 2022	8
Megaworld Corporation	Executive Vice President and Chief Strategy Officer	November 2018	June 2022	4
MREIT, Inc.	President and CEO	October 2020	May 2022	2

He is concurrently the Chairman and President of Alliance Global-Infracorp Development, Inc., and Newport World Resorts Properties, Inc. Chairman and Director of Travellers International Hotel Group, Inc., Director and President of Townsquare Development, Inc., Director and Corporate Secretary of Alliance Global Brands, Inc., and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc. and Uptown Cinemas, Inc., Executive Director of Megaworld Foundation, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and The Andresons Group Incorporated. He is also Chairman and CEO of Agile Digital Ventures, Inc., Megaworld Corporation's digital investment arm that is engaged in investing and building technology start-ups. He has over 11 years of experience in retail leasing, marketing and operations. He formerly headed the Commercial Division of Megaworld Corporation, which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila, Uptown Mall in Uptown Bonifacio and Southwoods Mall in Laguna. Mr. Tan holds a Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific.

Kingson U. Sian
Director and President

Mr. Sian, 61 years old, Filipino, has served as Director and President since February 20, 2007. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Megaworld Corporation	Director/ Executive Director	Apr 2007	June 2022	15

He is the Chairman and President of Asia Finest Hotels & Resorts, Inc. Eastwood Locator's Assistance Center, Inc., and Prestige Hotels & Resorts, Inc., Director/President of Adams Properties, Inc. and Eastwood Cyber One Corporation; Director and Treasurer of Asian E-Commerce, Inc., Director of Citywalk Building Administration, Inc., Forbes Town Commercial Center Administration, Inc., and Paseo Center Building Administration, Inc. He is the Senior Vice President of Megaworld Land, Inc. Mr. Sian graduated from the University of the Philippines with the degree of Bachelor of Science in Business Economics. He obtained his Masteral Degree in Business Administration for Finance and Business Policy from the University of Chicago.

Katherine L. Tan
Director and Treasurer

Ms. Tan, 71 years old, Filipino has served as Director and Treasurer since February 2007. She holds positions in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Emperador Inc.	Director and Treasurer	Aug 2013	May 2022	9
Megaworld Corporation	Director	Aug 1989	June 2022	33
MREIT, Inc.	Director	May 2021	May 2022	1

She is the Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc. She is also Director/President of Consolidated Distillers of the Far East, Inc., Raffles and Company, Inc., and The Andresons Group, Incorporated. She is the Director/Treasurer of Alliance Global Brands, Inc., Emperador Brandy, Inc., Emperador Distillers, Inc., Progreen Agricorn, Inc., Cocos Vodka Distillers

Philippines, Inc., Zabana Rum Company, Inc., Yorkshire Holdings, Inc., and The World's Finest Liquor, Inc. She is also Director and Corporate Secretary of The Bar Beverage, Inc. and Director of Anglo Watsons Glass, Inc., Alcazar De Bana Holdings, Inc., Emperador International Limited, Kenrich Corporation, McKesterPik-Nik International Limited, and Megaworld Cayman Islands, Inc. She is the Treasurer of Newtown Land Partners, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

Jesli A. Lapus
Independent Director

Dr. Lapus, 73 years old, Filipino, has served as Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date Elected	First Elected	Date Elected	Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2021		May 2022		1
STI Education Systems Holdings, Inc	Director (Non-Executive)	December 2022		December 2022		0
	Independent Director	October 2013		December 2022		9

Dr. Lapus is currently Chairman and non-executive Director of STI Education Services Group, Inc. since 2022 (he was first elected as an Independent Director in 2013), Chairman of LSERV Corporation since 2012, and Director of STI West Negros University since 2022. He is Independent Director of Information and Technology Academy (iAcademy) since 2010 and Philippine Life Financial Assurance Corporation since 2012. He is also an Advisor of Radiowealth Finance Company, Inc. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of Metrobank, Land Bank of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines; and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lopus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.

Enrique M. Soriano III
Independent Director

Mr. Soriano, 55 years old, Filipino, has served as an Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date Elected	First	Date Elected	Last	No. of Term/ Years
Emperador Inc.	Independent Director	May 2016		May 2022		6

He is concurrently an Independent Director of MREIT Fund Managers, Inc., and Travellers International Hotel Group, Inc. He is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific based Strategic Advisory Firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor at Family in Business Strategic Group, and a Senior Fellow on Governance at the IPMI International Business School in Jakarta. He also sits as a Director and/or Board advisor to 25 UHNW (ultra-high net worth families) in the ASEAN region. He is also a Columnist and Book Author.

He is a former World Bank/ International Finance Corporation Governance Consultant, Dean of Education at the Manual L. Quezon University, Senior Professor of Service and Global Marketing at the Ateneo Graduate School of Business, and Country President of Electronic Realty Associates (ERA Philippines.). His advocacy related to Real Estate Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family-owned businesses in Asia and resource speaker in international conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of universities in Asia and North America, notably Harvard University and University of San Francisco. He writes a business column in several Philippine newspapers, in the US and a couple of business magazines in the EU and the Middle East. He is currently finishing his third book on Family Governance and Succession following his bestselling book entitled “Ensuring the Family Business Legacy: Powerful Insights About Leadership and Succession.”

He holds a B.A. in History, minor in Economics degree from the University of the Philippines, an MBA from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing on Behavioral Finance at Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. He was conferred Certified Professional Marketer by the Marketing Institute of the Philippines in 2016.

Anthony T. Robles
Independent Director

Mr. Anthony T. Robles, 68 years old, Filipino, is an Independent Director since June 2022 and is concurrently an Independent Director of MREIT Fund Manager, Inc. Mr. Robles is also a Bank Consultant of PBCOM and a Faculty Member (Finance Cluster) of the Ateneo de Manila Graduate School of Business. Prior to his roles, Mr. Robles has served several other positions including the EVP Sector Head (Development Lending), Acting CEO / President, and Sector Head, Executive Vice President (Branch Banking) of the Development Bank of the Philippines, the President and Chief Operating Officer of DRS Global Technologies, Inc., the Executive Vice President (Retail Banking Group) of Chinatrust (Philippines), the Executive Vice President (Account Management Group) of Planters Development Bank, and the Senior Vice President-General Manager (Band 4) (Wealth Management Value Center) of Standard Chartered Bank (Philippines). Mr. Robles earned his B.A. in

Commerce degree from the University of Santos Tomas and his MBA in Financial Management from the Ateneo de Manila University.

Dina D.R. Inting
Chief Financial Officer

Ms. Inting, 63 years old, Filipino, has served as Chief Financial Officer since January 1995 and at present its Compliance Officer and Corporate Information Officer. She holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Emperador Inc.	Chief Financial Officer, Compliance Officer and Corporate Information Officer	Aug 2013	May 2022	9

She is currently a director of Progreen Agricornp, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments in SGV & Co., Raffles & Company, Inc. and First Oceanic Property Management, Inc. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

Alan B. Quintana
Corporate Secretary

Mr. Quintana, 54 years old, Filipino, has served as the Corporate Secretary since April 16, 2019. He is currently First Vice President for Legal – Landbank Management and Titling Department of Global-Estate Resorts, Inc. (“GERI”) since May 2018 and has been with GERI since 2011. He is also a Director of Boracay Newcoast Federation, Inc., Sherwood Hills Development, Inc., Global Shelter, Inc., La Compañía de Sta. Barbara, Inc., Pioneer L-5 Realty Corporation, and Golden Sun Airways, Inc. Prior to GERI, he worked as Corporate Legal Counsel of Fil-Estate Properties, Inc. from 1995-2011. He has a degree in Bachelor of Science in Commerce Major in Accounting from the University of San Carlos and obtained his Bachelor of Laws degree from the San Beda College of Law.

Nelileen S. Baxa
Assistant Corporate Secretary

Ms. Baxa, 43 years old, Filipino, has served as Assistant Corporate Secretary since October 08, 2020. She holds positions on the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Suntrust Home Developers, Inc.	Corporate Secretary and Corporate Information Officer	Oct 2020	Oct 2022	2
Megaworld Corporation	Assistant Corporate Secretary	Oct 2020	June 2022	2
Global-Estate Resorts, Inc.	Assistant Corporate Secretary	Oct 2020	June 2022	2

Ms. Baxa is currently a Senior Accounting Manager of Megaworld Corporation. She is a Certified Public Accountant with over eighteen (18) years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. She is also the Corporate Secretary of Era Real Estate Exchange, Inc., Arcovia Properties, Inc. and Oceanic Realty Group International, Inc. Ms. Baxa obtained her Bachelor’s Degree in Accountancy from the University of Santo Tomas.

Procedure for Nomination and Election of Independent Directors

Pursuant to Article II, Section 2 of the Company's Amended By-Laws and the Revised Manual on Corporate Governance, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its By-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Company is required to have at least two (2) independent directors in its Board of Directors, who are each independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director should have at least one (1) share of the Company's common stock, a college graduate or has been engaged or exposed to the business for at least five (5) years, and possesses integrity/probity and assiduousness. Pursuant to SEC Memorandum Circular No. 04, Series of 2017, the independent directors shall serve for a maximum cumulative term of nine (9) years, reckoned from 2012. After which, the independent director should be perpetually barred from reelection as such in the Corporation but may continue to qualify for nomination and election as a non-independent director. If the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where he can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate.

Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Jesli A. Lapus as Chairman and and Anthony T. Robles and Enrique M. Soriano III as members accept nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees for members of the Board of Directors:

1. Andrew L. Tan
2. Kevin Andrew L. Tan
3. Kingson U. Sian
4. Katherine L. Tan
5. Enrique M. Soriano, III – Independent Director
6. Anthony T. Robles – Independent Director
7. Jesli A. Lapus – Independent Director

This year's nominees for directors include Three (3) persons who qualify as independent directors. The President, Mr. Kingson U. Sian, nominated the incumbent Independent Director, Dr. Jesli A. Lapus for another term. The Chief Executive Officer, Mr. Kevin Andrew L. Tan, nominated Mr. Enrique M. Soriano III as Independent Director while Dr. Andrew L. Tan nominated Mr. Anthony T. Robles also as Independent Director. Messrs. Sian and Lapus, Tan and Soriano, and Dr. Tan and Robles are not related by consanguinity or affinity up to the fourth civil degree. The Corporate Governance Committee reviewed the qualifications of the nominees to the Board and determined that they do not possess any of the disqualifications enumerated under the law and in the Code of Corporate Governance (Their respective profiles are presented on the preceding pages). Having found them duly qualified, the Corporate Governance Committee endorsed the nomination of the foregoing directors for the ensuing year.

Disagreements with the Company

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Significant Employees

The Company does not have employees who are not executive officers but expected to make significant contribution to the business.

Family Relationships

1. Chairman Andrew L. Tan is married to Treasurer/Director Katherine L. Tan;
2. Kevin Andrew L. Tan, their son, is the CEO and Vice Chairman of the Company. He is also the EVP and Chief Strategy Officer of MEG and the President and Chief Executive Officer of MREIT, Inc.;
3. Kendrick Andrew L. Tan, another son, is the Corporate Secretary and Executive Director of EDI, and Director/Executive Director of EMP;
4. Both siblings are currently serving as directors of AWG, Newtown Land Partners, Inc., and Yorkshire Holdings, Inc.

Involvement in Legal Proceedings

The Company has no knowledge of any of the following events that occurred during the past five (5) years up the date of this report that are material to an evaluation of the ability or integrity of any director or executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

The Company and its subsidiaries, in the ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these are entered on terms comparable to those available from unrelated third parties. Inter-company transactions between and among the Company and its subsidiaries are eliminated in consolidation and thus are no longer reflected in the consolidated financial statements. These primarily consisted of the following:

- Cash advances for financial requirements. Entities within the Group obtain advances from the parent and/or other entities and associates for working capital or investment purposes. There are also certain expenses that are paid in behalf of other entities.
- Lease of manufacturing facilities. AGI leases the glass manufacturing plant property to AWGI, and TEI leases the brandy manufacturing plant property to EDI.
- Lease of parcels of land. GARC leases out these lots to GADC.
- Lease of office spaces. MEG leases out office and parking spaces to AGI, subsidiaries, and affiliates.
- Purchase and sale of real estate, services and rentals. Real estate properties are bought or sold based on price lists in force with non-related parties. Services are usually on a cost-plus basis allowing a margin ranging 20%-30%. Commissions for marketing services are based on prevailing market rates.
- Supply of glass bottles. AWGI supplies the new bottle requirements of EDI.
- Receivables from subsidiaries/franchisees. GADC supplies restaurant equipment, food, paper and promotional items to all franchisees, including affiliated restaurants, at normal market prices through a third-party service provider.

Major related party transactions have been disclosed in the Notes to the consolidated financial statements appearing elsewhere in this report.

Except for the material related party transactions described in the Notes to the Consolidated Financial Statements of the Company and subsidiaries for the years 2022, 2021 and 2020 (please see as filed with this report), there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, or any nominee for election as director, or any stockholder holding more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or nominee for election as director, executive officer, or stockholder holding more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest.

Item 6. Compensation of Directors and Executive Officers

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, for years 2021, and 2022, no compensation was received from AGI, the holding company, and neither will there be for 2023, except for an allowance for Mr. Kingson Sian which started in February 2007, as shown in the table below.

In a board resolution passed in November 2007, members of the Company's Board of Directors began to receive per diem allowance. The following table identifies the compensation of each of the incumbent Board of Directors and officers.

Name and Principal Position	Allowance/ Per Diem 2021 (P) '000	Allowance/ Per Diem 2022 (P) '000	Allowance/ Per Diem 2023 (P) '000 (estimate)
Andrew L. Tan, Chairman	75	75	75
Kevin Andrew L. Tan, Vice Chairman and CEO	75	75	75
Katherine L. Tan, Director and Treasurer	75	75	75
Kingson U. Sian, President (COO)	2,025	1,950	2,025
Jesli A. Lapus, Independent Director	75	135	135
Anthony Robles, Independent Director	n/a	165	225
Enrique Soriano III, Independent Director	n/a	135	225
Winston S. Co, Director	75	75	n/a
Sergio R. Ortiz-Luis Jr., Independent Director	150	135	n/a
Dina D.R. Inting	none	none	none
Alan B. Quintana	none	none	none
Nelileen S. Baxa	none	none	none
Total (of above)	2,550	2,820	2,835

There are no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, that exceeds P2.5 million.

Item 7. Independent Public Accountants

Punongbayan & Araullo ("P&A") has been appointed as the principal auditors since 2003. In compliance with the Revised Securities Regulation Code Rule 68, Part I, 3(B)(ix), *Rotation of External Auditors*, which adopted the provisions on long association of external auditors (including partner rotation) with public-interest-entity audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines, and as adopted by the Company, the engagement partners are rotated or changed every seven years ('time-on' period). The lead engagement partner for 2022 is Mr. Romualdo V. Murcia III.

Punongbayan & Araullo (P&A), upon recommendation by the Audit Committee of the Board of Directors composed of Anthony T. Robles as Chairman and Enrique M. Soriano III and Andrew L. Tan as members, was re-appointed by the stockholders as the principal external auditors for the year 2022, and is again being recommended to the stockholders for re-election as the Company's principal external auditors for the year 2023.

Representatives of Punongbayan & Araullo are expected to be present at the Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

External audit fees and services

The fees, excluding out-of-pocket expenses and vat, for each of the last two fiscal years totaled P3.00 million and P2.85 million for the audits of 2022 and 2021 annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

Tax fees and all other fees

There were no separate tax fees billed and no other products and services provided by P&A to AGI for the last two fiscal years.

All the above services have been approved by the Audit Committee through the internal policies and procedures of approval. The Audit Committee is composed of Anthony T. Robles as Chairman and Enrique M. Soriano III and Andrew L. Tan as members. The appointments were endorsed to and approved by the Board of Directors, and then by the stockholders at the annual stockholders' meetings.

The selection of external auditors and approval of external audit fees and services is made on the basis of credibility, professional reputation, accreditation with the Securities and Exchange Commission, and affiliation with a reputable foreign partner. The fees of the external auditors are approved by the Company after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Changes in and disagreements with accountants on accounting and financial disclosure

P&A, as principal auditors, issued an unqualified opinion on the consolidated financial statements. There had been no disagreements with them on any accounting principles or practices, financial disclosures, and auditing scope or procedure.

Information Incorporated by Reference

Financial Statements of the Company and its subsidiaries as of 31 December 2022 and 2021, as well as the Management's Discussion and Analysis of Operations and Financial Condition for the corresponding periods are included in the Company's Management Report and are incorporated herein by reference.

Item 8. Compensation Plans Stock Options, Warrants or Rights Plan

The Company has an Executive Stock Option Plan (the "Plan") approved by the Board of Directors of the Company and by stockholders (holding at least 2/3 of the outstanding capital stock) on July 27, 2011 and September 20, 2011, respectively. The purpose of the Plan is to enable the key Company executives and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Compensation and Remuneration Committee (the "Committee") of the Board.

Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for nine (9) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

On March 14, 2013, additional 59.1 million options were granted to certain key executives at an exercise price of P12.9997 with a market price of P21.65 at the date of grant. The Notice of Exempt Transaction was filed with the SEC on May 02, 2013. The exercise period for the 59.1 million options has been extended by the Corporate Governance Committee until March 14, 2025.

As of **April 30, 2023**, no vested option has been exercised and the number of unexercised stock options is 59,100,000 common shares.

An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle. As of this time, the Company cannot determine if options can be exercised with less than forty percent (40%) of the total price of the shares so purchased. The Company does not provide or arrange for loans to enable qualified participants to exercise their options.

Name	Number of Outstanding Options	Date Granted	Exercise Price
Andrew L. Tan	48,000,000	14 March 2013	Php12.9997
Winston S. Co	3,000,000	14 March 2013	Php12.9997
Kevin Andrew L. Tan	6,000,000	14 March 2013	Php12.9997
Other grantee	2,100,000	14 March 2013	Php12.9997
TOTAL	59,100,000		

C. OTHER MATTERS

Item 9. Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 16 June 2022 will be submitted to the stockholders for approval. The Minutes will refer to the adoption of stockholder's resolutions pertaining to the following matters:

1. Approval of Minutes of the Annual Meeting of Stockholders held on 17 June 2021
2. Appointment of Independent Auditors
3. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Officers
4. Election of Directors

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

Item 10. Other Proposed Actions

Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management

The stockholders will be asked to ratify all resolutions of the Board of Directors, Board Committees, and acts of Management adopted since the annual stockholders' meeting on 16 June 2022 until 14 June 2023. These include, among others, the internal procedures for participation in meetings and voting through remote communication or *in absentia*, the appointment of officers in the corporation, opening and maintenance of bank accounts and other bank transactions, approval and issuance of financial statements, appointment of proxies and nominees, designation of authorized contract signatories and representatives, appointment of attorneys-in-fact, investment and financing activities in the ordinary course of business, other similar activities of the Company, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

Item 11. Voting Procedures

Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be elected at least two (2) independent directors in the Company's board of directors.

For all other matters proposed to be acted upon, the vote of a majority of the outstanding capital stock will be required for approval, unless a higher vote is required by applicable laws or regulations.

Method of Counting of Votes

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; provided, that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

There will be seven (7) persons to be elected to the Company's board of directors, including at least two (2) independent directors. In the event that the number of nominees to the board of directors exceeds the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors does not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

The detailed voting method can be found on the attached Annex "A".

UNDERTAKING

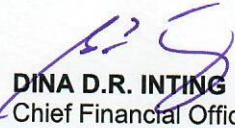
The Company undertakes to provide without charge to a stockholder a copy of the Annual Report on SEC Form 17-A upon written request addressed to Ms. Dina D.R. Inting, Chief Financial Officer, Compliance Officer, and Corporate Information Officer, at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on 17 May 2023.

ALLIANCE GLOBAL GROUP, INC.

By:



DINA D.R. INTING
Chief Financial Officer, Corporate Information Officer
and Compliance Officer

MANAGEMENT REPORT AS REQUIRED BY SRC RULE 20

a. Organization And Business Development In The Past Three Years

a.1. The Company

Alliance Global Group, Inc. (“AGI” or “the Company”) is one of the leading conglomerates in the Philippines, with interests in property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. The Company and its subsidiaries, associates and jointly-controlled entities (the “**Group**”) operate a diversified range of businesses that focus on developing innovative products and services that generally cater to the target markets.

Incorporated on October 12, 1993, AGI began operations in 1994 as a flint glass-container manufacturer after it acquired a glass manufacturing plant in Canlubang, Laguna. AGI initially listed its shares in the Philippine Stock Exchange (“**PSE**”) in 1999; after which in the same year, it broadened its primary business and became a holding company. Immediately, the Company began its diversification into the food and beverage and real estate industries, and, in 2005, into the quick-service restaurant business. In 2007, it reorganized to consolidate businesses controlled by Dr. Andrew L. Tan and family (“**Tan family**”), specifically in the distilled spirit manufacturing and property development. In 2008, the Company entered into integrated tourism development, with gaming activities, by partnering with a leading multinational leisure, entertainment and hospitality group. In 2011, AGI expanded its integrated tourism estate development outside of Metro Manila, particularly in the Calabarzon and Visayan regions, and in 2014, in Mindanao.

From 2013 to 2017, the Group expanded its spirits manufacturing business abroad through acquisitions of rich heritages in Spain, United Kingdom and Mexico. The Group acquired vineyard lands, aged liquids and assets in Spain, and brandy and sherry wine assets, which include the oldest bodegas in Spain, the first brandy in Jerez and Mexico and other well-known brandy and sherry brands which the Group now owns. The Group acquired and now owns the 5th largest producer of Scotch Whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020 and 2021*) with a history of more than 175 years and ownership of some of the most iconic Scotch Whisky brands in the industry, thus fortifying the distilled spirits business segment.

The Group have been doing realignments and acquisitions also in the real estate segment where it continues to introduce innovative concepts such as ‘integrated lifestyle community’ and ‘transit-oriented developments’ in addition to its ‘live-work-learn-play’ townships within and outside of Metro Manila while the expansion of hotels and non-gaming facilities and offerings and quick-service restaurants is ongoing. AGI began diversifying into infrastructure in 2017 and, in 2018, received an original proponent status (“OPS”) for its Fort Bonifacio-Makati Sky Train Project and the Ninoy Aquino International Airport Project, of which it is a member of the proponent consortium. In 2020, the consortium proposed changes in its airport project proposal due to the far-reaching and long-lasting consequences of COVID-19 pandemic on air travel, airport operations and airport passenger traffic but the airport authority eventually terminated any further negotiations and revoked the OPS and approvals earlier granted.

The COVID-19 pandemic put the Philippines in a state of calamity from March 17, 2020 and brought about varying stages of lockdown with varying health and safety protocols to prevent the spread of the virus. The governments across the globe have restricted people mobility by implementing extensive measures involving public transportation and travel, mass gathering, curfew hours, and essential/non-essential business capacity that disrupted economic conditions and changed the way of life. The safety protocols became mandatory. The Group complied with the rules and guidelines set by the governments where they operate. Globally, the Group adapted by focusing on the different core business offerings and their specific target market, using typically the digital platform and combining traditional approaches.

The infections had improved during the recent year 2022, although there were new variants appearing, because the global population had acquired immunity from full vaccination or exposure to the infection. While the pandemic is still here as of date of this report, the improving situation allowed the easement

of pandemic-related restrictions in 2022 and led to the opening of economies, the gradual return of business and indoor activities, and resumption of travel and tourism.

The Tan family beneficially owns a majority interest in AGI.

a.2. Subsidiaries¹

Emperador Inc.

EMPERADOR INC. (“**EMI**” or “**Emperador**”) is a publicly-listed holding company operates an integrated global business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages, particularly brandy and Scotch Whisky, from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries. At present, EMI and its subsidiaries (collectively referred to as “**EMI Group**”) has a wide range of products in its portfolio across multiple price segments – from accessible to luxury – which include some of the oldest and best-recognized brands in the world, including brands with centuries-old legacies, and an international reach to at least 102 countries. EMI Group has acclaimed renown as the world’s largest brandy producer, leading the brandy segment in the Philippines and Spain, and as the world’s fifth largest Scotch whisky producer (*Scotch Whisky Industry Reviews 2020 and 2021*).

Emperador has established its identity in the Philippine alcoholic beverages business as producer of high-quality liquor and innovative products – predominated by its own brand ‘Emperador Brandy’ which was introduced in 1990 through its wholly-owned subsidiary **Emperador Distillers, Inc.** (“**EDI**”), the Philippines’ largest liquor company and the world’s largest brandy producer. This strong presence was further fortified by ensuing offshore acquisitions.

EMI has grown from a Philippine brandy company to a global player with heritage brands under its portfolio. It has enriched its heritage with the acquisitions of century-old businesses in Jerez, Spain, known as the world capital of sherry wine and home of the Brandy De Jerez, and in Scotland, United Kingdom, home of Scotch whisky, which themselves were acclaimed as being the first and oldest facility in Spain and the fifth largest Scotch whisky producer in the world. These were immediately followed by the acquisition of popular brands and half-century-old business in Mexico that traced its roots in Jerez.

EMI was incorporated on November 26, 2001 and listed its shares on the Philippine Stock Exchange (“PSE”) on December 19, 2011. On July 14, 2022, EMI successfully listed on the Main Board of the Singapore Exchange Securities Trading Ltd. (“SGX-ST”). EMI is the first PSE-primary listed company to conduct a secondary listing on the SGX-ST.

From August to September 2013, AGI, EDI and EMI, which was substantially a shell company at the time, entered into a reverse acquisition in a series of transactions whereby AGI acquired majority control over EMI and EMI acquired full ownership of EDI. It was in 2013 that EMI transformed into a holding company, increased its capital base to P20.0 billion and changed its corporate name to Emperador Inc. As of December 31, 2022, EMI has P20.0 billion authorized capital stock, 16.2 billion shares of which are issued and 15.74 billion shares outstanding (net of treasury shares), with consolidated total assets of P141.2 billion.

EDI, a wholly-owned subsidiary of EMI, is the leading brandy manufacturer and distributor of distilled spirits in the Philippines and the largest brandy producer in the world. It produces its own label brands, namely, ‘Emperador Brandy’, ‘Andy Player’ whisky, ‘The BaR’ flavored alcoholic beverage and ‘So Nice’, and ‘Smirnoff Mule’ under license from Diageo North America, Inc. It distributes the Group’s products in the Philippines, namely, the Scotch whisky and Brandy de Jerez products, ‘New York Club No. 1 vodka’ and ‘Pik-Nik’ shoestring-shaped potato snacks. It also distributes ‘Ernest & Julio Gallo’

¹ Please see Note 1 to the Consolidated Financial Statements for a comprehensive list of subsidiaries, associates and joint ventures falling under the major subsidiaries, which represent the Group’s business segments.

wines in the Philippines. EDI was working with distributors in about seventy (70) countries as of end-2022 and sixty-one (61) countries as of end-2021.

EDI was incorporated on June 6, 2003 and was acquired by AGI from **The Andresons Group, Incorporated** (“TAGI”) and the Tan Family on February 16, 2007. EDI has an authorized capital stock of 22 billion shares, of which 12.5 billion shares are outstanding and held by EMI as of to-date.

EDI operates two manufacturing plants in Laguna. The main plant is being leased from its wholly-owned subsidiary **Tradewind Estates, Inc.** (“TEI”) while the annex plant was acquired in May 2012. TEI was incorporated on September 22, 2000 and was acquired by EDI from its previous owner, Alliance Global Brands, Inc. (a wholly-owned subsidiary of AGI), in March 2016. EDI owns two distillery plants in Batangas that are being leased out to and operated by **Progreen Agricorp, Inc.** (“Progreen”), its wholly-owned domestic subsidiary. EDI procures its new bottles from **Anglo Watsons Glass, Inc.** (“AWG” or “AWGI”), another wholly-owned domestic subsidiary of EDI, which caters principally to EMI Group’s requirements. AWG operates a flint glass container manufacturing plant in Laguna on a 24-hour shift which it leases from AGI. A subsidiary of TEI acquired in July 2018, **Boozylife, Inc.** is engaged in the on-demand delivery of alcoholic and non-alcoholic beverages. Its online platform proves useful during the COVID-19 quarantine time. **The World’s Finest Liquor Inc.** (“TWFLI”), is a wholly-owned subsidiary of EDI that was incorporated in May 2022 to engage in, among others, the retailing and marketing of the Group’s products, including but not limited to alcoholic and non-alcoholic beverages, in its specialty retail stores. **Ocean One Transport, Inc.**, a wholly-owned subsidiary of Progreen, was incorporated in the Philippines on January 11, 2023, for the purpose of engaging in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between various ports and to engage generally in waterborne commerce.

Emperador International Operations

EIL, a wholly-owned subsidiary of EMI, is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is the parent company of the Group’s offshore subsidiaries that handle the Scotch whisky, Jerez and Mexican brandies and sherry wine operations. At present, voting rights to EIL is 84% and 16% directly owned by EMI and EDI, respectively. Thus, it is 100% beneficially owned by EMI..

Emperador Spain

Emperador Asia Pte Ltd. (“EAsia”), a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns **GES**, a public liability company in Spain, incorporated on September 28, 2011.

Grupo Emperador Spain S.A.U. (“GES”) is a wholly-owned subsidiary of EAsia. Its main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014. And from thereon, the Spain group started growing. GES group includes subsidiaries operating in Spain and Mexico.

In 2013, GES acquired **Bodega San Bruno, S.L.U.** (“BSB”), a wholly-owned subsidiary incorporated on January 10, 2013, whose business activities involved the plantation, growing and operation of vineyards. The acquisition included Bodega San Bruno, the San Bruno trademark, vineyards, and sizable inventory of high-quality well-matured brandy from **Gonzalez Byass S.A.** (“Gonzales Byass”), one of the largest and oldest liquor and wine conglomerate in Spain.

In 2014, GES invested in **Bodega Las Copas** (“BLC”), a 50%-50% joint venture with Gonzalez Byass. Presently, BLC and its wholly-owned subsidiaries are engaged in the planting, cultivation and operation of vineyards, and the conversion and production of alcohol and spirits. The main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

On February 29, 2016, **Bodegas Fundador S.L.U.** (“Bodegas Fundador”), a wholly-owned subsidiary of GES, incorporated on September 28, 2011, acquired the Spanish brandy and sherry business from Beam Suntory Inc. The purchase included Spain’s largest and oldest brandy cellars established in 1730 with sizeable brandy inventory aged more than 50 years; four iconic brands including ‘Fundador Brandy

de Jerez' and 'Terry Centenario' (Spain's number one selling brandy), production and bottling facilities, vineyards, distillery and winery facilities. The completion of the purchase marked the birth of the world's biggest brandy company, and a new era began not only for Emperador and Fundador but for the whole brandy and sherry industry in Spain. Bodegas Fundador was consolidated starting March 2016. Bodegas Fundador's wholly-owned subsidiary is Harvey's Cellars, S.L.U. (formerly Destilados de la Mancha S.L.)

On January 19, 2017, GES acquired the Grupo Garvey brands and associated inventories, casks and real estate properties. Bodegas Garvey, founded in 1780 by the Irish aristocrat William Garvey and based in Jerez de la Frontera, is one of the oldest brandy and sherry companies in Spain.

On March 30, 2017, BLC and its two subsidiaries, Pedro Domecq S.A. de C.V. and Bodega Domecq S.A. de C.V. (absorbed in 2019 by Pedro Domecq SA de CV), completed the acquisition of the 'Domecq' brand portfolio and related assets from **Pernod Ricard SA**, which was signed on December 1, 2016. In a restructuring that followed later that year, the Domecq brandy portfolio, which include the trademark to the first Mexican brandy 'Presidente', and wine business were integrated into **Domecq Bodega Las Copas SL** ("**Domecq BLC**" or "**DBLC**") effective September 1, 2017. Domecq BLC is a subsidiary of GES incorporated on December 20, 2017. It wholly owns **Pedro Domecq SA de CV** ("**Pedro Domecq**") (incorporated in Mexico on March 15, 2017) is involved in the manufacturing, bottling and selling of spirits.

Grupo Emperador Gestion, S.L.U., a wholly-owned subsidiary of GES, was incorporated on October 11, 2016. It provides consulting, management and administration services to the Spain group.

Stillman Spirits, S.L.U., a wholly-owned subsidiary of GES, was incorporated on March 20, 2019. It imports UK products into Europe, following UK's exit from the European Union.

Emperador Europe

Emperador Europe SARL ("**EES**"), a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The objective of the company is the holding of participations in any form whatsoever and all other forms of investments.

Emperador Holdings (GB) Limited ("**EHGB**" or "**EGB**"), the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK.

Emperador UK Limited ("**EUK**"), a subsidiary of EGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG.

Whyte and Mackay Group Limited ("**WMG**" or "**Whyte and Mackay**"), incorporated on August 7, 2001 in Scotland, is the smallest consolidating group under EGB. WMG and subsidiaries were folded into the EMI Group on October 31, 2014 upon completion of a deal signed on May 9, 2014 between EUK and United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of **United Spirits Limited** ("**USL**") of India. Emperador took the reins from USL (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

WMG wholly owns **Whyte and Mackay Global Limited** ("**WM Global**") which was incorporated on December 4, 2018 in Scotland. The main trading entity is WM Global's wholly-owned subsidiary, **Whyte and Mackay Limited** ("**WML**"), which was incorporated on January 20, 1927 in Scotland, whose principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks. WM Global also wholly owns **Whyte and Mackay Warehousing Ltd.** ("**WMW**"), incorporated in Scotland for the, principal activity of warehousing and blending of bulk whisky for related and third-party customers, and **Whyte and Mackay Americas Ltd, LLC** ("**WMA**"), incorporated in the United States of America, a direct subsidiary of WML handling Whyte and Mackay's business portfolio in US market. There are forty-six dormant companies within WMG Group that are retained for branding purposes. Whyte and Mackay is headquartered in

Glasgow and has significant malt and grain production capability from its four malt distilleries and one large grain distillery. In 2022, WML acquired **St. Vincent Street (446) Limited**, the landlord of its bottling premises at Grangemouth.

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd.** (“**GIC**”), through its private equity arm, **Arran Investment Pte. Ltd.** (“**Arran**”) initially invested P17.6 billion in EMI split into 70%-equity and 30%-equity-linked securities debt (“**ELS**”), which is convertible to equity between 2 to 7 years. In 2017, additional new shares were issued to Arran in consideration for the three-year accrued interest on the ELS. On February 5, 2020, Arran partly converted a portion of its ELS into EMI shares (“**Tranche 1 Shares**”). On December 3, 2021, Arran elected to exercise its conversion right in respect of the remaining balance of the ELS (“**Tranche 2 Shares**”), which is expected to be converted anytime up to August 12, 2023. While the Tranche 2 shares remain unissued, they shall continue to earn variable interest which is at same rate and terms as EMI’s dividends to shareholders. As of December 31, 2022, Arran held about 9% in EMI’s outstanding issued shares.

Whyte and Mackay is the fifth largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2021*) with a history of 175 years and ownership of some of the most iconic Scotch brands in the industry, including British and Scotch luxurious brand ‘The Dalmore Single Highland Malt’, ‘Jura Single Malt’, ‘Tamnavulin Single Malt’, ‘Fettercairn Single Malt’, and ‘Whyte & Mackay Blended Scotch Whisky’. The products are distributed in approximately 102 countries across the world including a strong presence in the global travel retail space. Some of these products are being distributed in the Philippines by EDI.

Megaworld Corporation

MEGAWORLD CORPORATION (“**MEG**” or “**Megaworld**”), a publicly-listed company since June 15, 1994, is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities or townships, which are comprised of residential, commercial, and office developments and integrated leisure, entertainment and educational/training components. Founded on August 24, 1989, Megaworld initially established a reputation for building high quality residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, Megaworld began to focus on the development of mixed-use communities, primarily for the middle-income market by commencing MEG’s “live-work-play-learn” lifestyle township concept. In 1999, Eastwood City CyberPark became the country’s first cyberpark to be designated as a special economic zone by the Philippine Economic Zone Authority (“**PEZA**”). MEG and its subsidiaries has since then grown and diversified its roster of townships to thirty: - four in Fort Bonifacio, seven in Metro Manila, twelve in Luzon, six in Visayas, and one in Mindanao.

Megaworld and its subsidiaries (“**Megaworld Group**”) have real estate portfolio under the ‘Megaworld’, ‘Global Estate Resort’, ‘Empire East’ and ‘Suntrust’ brands that include residential condominium units, subdivision lots and townhouses as well as office and retail developments. It has the following three primary business segments: (i) real estate sales of residential developments, (ii) leasing of office space, primarily to business process outsourcing (“**BPO**”) enterprises and retail space and (iii) management of hotel operations. As of December 31, 2022, Megaworld owns or has development rights to over 5,000 hectares of land located throughout the Philippines. Since its incorporation in 1989, Megaworld and its affiliates have launched more than 741 residential buildings, 74 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts.

The company founded by Dr. Andrew Tan, and its subsidiaries have won recognition awards over the years from prestigious award-giving organizations locally and internationally that recognized not only group’s developments and cultural promotion campaigns, but also MEG’s COVID-19 response programs and the group’s leaders.

Through its subsidiaries, MEG also engages in other property related activities such as project design, construction oversight and property management. Through its wholly-owned subsidiaries, MEG owns,

manages and operates its homegrown hotel brands – ‘**Richmonde**’ in Pasig City, Quezon City and Iloilo City; ‘**Belmont**’ in Pasay City and Boracay; ‘**Savoy**’ in Pasay City, Lapu-Lapu City, Cebu and Boracay; and ‘**Lucky Chinatown**’ in Manila City.

Megaworld has P40.2 billion authorized capital stock and P32.43 billion paid-up capital (both common and preferred stock) as at end-2022. Its consolidated total assets amounted to P409.2 billion as at December 31, 2022.

From 46% effective ownership interest in MEG in 2007, the Group increased its effective ownership interest in MEG which is now at 70% by end-2022 through stock subscription, exercise of stock rights and warrants, and purchases in the market.

Global-Estate Resorts, Inc. (“GERI”), a publicly listed domestic company incorporated on May 18, 1994, is likewise one of the leading property developers in the country and is engaged primarily in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, office, retail, hotel and/or golf components. It has a vast land bank where key developments include Boracay Newcoast in Malay, Aklan; Twin Lakes in Laurel, Batangas; Sta. Barbara Heights in Iloilo; Southwoods City in Laguna and Cavite; Alabang West in Las Piñas, Metro Manila; Eastland Heights in Antipolo, Rizal; The Hamptons Caliraya in Lumban-Cavinti, Laguna; Arden Botanical Estate in Cavite; and The Fifth in Pasig City, Metro Manila. GERI undertakes its development business by itself or through joint ventures with landowners. Its joint venture corporations are **Twin Lakes Corporation** (incorporated on March 2, 2011), **Oceanfront Properties, Inc.** (incorporated on October 12, 2010 to develop parts of Boracay Newcoast) and **Southwoods Mall, Inc.** (incorporated on July 18, 2013). The township developments are marketed by a subsidiary **Megaworld Global-Estate, Inc.** (incorporated on March 14, 2011) and an in-house marketing group.

Hotel developments in Boracay and Twin Lakes are operated by its subsidiaries **Twin Lakes Hotel, Inc.** (incorporated on September 28, 2018), **Savoy Hotel Boracay, Inc.** (incorporated on January 24, 2017), **Belmont Hotel Boracay, Inc.** (incorporated on March 18, 2019) and **Fil-Estate Urban Development Corporation** (incorporated on March 6, 2000). Another subsidiary operates Fairways and Bluewater, a resort complex integrated with Boracay Newcoast.

AGI acquired 60% interest in GERI in January 2011 and rebranded it to engage in the development of integrated tourism and leisure estates. With the capital infusion, GERI was able to pay its interest-bearing loans and pursue its development plans. In 2013, GERI doubled its authorized capital stock, of which Megaworld subscribed to 25% of the said increase; this together with indirect holdings translates to MEG’s 24.7% beneficial ownership in GERI at end-2013. In 2014, GERI was consolidated under Megaworld when the latter acquired AGI’s stake in GERI. As at end-2022, Megaworld holds 82% of GERI. GERI has P20 billion authorized capital stock, P10.986 billion of which was subscribed and paid-up as at December 31, 2022. Total assets reported as at end-2022 amounted to P57.3 billion.

Empire East Land Holdings, Inc. (“Empire East” or “ELI”), a publicly-listed domestic company incorporated on July 15, 1994, is one of the leading developers of mid-cost residential properties. It specializes in multi-cluster condominium projects and multi-phase subdivision developments in key locations in Metro Manila, Laguna and Rizal. Laguna Bel-Air is ELI’s flagship township project while Pioneer Woodlands in Mandaluyong is its first transit-oriented development. Transit-oriented developments (“**TOD**”) and urban resort communities have been the signature concepts of ELI in recent years. **Eastwood Property Holdings, Inc.**, a wholly-owned subsidiary, serves as ELI’s marketing arm that markets ELI’s projects and those of other related parties. ELI is 81.73% owned by Megaworld. ELI has P31.495 billion authorized capital stock, P14.803 billion (14.803 billion shares) of which was issued and P14.701 billion (14.676 billion shares) outstanding as at December 31, 2022. Total assets reported as at end-2022 amounted to P47.26 billion.

Suntrust Properties, Inc. (“SPI”), incorporated on November 14, 1997, develops master-planned self-sustaining residential communities and condominiums in Cavite, Laguna, Batangas, Baguio, Davao and Metro Manila that provide affordable homes for the low- to moderate-income families. The developments focus on space-saving and functionality features. In March 2011, MEG acquired 50% majority interest in SPI. In 2013, MEG acquired 100% ownership by buying out the minority interests of Empire East and another related party. In July 2018, SPI acquired **Stateland, Inc.**, a 42-year-old real estate company known for building affordable quality homes and well-developed communities in Cavite,

Laguna and Metro Manila. The acquisition brings 150 hectares of raw land and other allied properties that spread across more than 200 hectares into the group.

MREIT, Inc. (“MREIT”), is a real estate investment trust (“REIT”) incorporated on October 2, 2020. MREIT was designated by MEG, its parent and sponsor, to operate as its flagship REIT company, the primary focus of which is office and retail leasing to a diversified tenant base, with a high-quality portfolio of 14 office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (“GLA”) of 280,175 sqm as of December 31, 2021. which has since increased to 324,742 square meters. On October 1, 2021, MREIT conducted an initial public offering and listed its shares in the PSE. MREIT is 62% owned by Megaworld as of December 31, 2022 and 38% owned by the public.

Travellers International Hotel Group, Inc.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. (“Travellers”), incorporated on December 17, 2003, is the developer and operator of **Newport World Resorts (“NWR”)** (as rebranded on July 20, 2022, formerly known as Resorts World Manila), an integrated tourism resort in the Philippines. NWR is the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities. Travellers was awarded one of the first licenses issued by the **Philippine Amusement and Gaming Corporation (“PAGCOR”)** in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. NWR, which was the first site to be completed, opened in August 2009.

NWR is an approximately 11.5-hectare integrated tourism resort that is strategically located across the Ninoy Aquino International Airport Terminal 3 (“**NAIA-3**”) in Pasay City, Manila and near NAIA Terminals 1 and 2. NWR is a one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices. NWR features a themed shopping and entertainment center, five hotels (4 of which are five-star international branded hotels), and the Marriott Grand Ballroom, a **MICE** (meetings, incentives, conventions and exhibitions) venue with over 8,000 sqm of function space.

The 21,168 sqm Newport Mall offers a retail mall, four cinemas and a 1,710-seat performing arts theater (the “Newport Performing Arts Theater” or “NPAT”). The Marriott Hotel Manila is the first hotel to open in October 2009 with 342 rooms and suites, to which 228 rooms were later added in the Marriott West Wing in November 2016. Holiday Inn Express Newport City (as rebranded in February 2018) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, NWR opened Grand Wing, a portion of its Phase 3 development project dedicated to gaming activities. In October 2018, Hilton Manila officially opened with 357 rooms. Also in 2018, Travellers opened the first international hotel in Iloilo City- the Courtyard by Marriott Iloilo with 326 rooms. In January 2019, Sheraton Manila Hotel made its comeback to the Philippines after 22 years and officially opened its doors to the public, adding 386 rooms. And during the last quarter of 2021, Hotel Okura Manila, a 190-room Japanese brand hotel that features Hinoki-yu rooms and Okura’s signature Japanese fine dining restaurant, Yamazato, began its commercial operations.

Travellers has P10 billion authorized capital stock (common and preferred shares), of which P1.93 billion is outstanding as at end-2022. AGI’s ownership interest is accounted through direct holding of 42.11% and indirect holdings through its subsidiaries Megaworld, First Centro, Inc. and Adams Properties, Inc. (“Adams”) which hold 2.66%, 3.92% and 19.58%, respectively, of Travellers’ outstanding common shares. Adams holds 66.48% of outstanding preferred shares while AGI holds 20.23% of its outstanding preferred shares. Travellers has consolidated total assets of P124.3 billion as at end-2022.

Golden Arches Development Corporation

GOLDEN ARCHES DEVELOPMENT CORPORATION (“GADC”), a strategic partnership with the George Yang group, is the master franchise holder of McDonalds’ in the Philippines. It is engaged in the operations and franchising of quick-service restaurant business under the McDonald’s brand in the Philippines in accordance with the master franchise agreement with **McDonald’s Corporation (“MCD”)**, a company incorporated in Delaware with principal offices in Illinois, USA. GADC was

incorporated on July 16, 1980. It has P99.44 million authorized and paid-up common capital stock, 49% of which is held by AGI and the rest by its Chairman and founder, Mr. George Yang and his family. Its consolidated total assets amounted to P43.7 billion at end-2022.

AGI acquired its 49% interest in GADC on March 17, 2005 from **McDonald's Restaurant Operations, Inc. ("MRO")**, a subsidiary of MCD, both of which are foreign corporations incorporated in the USA. MRO holds all of GADC's preferred shares.

Golden Arches Realty Corporation ("GARC") leases solely to GADC parcels of land where McDonald's restaurants and warehouses are situated. It was incorporated on June 25, 2001 and, at present, has P1 million authorized and issued common shares, 49% of which is held by AGI.

Alliance Global-Infracorp Development, Inc.

ALLIANCE GLOBAL-INFACORP DEVELOPMENT, INC. ("Infracorp" formerly known as Infracorp Development, Inc.), a wholly-owned domestic corporation, is AGI's foray into infrastructure development to provide transport solutions that will improve connectivity of the Group's properties. It is incorporated in 2017 with the primary purpose to bid for, invest in, and/or implement infrastructure-related projects, such as but not limited to monorail, airports, expressways, toll roads, reclaimed land development and, in relation thereto, to acquire, lease out, develop or otherwise engage in income-generating activities involving real property and other rights related to its infrastructure projects. It will handle infrastructure projects, particularly mass transportation that will enhance the value of the Group's real estate and tourism developments. The diversification into infrastructure building is aligned with the government's goal to usher in a golden age of infrastructure in the country.

On May 17, 2018, Infracorp received an Original Proponent Status ("OPS") for its Fort Bonifacio-Makati Sky Train project – a 1.87km public transit system connecting Line 3 Guadalupe Station to Uptown Bonifacio. The project has undergone review by NEDA.

The Company, as part of a consortium, was granted an OPS in 2018 for its unsolicited proposal for a NAIA project which was approved by NEDA in 2019. The project involved the improvement, upgrade, enhancement, expansion, operation and maintenance, and management of NAIA. In the light of the far-reaching and long lasting consequences of the COVID-19 pandemic on airline travel, airline operations and airport passenger traffic, the consortium submitted proposed changes in the Project's framework. On July 10, 2020, the consortium received a notice from the Manila International Airport Authority terminating any further negotiations with the consortium and revoking the OPS and approvals earlier granted.

a.3. Bankruptcy or Similar Proceedings and Significant Assets not in Ordinary Course

The Company and its subsidiaries have not been involved in any bankruptcy, receivership or similar proceedings. Likewise, there were no other material reclassifications, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

b. Business Description

AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald's) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to the needs, demands and aspirations of its target markets. The Company believes that it is well positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.

b.1. Principal Products or Services and their Markets

EMP

EMP group manufactures its own brands and attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local and global distribution network.

'Emperador Brandy', the first brandy label, was launched in 1990 in the Philippines and is currently the leading local brandy in the country. EDI keeps on innovating its product offerings with creative flavors and packaging to suit the discriminating taste of drinkers, especially the youthful ones who are generally seeking variety and sensory experiences. In 2010, the first light brandy, **'Emperador Light'** was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. In March 2013, EDI introduced **'Emperador Deluxe Spanish Edition'**, a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate. In June 2019, a lighter variant was introduced, the **'Emperador Double Light'** for that *'dobleng saya, dobleng tagumpay'* feeling. This lower alcohol, lower calories smooth fruity drink targets the younger generation of drinkers who are growing more mindful about health and wellness trends. In August 2021, **'Emperador Coffee Brandy'** was launched bringing more fun to coffee and more enjoyment to brandy for that *'sarap make-feel good'* feeling that reached globally in 2022.

In 2019, 'Emperador Brandy' won the silver medal in the Distilled San Diego Spirits Competition, while 'Emperador Light' won the bronze medal.

The premium and imported lines, **'Emperador Deluxe Special Reserve'** and **'Emperador Grand Supreme'** are sold exclusively at EDI's retail store.

'Andy Player Whisky', a popular drink in the '80s, was revived in October 2015. The new whisky blend has a unique character, rich aroma and complex taste which include orange marmalade and maple syrup.

'The BaR', was initially launched in 2009. 'The BaR' is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. In 2018, **'The BaR Premium Gin'**, infused with botanicals from Spain that gives it a delicious burst of flavor not found in local gin products, was launched. This world-class premium gin line comes in three variants- Pink, Lime and Premium Dry. In August 2020, **'The BaR Fruity Mix'** was launched as more young Filipino drinkers appreciate light alcoholic beverages, while recognizing the strong Hallyu (Korean Wave) influence as an opportunity to relate to these young drinkers. 'The BaR Fruity Mix' is a fruit-forward and ultralight alcohol that comes in two flavors.

'So Nice' is an ultralight alcohol that gives consumers a refreshing and flavorful drinking experience. This clear, colorless, distilled spirit is available in three variants –green grape, grapefruit and original. It was launched in November 2020 catering to Filipino youth who prefer a lighter drink at an affordable price.

'Smirnoff Mule', a ready-to-drink blend of Smirnoff Vodka, ginger beer, and lime, was launched on April 28, 2015. It is known as 'Mule' because of its premium vodka, ginger beer and lime, creating a ginger kick effect. The "Stubbornly Refreshing" drink is being manufactured and distributed in the Philippines, under license from Diageo North America, Inc. To date, Smirnoff Mule is the number one product in the ready-to-drink category.

'Charles & James Light' is a light blended whisky that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light, specifically made for the Filipino palate. Charles & James is a stepping stone to the world of whisky.

'Zabana Philippine Rum' is an award-winning brand of rums created by Filipino master blenders from the purest sugarcane sourced across the country. Its rums range from the entry level **'Zabana 8'** and **'Blanco'**, mid-level **'Zabana XO'** and **'Zabana White'** premium **'Zabana Small Batch Tropical Spiced'**, **'Sherry Oak Cask'** and **'1997'** to ultra-premium **'Zabana Single Barrel'**. Over the years, these rums have accumulated a number of recognition from award-giving bodies such as Cathay Pacific Hong Kong International Wine & Spirit Competition, International Spirits Challenge, Monde Selection and SIP Awards .

EDI also imports and distributes the Group's products from the distilleries in Spain and Scotland. In 2015, EDI introduced its Scotch Whisky variants in the local market in the local market. It also began distributing 'Fundador Brandy', the Philippine best-selling imported premium brandy, in March 2016 and launched locally 'Tres Cepas Light' in December 2016, EDI also started distributing 'Harveys Bristol Cream' and the newly developed **'Fundador Double Light'** in 2017.

EDI also distributes '**Pik-Nik**' brand shoestring potato snacks and **Ernest and Julio Gallo wines**. The '**Pik-Nik**' brand is owned by AGI Group. Another brand owned by AGI Group that EDI distributes locally is '**The New York Club No.1 Vodka**' which is being produced and bottled in the USA. This vodka is so crisp, so clean, so smooth. It is distilled six times from the finest ingredients for that extra smoothness, and filtered to perfection, making a versatile drink for every occasion.

From **Bodegas Fundador**, the following iconic brands manufactured and distributed from Spain are under EMI Group beginning March 1, 2016:

'**Fundador**' is a Brandy de Jerez, from the brandy capital of Spain. Fundador means the 'founder', as it was the first Spanish brandy to be marketed, this happened in 1874 by Pedro Domecq Loustau. It is sold in over 70 countries worldwide, including the Philippines. The brand has an excellent range ending with the high premium brand '**Fundador Exclusivo**' and '**Sherry Cask Collection – The Fundador Supremo**', a Solera Gran Reserva Collection aged in our Sherry Cask, unique in the world and which has belonged to our winery for centuries. The 'Sherry Cask Collection by Fundador Supremo' reveals the depth of the most luxurious flavours provided by time in wood, thus creating an Ultra-Premium category Brandy. The ageing in Sherry Casks, unique in the world and of very high value, which have contained very old Oloroso, Amontillado or Pedro Ximénez, give the brand the exclusivity and originality it deserves. After almost 40 years, its image and liquid were refreshed in 2021 through a simultaneous launch in Spain, UK, Italy, México and USA, whose result is Brandy perfect to drink neat or mix with Cola, a perfect serve elaboration created by Simone Caporale and Marc Álvarez from SIPS Drinkery House (#37 in The World's 50 Best Bars).

A huge list of awards from 2016, since the collection was launched has been successfully delivered year after year, particularly for 'Fundador Supremo 15 YO', and 'Fundador Supremo 18YO'. 'Fundador Supremo 18 YO Oloroso' was awarded with the Platinum Medal at the 2021 SFWSC, the only Brandy de Jerez awarded with a Platinum Medal. This amount of recognition reinforces the quality and the know-how of this particular expressions.

'**Fundador Light**' is currently the best-selling 'Fundador' in the Philippines, having a balanced and clean aroma with a fragrance of wood seasoned sherry and a smooth light taste of brandy from our cellars in Jerez. '**Fundador Double Light**' is an exceptional spirit from sherry casks in our cellars in Jerez, Spain. It guarantees double smoothness and double satisfaction in every bottle with a lower alcohol-by-volume of 25.8% compared to 28% of 'Fundador Light'. It has a double ageing profile and character that is an effect of the double casks.

'**Fundador Double Wood**' is a Brandy de Jerez Solera Reserve, inspired by the brandies originally crafted in the 19th century, where the prolonged aging makes the holandas acquire the most important and unique characteristics of wood. '**Fundador Triple Wood**' is a Brandy de Jerez Solera Gran Reserva obtained through a very long ageing process that triples the standards of brandy production. A unique expression that reveals the depth of the elements contributed by the wood to a powerful bouquet from the long periods of aging.

'**Terry Centenario**' is the largest brandy in Spain. Centenario means 'centenary', and it evokes the change to the twentieth century when the Terry family started producing brandies in its bodegas in Puerto de Santa María. It is a premium and distinguished brand with the iconic net and the unique logo of the Terry Horse. 'Terry Centenario' is the leading brand of the Brandy Category in Spain, with 25.5% market share, twice the share of the second best-selling in the category (Nielsen MAT 2022).

'**Terry White**', a new expression, a new category, a new Classic "White Brandy" was born in 2017 to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, this disruptive concept was launched to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

'**Tres Cepas**' is a market leader in Equatorial Guinea. In the beginning Domecq had three brands, Una Cepa (One vine), Dos Cepas (Two vines) and Tres Cepas (Three vines), that were in increasing order of quality and age. It is a premium brand result of a special selection of wines distilled and aged in sherry oak casks by the traditional Criadera and Solera system. In 1902, the brand 'Tres Cepas' was launched in the market and became a successful brand. The year 2016 was the renaissance of the brand in the Philippines, and a special expression of '**Tres Cepas Light**', with a different concept and bottle, was launched in December at a very affordable introductory price. Tres Cepas Spirit is a delicate

selection of wines carefully distilled and aged in Bodegas Fundador's wineries in Jerez, smooth with mineral notes and beautiful amber tones. In 2017, **'Tres Cepas VS'** was launched. It is an ultimate expression, as the master blended and carefully tasted the oldest soleras and selected barrels with special characters and notes to make a unique blend for this Very Special Tres Cepas.

'Harveys' is the number 1 selling Sherry Wine in the world and the leader in the UK (IWSR 2020). It is a recipient of a Double Gold medal award in CWSA in 2018. The CWSA is the biggest and most prestigious wine & spirits competition in Hong Kong. It holds Royal warrant in UK which distinguishes it as the only sherry wine that can be served to the Queen in Buckingham Palace since 1895. It is also the unique Spanish Company that supplies to the Royal Household. This brand was registered in Bristol by the Harvey family in 1886 and was the first cream Sherry to be marketed. **'Harveys Bristol Cream'** is a unique blend of sherries combining the character and body of aged olorosos with the aroma and finesse of finos and amontillados. **'Harveys Bristol Cream®'** is a proprietary blend of three sherry types: Fino, Amontillado and Oloroso, all created from the Palomino grape. "Everyday's A Holiday" with Harveys Bristol Cream®, taken alone or with fruit or used as ingredient to desserts and baking. **'Harveys Very Old Amontillado 30-Year Old V.O.R.S.'** was awarded with an Amontillado Trophy in 2020 by the International Wine Challenge (IWC), by bagging the "The Best Wine in the world" in 2016, while **'Harveys V.O.R.S. Palo Cortado'** was awarded by the IWC with a "Trophy Champion 2020 the Sherry". Also in 2019, the IWSC awarded as "The best Sherry in the world" to **'Harveys Rich Old Oloroso Sherry 30 Year Old V.O.R.S.'** And **'Harveys Pedro Ximenez 30 Year Old V.O.R.S.'** obtain the same year a trophy and gold medal by the IWC. Harveys launched in 2013 an ultimate expression **Signature** by Harveys which is a 12-Year Old Cream Sherry. This product was awarded the gold medal by the SFWSC in 2018.

'Harveys Aperitivo' is a sherry-infused seasonal *tippie*. Exclusive to the UK, 'Aperitivo' comes in two flavors – Pink and Orange. Harveys Orange is a delicious blend of two grape varieties – Palomino and Muscatel – with an aroma of bitter orange, tangerine and aromatic herbs while Pink is made of three grape varieties – Palomino, Muscatel and Tintilla de Rota (a local rare red wine) – and has a subtle aroma of red fruits and flowers.

'Vermut Marinero by Garvey' was launched in Spain in 2021, entering a new unexplored category. This product proposal is very different from other competitors: a red vermouth with a touch of Atlantic salt, elaborated from the most selected sherry wines and characterized by a smoothness and a flavour resulting from the Palomino Fino grape macerated with seaweed. A product totally unique and 100% suited for the aperitif moment.

From the ***Domecq brands of brandies and wines*** come these Mexican brandies, which are also distributed in USA. In Brazil, 'Domecq Brandy' is a strong brand which covers all market in Brazil.

'Presidente' was the first Mexican brandy, launched in 1958. It is produced from a blend of the best grapes of the Hermosillo region of Mexico.

'Presidente Light' is made in Spain and boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

'Don Pedro' has been more than 50 years in the market, launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

'Azteca De Oro' has been more than 36 years in the market. These brands are also distributed in USA.

Scotch whisky is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland using *only* cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

'Distiller of the Year (Scotland)' Whyte and Mackay toasted a remarkable year in 2021.

The award-winning whisky makers' collection now features 3 Single Malt Scotch brands ranked in the top twenty worldwide, by industry authority The IWSR. Worldwide, 'Tamnavulin' and 'Jura' are the #1 and # 2 Fastest Growing Single Malt Scotch brands. In the UK - the home of Scotch Whisky - Jura became the Number 1 Single Malt Brand.

'The Dalmore' continues to enjoy exceptional performance, at the pinnacle of the category. The 'Dalmore Decades' featured a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. The campaign broke records for Sotheby's Asia, achieving \$1.1M at auction. The collection secured prestigious features in Paris, Los Angeles, London, Taipei and Shanghai. The 'Dalmore Decades' set a new standard in luxury spirits marketing, with a boutique in Hainan, elite performance on Tmall and Whyte and Mackay's first Non-Fungible Tokens (NFTs) partnership.

The Dalmore's Richard Paterson, was awarded as Officer of the Order of the British Empire (OBE) by Queen Elizabeth II celebrating his visionary contribution to the industry over the past five decades. The "Most Excellent Order of the British Empire" is an order of British Chivalry created in 1917 by King George V. Titles in the Order are awarded to members of the public for significant contributions in their field of work (Scotch Whisky Industry). The Dalmore Master Whisky Maker Gregg Glass was awarded the honor of Distiller of the Year, Scotland, by the prestigious Icons of Whisky Awards 2023 (Awarded December 2022).

WMG offers Single Malt and Blended Scotch whiskies, liqueurs and vodkas, under the following key brands:

'The Dalmore Single Malt Scotch Whisky' sits at the apex of the category in which it competes. It is positioned as a luxury brand. The Dalmore's powerful stag emblem is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying 'royalty'. The Mackenzie family ran the Dalmore distillery from the mid 1800's until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world. **'The Dalmore Principal Collection'** consists of six expressions positioned as Accessible (The 12, Port Wood Reserve, The 15, Cigar Malt Reserve, The 18, King Alexander III) and Aspirational (The 25). Positioned at the apex is **'The Dalmore Constellation Collection'** which is a rare ensemble of unique vintage single malts from the Highland distillery and the **'Dalmore Decades'**, a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. 'The Dalmore' is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store. The rare and aged collection includes The Dalmore 20 Year Old, The Dalmore 21 Year Old, The Dalmore 30 Year Old, The Dalmore 35 Year Old, The Dalmore 40 Year Old, The Dalmore 45 Year Old, The Dalmore 50 Year Old and The Dalmore 60 Year Old.

'The Dalmore Quintessence' is the first and only single malt whisky in the world with five red wine cask finish. Master Distiller Richard Paterson travelled to California to hand select the five different casks in which this exceptional whisky would be matured; Zinfandel, Pinot Noir, Syrah, Merlot and Cabernet Sauvignon, each bringing their individual nuances to create a totally unique single malt. **The Dalmore Port Wood Reserve** was released in 2018 as an addition to the Core Range.

'The Dalmore 12 Year Old Sherry Cask Select' is the latest addition to The Dalmore's award-winning Principal Collection and an elegant evolution of the distillery's legendary house style. The new offering from the Highland Single Malt maker celebrates the inextricable affinity between The Dalmore and sherry. It is an exquisite union of the finest oak, and a unique blend of rare and aged sherry, born from an enduring passion to create exceptional single malts that honour the sanctity of the cask

'Jura Single Malt Scotch Whisky' is a premium Scotch whisky that is considered an accessible single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon a captivating island environment and its *"A long way from ordinary"* banner encapsulates the very special nature of this island single malt.

'Jura 12 Years' is an Asian exclusive. A modern classic aged 12 years. Reassuringly rich with sherry sweetness. Matured in American white oak ex-bourbon barrels for 12 years and finished in Oloroso

Sherry casks from Jerez, Spain. This 12-year old has refined succulent tropical aromas of chocolate, walnut, and citrus fruit. **'Jura 12 Sherry Cask'** is an Asian exclusive, initially launched in Taiwan. Casks are hand selected from Jerez for the very best Sherry casks. A full finish in our Oloroso Sherry combine well with our Jura Spirit and account for 75% of the balanced flavour of our Jura Sherry Cask. It is rich, fruity, and vibrant - with notes of chocolate, almond, and ripe plum. '

'Tamnavulin Single Malt Scotch whisky' was launched in 2016, initially in the UK. The Tamnavulin Distillery was built in 1966 and was acquired by WMG in 1993. 'Tamnavulin' is the epitome of a Speyside malt; rich, smooth, elegant and refreshing. Tamnavulin is the Gaelic translation for 'Mill on the Hill,' named in part after the 16th century woollen mill which sits on the site of the distillery. This Speyside is double cask. Matured in American Oak Barrels and finished in Amoroso Oloroso Sherry casks for a rich, full-bodied, sweet and mellow taste. EDI started distributing this product in the Philippines in 2018. **'Tamnavulin Single Malt Scotch Whisky Vintage Collection'**, a rare range with expressions from the years 2000, 1979, 1973 and 1970, together with a new Tempranillo finish was launched in 2018 for Global Travel Retail. **'Tamnavulin Sherry Cask Edition'** is matured in American Oak Barrels and enhanced by a finesse in three different sherry casks. This classic revelation from the Speyside Valley is marked with notes of vanilla pod, glazed nectarines, and hints of sticky toffee pudding.

'Fettercairn' comes from Fettercairn Distillery which was founded in 1824 and acquired by WMG in 1973. The arch and the unicorn are two symbols that are heavily associated with the long history of the Fettercairn Distillery. This distillery has huge potential and over the coming years the range and distribution will be expanded. **'Fettercairn Single Malt'** was re-launched in 2018 with a new packaging with the lead expression 12year old supported by a 28year old, a 40year old, and a 50year old, all four showcasing the iconic unicorn symbol. New expressions of 16 year old and 22 year old were successfully launched in 2020.

'Fettercairn 22 Years Old' (ABV 47%). Matured for 22 years in first fill American ex-bourbon casks, this single malt showcases the signature tropical character of pear and caramelized orange derived from the ingenious copper cooling ring distillation process unique to Fettercairn, setting it apart from other single malt distilleries by drenching the stills in crystal clear mountain water to ensure only the purest vapours rise to create the new make spirit.

'Whyte and Mackay Blended Scotch Whisky' is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, a new innovative product, **'Whyte & Mackay Light'**, was launched in the UK to allow consumers to enjoy a great whisky taste whilst consuming lower units of alcohol. At 21.5% ABV, this product was a first in the UK and received widespread acclaim for quality and for the important messaging it represents. This new lighter spirit drink has been enriched by sweet Sherry casks and freshly emptied Bourbon barrels and tastes great – smooth with a subtle hint of smoke and perfectly enjoyed straight over ice, or with your favorite mixer.

'Woodsman Blended Scotch Whisky' was launched in 2018 as a more contemporary proposition for younger consumers. It was designed to work well with mixers and with its modern bottle design, it has attracted new consumers into the Blended Scotch market.

'Shackleton' is a new Blended Malt brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte and Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic Expedition. It has hints of vanilla, ginger and licorice on the nose, with a taste of on solid sugar, manuka honey and dried pineapples, and a whisper of bonfire smoke in the finish.

John Barr, Cluny and Claymore are all blended Scotch whiskies, a combination of malt whiskies and grain whiskies from a number of different distilleries.

'Glayva', a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor.

Vendors may sell the products at higher or lower prices than EDI's suggested retail prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price

of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.



MEG

Megaworld’s pioneering “live-work-play-learn” concept for integrated mixed-use communities, or commonly known as townships in the Philippines, has enabled it to launch more than 741 residential developments, 74 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts. “Townships” integrate lifestyle convenience of having high quality residences in close proximity to office, commercial, educational, and leisure and entertainment facilities. The strategy is to lease all commercial and retail properties and sell all residential units. In instances where residential units are not all sold out upon completion of the project, Megaworld rents out these unsold units on a lease-to-own basis or lease with an option to buy.

A description of each of the group’s 30 townships follows.



1. **Eastwood City** is the first township to implement the Company's "live-work-play-learn" concept. Its 18.50-hectare community property in Libis, Quezon City is the country's first IT park and the first to be granted special economic zone status for information technology by PEZA. It has residential condominium towers, corporate office buildings, a lifestyle mall, retail and commercial centers, and the home of the homegrown hotel brand 'Richmonde' Hotel.
2. **Forbes Town Center** is located in a 5-hectare land in Bonifacio Global City, Taguig, Metro Manila adjacent to the Manila Golf Club, Manila Golf and Country Club, the prestigious Forbes Park residential subdivision and Dasmariñas Village. Forbes Town has 12 condominiums and The township's most notable feature is its retail strip along Forbestown Road, which contains around 40 restaurants and stores and is connected to Burgos Park, another Fort Bonifacio landmark. The first piece of public art to be installed in the Bonifacio Global City area is a sculpture by Reynato Paz Contreras titled The Trees, located in the park's center.
3. **McKinley Hill** is located on approximately 50 hectares of land in Fort Bonifacio, Taguig City, Metro Manila and Megaworld's biggest township in the Fort Bonifacio area. It offers a completely integrated "live-work-play-learn" lifestyle by combining its affluent and exclusive apartments, premium-grade office buildings, and top-notch dining and recreational spaces. It is the location of a bustling commercial district that is comprised of more than ninety different multinational firms, numerous prestigious international schools, and the embassies of a number of different countries, including the Republic of Korea, Italy, the United Arab Emirates, and the United Kingdom.
4. **Newport City** is a township located on 25 hectares of land at the Villamor Air Base, Pasay City, Metro Manila, across the NAIA Terminal 3 and adjacent to the Villamor golf course. It targets tenants and buyers who consider proximity to the NAIA Terminal 3 an advantage. Newport city is home to **Newport World Resorts** which is a fully integrated leisure and entertainment complex renowned for its first-class gaming facilities, restaurants, world-class hotels and upscale shopping outlets. It hosts the international hotel brands such as: Manila Marriott Hotel, , Holiday Inn Express Manila Hotel, Hilton Manila, Sheraton Manila and Okura Manila under Travellers; and Belmont Luxury Hotel and Savoy Hotel which are condotel projects of Megaworld. Newport City also features Travellers' Marriott Grand Ballroom, a meetings, incentives, conventions and exhibitions facility. Newport City is registered with PEZA as a Cyber Tourism Special Economic Zone.
5. **Uptown Bonifacio** is an approximately 15.4-hectare property in Fort Bonifacio in Taguig City, Metro Manila. Modeled after the most progressive cities around the world- Paris, London, Milan, New York and Tokyo, Uptown Bonifacio is comprised of a residential portion in the northern part of Fort Bonifacio, and a portion for mixed-use, comprising office and retail space. It currently has 3 fully constructed residential towers, with a fourth one under construction. Its sprawl includes office towers that house several multinational companies. It also houses the multi-awarded lifestyle mall, Uptown Mall, famous because of its water feature. The township also sits at the forefront of the rapidly developing north side of Fort Bonifacio, with plans to construct the Skytrain – a monorail connecting the township to the MRT, as well as a site of one of the stations of the Mega Manila subway.
6. **McKinley West** is a township being developed on a 34.5-hectare property in Fort Bonifacio which is directly beside Forbes Park and Manila Polo Club and adjacent to McKinley Hill in Taguig, Metro Manila. The development of McKinley West is another joint venture undertaking with BCDA. McKinley West features of ultra-luxurious residential estates in its "Billionaire's Row" with St. Moritz Private Estate, The Albany Luxury Residences and Park McKinley West, all equipped with state-of- the-art security features and first-of-its-kind luxury amenities. The township has rows of premium grade office buildings and pocket lifestyle hubs, including Mckinley Whisky Park, Asia's first and largest outdoor whisky park, which houses drinks by Emperador. These will all be complemented by open spaces and lush greenery. Ingress and egress points of the estate are conveniently located along Lawton Avenue which connects Fort Bonifacio to Pasay City and Makati City. It is also accessible to infrastructures like NAIA and the future site of the Metro Manila Subway.
7. **The Mactan Newtown**, Megaworld's first township venture outside Luzon, is a mixed-use development situated on a 30-hectare property near Shangri-La's Mactan Resort and Spa in

Mactan, Cebu. This has its own beachfront and combines high-end office towers, luxury condominiums, leisure amenities, retail shops, a school, and upscale hotels. It will also have its own exclusive beach club at the township's beachfront, and sports facilities at the 11-hectare beachfront property formerly known as Portofino Beach. Inside the township, a 1.4 hectare man-made lagoon will be built, with floating boardwalks and a bridge connecting both sides of a soon-to-rise beach mall. The lagoon will also be a venue for future water sports activities such as jet skiing, wakeboarding, stand-up paddling, and boating, all within a man-made shoreline at its perimeter. It is also approximately 10-minutes away from the Mactan-Cebu International Airport, making the township ideal for residence, business or leisure.

8. **Iloilo Business Park** is a mixed-planned community in a 72-hectare property in Mandurriao, Iloilo. Upon completion, it will be a mixed-use business, tourism, commercial and residential hub with a residential community, BPO office buildings, hotels, a convention centre, retail centres and a lifestyle centre. The entire Iloilo Business Park development was registered as a special economic zone with the Government. It also features The Street of Festive Walk, a 1.1-kilometre retail strip inspired by outlet shops in America and envisioned to be one of the longest shop-and-dine streets outside of Metro Manila. Iloilo Business Park has launched five residential condominium developments to date — One Madison Place Luxury Residence, Lafayette Park Square, The Palladium, the tallest building in the region at 22 storeys high, Saint Dominique and Saint Honore. It's also fastly becoming a major arts location, being the site of the largest convention center in Western Visayas - Iloilo Convention Center, the Iloilo Museum of Contemporary Arts (ILOMOCA) and the Brandy Museum inside Casa de Emperador. With Iloilo Business Park, Megaworld aims to transform Western Visayas into the next central district in the region.
9. **ArcoVia City** is envisioned as an environment-friendly community on the 12.3-hectare property located along the C-5 Road in Pasig City. The main "green" feature of the township is the approximately 1,000 trees that will be planted around the development. This greening feature will help provide an outdoor thermal comfort for the future residents, workers, tenants and visitors of the township. Sustainable buildings registered under Leadership in Energy and Environmental Design (LEED) are the standard of office developments in this township, with the first two to rise designed by world-renowned architectural firm Skidmore, Owings & Merrill. Other green features of ArcoVia City include a rainwater catchment facility, a network of bicycle lanes, and wide tree-lined sidewalks. Aside from office towers, the township will have residential condominiums, a lifestyle mall, retail and commercial strips, and open parks. At its centerpiece is the 23-meter high Arco de Emperador, one of Manila's newest tourist attractions.
10. **Davao Park District** is the first township development in Mindanao. It is situated on an 11-hectare property along S.P. Dakudao Loop, Barangay San Antonio, Agdao District, Davao City, which used to be the Lanang Golf and Country Club. The township is envisioned to be Mindanao's new central business district. Also in Davao Park District are the themed residential condominiums that will be built by Suntrust Properties, a wholly-owned subsidiary of Megaworld. The township will also have a lifestyle mall, commercial and retail strips, open parks, a lagoon, and a school. The first office tower to rise is the iconic 15-storey Davao Finance Center.
11. **Suntrust Ecotown**, an ongoing project under Suntrust, will sit on a 350-hectare land in Tanza, Cavite and will be Megaworld's first mixed-use development with an industrial park in the country. The industrial park is the country's first to be accredited by PEZA with lifestyle amenities. It is also positioned to be the major hub for world-class light to medium export-oriented industries, residential, commercial, and institutional establishments in the south. At Suntrust Ecotown, 111 hectares will be allotted for the industrial park. Another 40 hectares is dedicated for the expansion of the industrial park and the integration of lifestyle amenities such as a hotel, commercial and retail hubs, driving range, mini golf course, putting greens, swimming pool, jogging path, basketball and badminton courts, and open parks, and another 200 hectares of future development that may include residential and other recreational facilities.
12. **Boracay Newcoast**, an ongoing project under GERI, is a 150-hectare mixed-use leisure and resort development envisioned to be the next world-class tourism destination in the paradise island. Inside the township are luxury and boutique hotels, including Megaworld's Homegrown Brands: Belmont, Savoy, and the Chancellor Hotel. It will have its own commercial and retail

districts, upscale villas, and an exclusive residential village throughout an estate filled with lush greenery, open spaces, ocean views, and exclusive beachfront access.

13. **Twin Lakes**, an ongoing project under GERI, is a 1,200-hectare mixed-use leisure and resort community in Tagaytay, offering picturesque hill views at the one of its upcoming residential projects - The Vineyard Residences, which spans 177-hectares of natural landscape that offers the perfect view of the famous Taal Volcano and the man-made lake within the estate. The Vineyard will have its own sports club and spa, wedding venue, and the 10-hectare vineyard that will produce real grapes that can be processed, stored, and aged in its very own chateau. The township was established as the Philippines' first vineyard resort community and Tagaytay's first master-planned integrated tourism estate.
14. **Southwoods City** is the largest and only fully-integrated township with a golf course at the south of Metro Manila. The 561-hectare property is a mixed-use development that features the Jack Nicklaus-designed Manila Southwoods Golf and Country Club, a central business district, a mall, schools, a church, and a medical facility, among others. It is conveniently accessible via the South Luzon Expressway. Within Southwoods City is Pahara, a 26-hectare residential village consisting of over 600 lots, each offering a view of the golf course and the Laguna de Bay. This residential village has a Mediterranean-inspired architectural theme with green open spaces and its own clubhouse, swimming pool, function halls, children's playground, an outdoor circuit gym, and parks.
15. **Alabang West** is a 62-hectare township located at the heart of Alabang's leisure, business and commercial district. It delivers the glitz and glamor of Beverly Hills by offering high-end shopping boutiques and world-class amenities, all in a posh neighbourhood. It is easily accessible to and from Metro Manila via the South Luzon Expressway and the Daang Hari Exit. Alabang West has a 1.3-kilometer commercial and retail row inspired by Hollywood's famous Rodeo Drive and an exclusive Alabang West Village. The village will have a clubhouse with badminton and basketball courts, function rooms, game room, a fitness centre, and an infinity pool.
16. **The Upper East** sits on a 34-hectare property in Bacolod City, Negros Occidental and is bound by Burgos Avenue on the north, Lopez Jaena Street on the west, the Circumferential Road on the east, and is just across the New Government Center. Modeled after New York City's Upper East Side district, its prime location is geared to be Bacolod's own version of an upscale lifestyle district where residential condominiums, malls and commercial centres, BPO office towers, tourism and leisure facilities as well as recreational parks and open spaces are integrated to create a "Live-Work-Play" township.
17. **Northhill Gateway** rises in the northern part of Bacolod, where the famous Sugar Road was built. Sitting on a 53-hectare property along the new Circumferential Road on the boundaries of Talisay City and Bacolod City, it has direct access to the new Bacolod-Silay Airport and will have a direct link to The Upper East via the Circumferential Road. Northhill Gateway is envisioned to be a refreshing lifestyle district that will house upscale residential villages, mixed-use office and retail developments, leisure and recreational amenities as well as institutional facilities. Megaworld is constructing a 'commercial town center' on the Bacolod side of the Northhill Gateway township, the Northhill Town Center. This will occupy around 7.5 hectares and will be a sprawling horizontal commercial development composed mostly of stand-alone two-storey structures of retail shops and dining establishments, surrounded by landscaped parks and open spaces. The town centre, which will be accessible along the Bacolod-Silay Airport Access Road, will also have a central plaza, an events venue, 'pasalubong' centres featuring local Negrense delicacies, a supermarket, and wellness and sports facilities.
18. **Sta. Barbara Heights**, a master-planned community of GERI, is a 173-hectare mixed-use development with 34 hectares allocated for residential lots overlooking nearby natural lake and hills in Sta. Barbara Iloilo. The township is adjacent to the historic Santa Barbara Church and Convent and the Iloilo Golf Course and Country Club, the oldest golf course in Asia. Sta. Barbara Heights will have a direct access to the road leading to the Iloilo International Airport via the Iloilo International Avenue, a six-lane "spine" highway featuring rows of mixed-use and commercial buildings, retail shops, restaurants, boutique hotels and institutional facilities. Half of the development is allocated for the Sta. Barbara Heights Residential Estates, a residential village

with three phases offering around 1,000 lots. The village will feature a five-hectare Village Center with amenities that include a 260-meter swimming pool, tennis and basketball courts, children's park and picnic ground overlooking a lake beside the Iloilo Golf and Country Club.

19. **Capital Town Pampanga** is a 35.6-hectare prime property beside the provincial capital of the City of San Fernando, Pampanga and is the first-ever township development of Megaworld in Central and Northern Luzon. It is around 20 kilometres away from Clark International Airport. Its existence then became a catalyst for the exponential growth of the city. Backed by PASUDECO's rich history, culture and heritage, the development of Capital Town will be at the forefront of business and progress as the area enters new phase of growth moving forward while preserving its values.
20. **Westside City** will be the second site Newport World Resorts in the Philippines. The 31-hectare leisure and entertainment township at the Entertainment City in Parañaque will have international hotels, a luxury mall, and residential condominiums. The launch of Westside City marked the Company's 20th integrated urban township, the most by any developer in the country. The township will also be home to upscale residential condominiums, a luxury mall as well as international hotel brands such as The Westin Hotel of the Starwood Asia Pacific Hotels & Resorts Group, Hotel Okura Manila of the Okura Hotels & Resorts, the Genting Grand and Crockfords Tower of the Genting Group and Kingsford Hotel. These hotels will have a total of around 1,500 rooms. Westside City is visioned to become the "Broadway of Asia" as the township highlights facilities for the performing arts and will be home to the Philippines' Grand Opera House that has a total capacity of 3,000.
21. **Maple Grove** is a 140-hectare property in General Trias, Cavite. The property is approximately 45 minutes away from Makati and other Metro Manila CBDs via Coastal Road and Cavitex, Maple Grove is at the entry point of the booming industrial and residential centre of the Cavite-Batangas corridor. The township will have an eclectic mix of residential, retail, office and institutional components.
22. **Eastland Heights**, an ongoing project under GERI, will be an 'integrated lifestyle community' in Antipolo, Rizal on a 640 hectares of land along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. The property has its own iconic 36-hole golf course and country club, which will occupy around 20% of the entire development. It is also known for its rolling terrains on the foot of the scenic Sierra Madre Mountain Range. Aside from the golf course, the community will have residential, commercial and retail, and institutional components such as a school.
23. **The Hamptons Caliraya**, the second 'integrated lifestyle community' under GERI, is located in Lumban-Cavinti, Laguna, surrounding Lake Caliraya. The development will feature leisure and tourism developments including lakeside residential villages and villas, a town center, two 18-hole golf courses and clubhouse, and a Marina Club that offers a wide range of water sports activities such as boating, jet ski and kayaking, as well as a shophouse district and resort hotel district. The development will also be the site of The Hamptons Village, an 11-hectare lakeside residential village that will feature its own marina.
24. **Highland City** is MEG's first team up project with ELI. To be built in a 24-hectare property at the convergence of Cainta, Rizal and Pasig City, this development is envisioned to be the first-ever 'elevated city' in the Philippines. The township will have residential towers on the elevated portion, meant to "evoke a character of a city sitting on highlands". Highland Park will be the highlight of the estate which is an expansive green and open park that will house a church and some retail areas.
25. **Arden Botanical Estate** is a 251-hectare property located at the boundary of Trece Martires and the municipality of Tanza in Cavite, is a joint project of MEG with GERI. Surrounded by natural rivers, it will have several residential and leisure villages, commercial areas, sports and adventure parks, and a mixed-use district. The expansive development, which will be curated to engage and stimulate the senses, will be highlighted by flower garden and green parks. Arden Botanical Village, Megaworld's first upscale residential village in Trece Martires, sold out in June 2020, seven months after its launch.

26. **Lucky Chinatown** is located at the heart of Binondo, the world's oldest Chinatown and is strategically located near Manila's historic and cultural sites such as Intramuros, Manila City Hall, and the National Museum. This 5-hectare property will have residential condominium projects, lifestyle mall, hotel, and a museum that perfectly blends history and modernity.
27. **Paragua Coastown** is a 462-hectare 'eco-tourism township' in the laidback, charming beach town of San Vicente, Palawan. Launched in December 2021, it will be highlighted by some of the island's most beautiful natural spots and by facilities that encourage a holistic lifestyle, a cultural center, and even a mangrove reserve park. It is also poised to become a true haven for families, couples, and individuals seeking a more mindful and eco-friendly way of life.
28. **Northwin Global City** is an 85-hectare property located just 20 kilometers north of Metro Manila along NLEX and is set to become Bulacan's first-ever metropolitan hub for business and lifestyle, characterized by its own themed commercial district, high-rise residential condominiums, hotels, malls, mixed-use commercial buildings, educational institutions, and state-of-the-art office towers. Touted as the 'global business district', Northwin Global City will also carry Megaworld's iTownship features, such as the installation of solar-powered and LED streetlights, underground cabling system, fiber optic cabling, bike lands, storm water detention facility for flood prevention, intermodal transport terminal, and other sustainable infrastructure for mobility and connectivity.
29. **Winford Resort Estate** is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. Its buildings will be characterized by rich aesthetics, with intricate details of French Renaissance, Neo-Classical and Art Deco Architectures. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.
30. **Sherwood Hills** is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills Golf and Country Club. The project has been masterfully designed to blossom together with its surrounding landscape, with 40% of the entire village being allocated for green and open spaces, including verdant thematic parks.

The GERI group has a diversified real estate inventory including residential and commercial lots, residential condominium units, condominium hotel units, and golf club shares. It has eight integrated tourism developments across the country covering more than 3,300 hectares of land. Its property developments include the following:

1. **Boracay Newcoast** is the first and only tourism estate development with world-class resort offerings in the northeast side of Boracay. It sits on 150-hectare of land and will house a private residential village, specialty boutique hotels, shop houses and a massive commercial center called Newcoast Station and international hotel brands. Its Fairways & Bluewater Newcoast, a premier luxury eco-friendly vacation hotel, has over 250 well-appointed guestrooms, each with a spectacular view of an 18-hole par-72 golf course, the only one in the island. Fairways & Bluewater Newcoast features three private white sand beach coves. (See under Townships)
2. **Twin Lakes** is the first and only vineyard resort community in the Philippines, located in the rolling terrains of Tagaytay overlooking the world-famous Taal Lake. The master-planned integrated tourism estate that sits on a 1,200-hectare property will feature real vineyard and chateaus, residential condominiums and villages, hotels, nature park as well as commercial and retail hubs. (See under Townships)
3. **Sta. Barbara Heights** is a vast township rising on a 173-hectare property beside the Sta. Barbara Golf Course, known as Asia's oldest golf course, located in Sta. Barbara, Iloilo. (See under Townships)
4. **Southwoods City** is a 561-hectare mixed-use development with golf course situated on the boundaries of Biñan, Laguna and Carmona, Cavite. (See under Townships).
5. **Alabang West** is a 62-hectare residential and commercial development in Las Piñas City. (See under Townships)
6. **Eastland Heights** is a 640-hectare township development along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. (See under Townships)

7. **The Hamptons Caliraya** is a 300-hectare sprawling community surrounding Lake Caliraya in Lumban-Cavinti, Laguna. The Hamptons Village is a high-end residential area with 112 lots ranging from 504-1281 sqm.(See under Townships)
8. **Arden Botanical Estate** is a 251-hectare property in Trece and Tanza, Cavite that will be highlighted by flower farms and gardens. **The Lindgren** is a 17-hectare residential village offering lots ranging from 159sqm to 252sqm. (See under Townships)
9. **Mountain Meadows** is 260-hectare residential subdivision in Cagayan de Oro with a 4-hectare commercial area at the entrance of the project.
10. **Newport Hills** is a 127-hectare integrated residential and golf development in Lian, Batangas.

ELI's real estate portfolio is composed of multi-cluster mid- to high-rise condominium projects and multi-phase subdivision developments in key locations in Metro Manila and the South. ELI set the trend for transit-oriented developments ("TOD") where condominium communities are directly linked to mass-transit systems for faster and more efficient mobility in the metro. ELI's portfolio also includes ready-for-occupancy ("RFO") units available in its various high-rise development projects in Metro Manila. These include the following:

1. **Laguna BelAir** is ELI's flagship township project located outside of Metro Manila. The 156-hectare horizontal development in Sta. Rosa, Laguna is a complete community setting featuring several residential phases with American-inspired homes, commercial blocks, recreational amenity zones, a science-oriented school and a parish church. The project has spearheaded various residential and commercial developments in Santa Rosa City which is now dubbed as the "New Makati City of the South."
2. **The Sonoma** is the second township project outside Metro Manila. It is a 50-hectare horizontal development in Sta. Rosa City, Laguna that features Asian Modern-inspired homes. The community is centered by a five-star clubhouse complete with luxurious swimming pools, open courts, function rooms and other recreational facilities. Towards the main gate of the development is 1433 West Row, a retail strip that will feature high-end shops, restaurants and other establishments. The four residential land development phases, namely, Enclave, Country Club, Pavilion and Esplanade, have been completed and are now nearly sold out.
3. **The Cambridge Village** along East Bank Road in Pasig-Cainta boundary, is an 8-hectare micro-city community development All 37 towers of 6-10 levels have been completed and are now nearly sold out.
4. **The Rochester**, a tropical-inspired urban resort community at Elisco Road, San Joaquin, Pasig City, will have seven Asian Modern towers set to rise on a 3-hectare property. Because of its proximity to the C5 Road and Kalayaan Avenue intersection, it is highly accessible to the Bonifacio Global City. The low-rise Garden Villas 1 and 2, mid-rise Breeze Tower and Parklane Towers, Palmridge Tower and Hillcrest Tower have been turned over. The residents of the RFO towers are currently enjoying the clubhouse with function areas, min-bar, fitness gym, 25-meter lap pool, kiddie pool and a multi- purpose court. The final tower, Bridgeview, is nearing completion with a few units left on its inventory.
5. **San Lorenzo Place** is a luxurious 4-tower high-rise development on a 1.33-hectare property along EDSA corner Chino Roces Avenue, Makati City standing on a podium with an upscale shopping mall directly linked to MRT-3 Magallanes station. The project offers an unparalleled luxurious city lifestyle in the Makati CBD with high-end amenities such as swimming pools, tennis court, fitness gym, jogging paths, gardens, function room, daycare center and clubhouse at the sixth level. All four towers were completed and sold out.
6. **Pioneer Woodlands** is a prime 1.27-hectare development and is one of Metro manila's highly coveted TOD addresses that offers a transit-oriented lifestyle to its residents as it is connected directly to MRT-3 Boni station. It is located along EDSA corner Pioneer Street in Mandaluyong City, providing premium mobility and accessibility to the "Big 3" CBDs of Makati, Ortigas and Bonifacio Global City. The project has 6 high-rise towers, recreational amenities at the 5th level, and a two-level retail arcade. Towers 1 to 5 are now sold out and have been turned over, while Tower 6 with few units left is nearing completion.
7. **Little Baguio Terraces** is a 4-tower TOD mid-rise condominium community on an 8,000-square meter property along Aurora Boulevard and N. Domingo Street, San Juan City. This TOD is between Gilmore and J. Ruiz station of LRT-2, offering a quick access to the University Belts in Manila and Quezon City. Amenities at the 3rd level such as lap pool, kiddie pool, jacuzzi, jogging path, playground, fitness gym, daycare center and function area are enjoyed by its residents. Its

four ready-for-occupancy residential towers rise from 15 to 24 levels which are now completely sold out.

8. **Kasara Urban Resort Residences** is a luxurious six-tower resort community located between Eagle Avenue and P. E. Antonio Street near C5 Road in Ugong, Pasig City, features a lake-inspired pool, infinity pools, waterfalls, bubblers and koi ponds, clubhouse with function hall and bar area, multi-purpose court, fitness gym, playground, jogging paths, and greeneries which are all dedicated to almost 60% of this 1.8-hectare property. The project is nearly sold out, with Towers 1 and 2 ready for occupancy, Towers 2 and 5 are nearing turnover and construction of Towers 4 and 6 is ongoing.
9. **Mango Tree Residences** is an exclusive two-tower high-rise community situated on a 3,000-square meter property along M. Paterno and J. Ledesma Streets in San Juan City. Decades-old natural mango trees, landscaped gardens, and hotel-type amenities will all be located at the spacious ground level as the podium parking will be standing on stilts, providing free flow of air and natural sunlight. With only 9 to 12 units per floor and a perfect mix of executive studio, 1-to-2 bedroom suites and penthouse units, residents are ensured of ultimate privacy and exclusivity. Full-swing construction is underway for both the 38-level West Residences and 34-level East Residences.
10. **Covent Garden** is a two-tower Transit-Oriented Development on a 5,036-sqm property located along Santol Street Extension in Santa Mesa, Manila walking distance to LRT-2 V. Mapa station and the Metro Skyway Stage 3 Extension, offering ultimate accessibility to the University Belts in Manila and Quezon City. South Residences has been recently completed and turnover of units to homebuyers is on-going, while construction of North Residences is in full swing. All executive studios and 1-bedroom suites have been sold out while there are a few 2-bedroom suites and bi-level units available..
11. **The Paddington Place** is a four-tower Transit-Oriented Development on a 8,700 sqm property along Shaw Boulevard, Mandaluyong City, an easy walk towards the MRT-3 Shaw Boulevard station and the Ortigas CBD across EDSA. The four towers standing up to 45 floors will be built on a podium structure that houses a two-level lifestyle mall dubbed as "The Pad" where daily conveniences such as restaurants, groceries and other retail establishments will be available. Amenities including swimming pools, garden decks, indoor playroom, function halls and fitness gyms can be enjoyed by the residents at 7th and 8th levels. The project's marketability is proven by the fast moving inventory of Towers 1,2 and 3. Full-swing construction has also commenced and the first residential tower is scheduled to be completed within 4 to 6 years..
12. **Empire East Highland City**, ELI's largest development in scale to-date, is a 22.8-hectare elevated sustainable township along Felix Avenue at the boundary of Pasig City and Cainta, Rizal. It is accessible to LRT-2 Marikina Station and the upcoming MRT-4 Cainta Junction Station. The project features an 8,000-sqm Highland Park hosting lush greeneries, church and a 58,000-sqm Highland Mall. On the much elevated side is the 37-tower condominium complex called Highland Residences and an exclusive 6,700-sqm recreation hub called The Chartered Club. The Towers 1 to 4 of Arcadia, the first residential phase, are nearly sold out, and Empire is set to launch new towers in the second phase called Bellara.(See under Townships)
13. **South Science Park** is a 58-hectare mixed-used development in Gimalas, Balayan, Batangas in Southern Luzon region.

SPI's projects provide affordable homes in well-planned and secured community developments. Its communities feature commercial centers, clubhouses and other amenities, schools and 24-hour security. These include the following:

Cavite

1. **Cybergreens** is a one-of-a-kind community in Cavite that offers a perfect balance of modern convenience and nature. It is a community with broadband-ready garden villa and where residents can go online outdoors via Wi-Fi access. This 123,123 sqm. community is already sold out.
2. **Cyberville** is located inside Sunrise Hills Subdivision in Brgy. Santiago General Trias, Cavite, this 20.06-hectare modern community is equipped with family-friendly amenities like flower, botanical and rock gardens, playgrounds, court and a clubhouse where residents can celebrate their intimate family affairs.
3. **The Gentri Heights** offers modern-Asian homes in a 41.33-hectare property in General Trias, Cavite, neighbored by first-rate schools, business hubs, churches and top industrial zones
4. **Governor's Hills** is a Californian-Mediterranean-style homes with choices such as Jazmine, Sophia, Ysabella, Katrina and Casa Verona that also comes with beautiful amenities. Governor's

Hills also offers good education for students through its very own Governor's Hills Science School. This 89-hectare community offers nine villages, situated in Biclatan, General Trias, Cavite.

5. **Rivabella** is a 3-hectare landscape community located in Sherwood Hills beside the golf clubhouse in Trece Martirez, Cavite that makes use of an Italian concept for its spacious, well-designed homes. This is already sold out.
6. **Suntrust Verona** is located in Silang, Cavite which is inspired by its namesake, the Italian City of Verona. It is a 63-hectare enclave that is made up of three residential phases and showcases a variety of single-detached duplex homes-all exquisitely designed and embraced by lush nature spaces.
7. **Washington Place**, a 40-hectare prime property along Aguinaldo Highway in Dasmariñas, Cavite that boasts of modern-themed architectural designs with two basketball courts and serenity garden.

Laguna

8. **Suntrust Sentosa** is a two-phased residence in 21.8-hectare lot in Calamba City, Laguna that is inspired by the popular island resort in Singapore. It boasts not only one but two Merlion replicas in its community façade.
9. **Sta. Rosa Heights** is composed of Spanish –themed homes that also comes with a 20,030-square meter leisure area that includes a clubhouse named Vista del Santa Rosa, Lagoon type pool, basketball court, jogging lanes and children's playground. It is sold out.
10. **Sta. Rosa Hills**, a 7-hectare property, is sold out.
11. **The Mandara** is a 14-hectare Asian-inspired community near Tagaytay that transforms into a gateway leading to the best of Sta. Rosa, Laguna. It is already sold out.
12. **San Francisco Heights**, a 23.46-hectare Mediterranean-inspired community. Its breathtaking amenities inspired by the wonders of San Francisco, California. It is situated in Calamba, Laguna..
13. **Gran Avila** is the latest economic housing project in Calamba, Laguna. It encompasses 16.25 hectares of modern-themed development divided into five phases.

Batangas

14. **Siena Hills** is a 51-hectare Italian-themed community that's peacefully nestled in Lipa City.
15. **Avila Heights** is a townhouse community situated in 7,500 sqm property in Sto. Tomas, Batangas.

Pampanga

16. **The Arcadia** is a 22.6-hectare property located at Porac, Pampanga. Equipped with numerous nearby destinations that cater to your business, educational, or leisure needs, this residential community is ready to be Pampanga's home of the future. Marvel at the luxurious and pristine countryside living through its modern contemporary homes and resort-inspired amenities that will surely suit your lifestyle.

Negros Occ.

17. **The Fountain Grove** is a 24.52 hectare residential enclave with perfect balance between contemporary design and lush nature, located inside Northhill Gateway in Talisay City (see Townships).
18. **La Riviera** is a 23.55-hectare property along the Western Nautical Highway in Barangay Tinampayan, Cadiz City, Negros Occidental. The project is envisioned to be a prime mixed-used residential community.

Tagum

19. **The Palm City** is rising soon a 27.7-hectare property in Tagum. It offers carefree yet sophisticated lifestyle as if you are on a vacation all year round.

Davao City

20. **One Lakeshore Drive** is a condominium in Davao City that brings together the serenity of a lifestyle by the lake and the vitality of Mindanao's first-ever live-work-play-learn township, the Davao Park District (see Townships). Rising soon is **Two Lakeshore Drive** and **The Eastpark Residences** as well.

Baguio City

21. **Suntrust 88 Gibraltar** is Mediterranean inspired condo-homes situated in the heart of the country's Summer Capital, and is already sold out.
22. **The Mist Residence** gifted with multitude of charming and profound beauty with a scenic view on a 2,499.48 sqm lot in Bakakeng Central, Baguio City.
23. **The Sofia Terraces** is the latest project of Suntrust in Baguio City. Elevated in a sloped terrain, it paints a magnificent picture of the City of Pines, with a panoramic view of the city's mesmerizing lights in the nighttime, and an awe-striking pine tree hillside in the daytime. It has a land area of 3,232 sqm specifically designed to blend in with the terrain, Sofia Terraces will be your own escape

from the bustling city to a picturesque mountainside that puts you at the peak of serenity, and lets you enjoy the weather and misty air of Baguio City, right within your own community.

Metro Manila

24. **Suntrust Treetop Villas**, a 6,122-sqm low-dense community in Mandaluyong City, is sold out.
25. SPI condominiums in Manila namely **Suntrust Adriatico Gardens**, **UN Gardens** and **Suntrust Parkview** are already sold out. **Suntrust Solana** which is a two-tower condominium on a 3,214-sqm lot in Ermita, Manila is a modern contemporary inspired community.
26. **Suntrust Kirana**, a four-tower “ecopolis” on 7,083-sqm property is a *beautiful ray of light* in Pasig City.
27. **Suntrust Shanata** is a 33,421-sqm project of 12-cluster towers in Novaliches, Quezon City.
28. **Suntrust Asmara** is a three-tower condominium community with a low-density design located along E. Rodriguez Avenue, Quezon City on a 8,459 sqm lot.
29. **Suntrust Amadea** is a two-tower condominium project in 4,174.35-sqm in Paligsahan, QC.
30. **Suntrust Capitol Plaza**, a 33-storey tower located in the heart of Diliman, Quezon City, is emerging as a landmark as one of the city’s tallest residential structures. It is designed in the 1920s Palazzo style with a façade enlivened by cornices and corbelled arches and a lobby with a circular foyer with columns and a grand, sweeping staircase.
31. **Suntrust Ascentia** ascends you to a higher standard of quality urban living, letting you live in the middle of the renowned Sta. Ana Manila. This modern contemporary tower is envisioned to rise as a landmark that represents Sta. Ana’s timeless beauty and elegant heritage Inspired by the Filipino traditional motifs of the 1970s, this 5,210 sqm condominium community showcases state-of-the-art amenities and well-crafted units designed for residents’ comfort and convenience.

Travellers

Newport World Resorts (“NWR”, formerly known as Resorts World Manila or RWM), Travellers’ first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming in one grand arena, a one-stop non-stop destination. NWR operates gaming facilities at the Garden Wing, which includes a members-only lifestyle club (Newport Club), with a private gaming area, dining options and other fabulous lifestyle features), and at the Grand Wing and Holiday Inn Express Manila Newport City, with an aggregate area of 63,251 square meters. As of the end of 2022, NWR has 455 casino tables and 2,223 slot machines and 100 electronic gaming machines (EGMs). NWR also features the upscale **Newport Mall** (52 retail stores and food-and beverage outlets with a mix of high-end boutiques and mass market option), **Newport Cinemas**, the 1,700-seat **Newport Performing Arts Theater** (a majestic venue for concerts, plays, musicals and exclusive productions), **the Horizon Center** (which features a training academy and call centers) and hotels.

Five hotels are currently in operation at NWR – i) the five-star 570-room **Marriott Hotel Manila** opened in October 2009, ii) the five-star 357-room **Hilton Manila** opened in October 2018, iii) the five-star 386-room **Sheraton Manila Hotel** opened in January 2019, iv) the mid-range 737-room **Holiday Inn Express Manila Newport City** opened in February 2018 (formerly, Remington Hotel in November 2011) and v) the 190-room **Hotel Okura Manila** opened in December 2021. Outside Metro Manila, **Courtyard by Marriott Iloilo** located in Iloilo Business Park, Iloilo City opened in 2018 and provides an additional of 326 rooms to the Company’s hotel operations.

NWR also boasts of the **Marriott Grand Ballroom**, a MICE venue with a 3,000-square meter pillar-less ballroom. It is a versatile luxury space within Metro Manila and has taken center stage as the preferred venue for conventions and social affairs including internationally acclaimed performances, making full use of the impressive high-tech column-free ballrooms. The facility holds 20 individual meeting rooms and its ballroom features 6 VIP multi-use skyboxes, offering a large array of flexibility in hosting multiple events.

RunWay Manila, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and the Newport City, which the public can use free of charge, opened in April 2017. It stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevator. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day.

Location map of the two RW sites



GADC

McDonald's is one of the world's most recognized brands. All McDonald's restaurants in the Philippines are operated either by GADC or by independent entrepreneurs or franchisees under a sub-franchise agreement or by affiliates under joint venture agreements with GADC. The McDonald's System in the USA is adopted and used in the domestic restaurant operations, with prescribed standards of quality, service and cleanliness. Compliance with these standards is intended to maintain the value and goodwill of the McDonald's brand worldwide.

McDonald's restaurants offer a range of quality products in all its restaurants at value prices, served fresh, hot and fast across all its channels by its friendly and courteous crew and managers, 24/7. The McDonald's menu includes iconic menu items like **Big Mac**, **Quarter Pounder with Cheese**, **Cheeseburger** and **World Famous Fries**, local favorites' that cater to the unique Filipino taste (**Chicken McDo**, **McSpaghetti**, **Burger McDo**) and **McCafe specialty espresso-based coffee** products. The inclusion of local menu items in McDonald's Philippines' menu is designed to appeal to a broad target market across various socio-demographics and age groups.

To continue in surprising and delighting customers, new menu items are introduced either as permanent or limited time menu offers.

Over the years, McDonald's has been at the forefront of the industry in elevating the customer experience by making customer favorites accessible and more convenient to enjoy through relevant innovations in its channels, Digital, Delivery and Drive-Thru. These channels have been key in enabling McDonald's brand to connect with customers at various touchpoints, providing optimal convenience through a modernized experience. With deliberate focus and strategic investments on its channels, McDonald's has ensured relevance with customers amidst rapid changes in customer preference, as well as market and the industry conditions. It is this commitment to consumer relevance that has allowed

the company to survive and even thrive during the pandemic, while setting up the organization for recovery and growth in the future.



Pik-Nik

Pik-Nik is an all-American fresh-fried potato snack line that includes Shoestring Potatoes, cheese balls and cheese curls, potato chips and French-fried onion salty snacks manufactured and distributed internationally from USA by a wholly-owned subsidiary of AGI. Pik-Nik is the market leader in shoestring potato snack in the USA and is made with no preservatives or artificial ingredients. The products are packed in resealable, foil-lined canisters so they stay fresh and crunchy right to the bottom of the can. These canisters, along with the specialized ingredients and production process, give the products excellent shelf life. Pik-Nik has been in the market for over 80 years since it was first introduced in the USA in the 1930s in San Jose, California, and it continues to be the consumers' favorite shoestring snack in the US. Pik-Nik is being manufactured in the USA and sold both in the USA and internationally, with Philippine distribution under EDI.

b.2. Foreign Sales

EMP

EDI local products have established international distribution in at least 61 countries outside the Philippines by end-2021, and working with 70 countries by end-2022.

Bodegas Fundador operates as a global brandy and sherry company. The global brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and USA.

Whyte and Mackay's overriding objective is to operate as a global branded drinks company which delivers sustainable rates of growth and returns that increase overall shareholder value. The Group operates in the UK and increasingly in international markets including the Travel Retail sector. Whyte and Mackay continues to invest across the business for future growth. It maintains a strong level of Strategic Marketing support across its expanding brand portfolio and increased its commercial resources in key disciplines and geographies. Moreover, Whyte and Mackay invested in the assets of the business to improve efficiency and flexibility and has continued to invest in barrels, ensuring its spirit quality remains at the highest levels, and facilities, ensuring availability to meet the increased product demand.

The commercial activities of the beverage alcohol industry globally began reactivating in the second half of 2022 - at the cue of most geographies lifting Covid 19 restrictions. Both on- and off-trade

establishments have reverted to pre-pandemic operations. Travel retail likewise has begun servicing passengers gearing for long overdue overseas trips. Though very late, Mainland China eventually followed suit in the last quarter of 2022.

The group attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local distribution network and, now a global reach.

Map showing EMI group's global reach:



MEG

Foreign sales of real estate products contributed approximately 20% and 15% of Megaworld's consolidated sales and revenues for 2022 and 2021. Foreign sales (see b.3. below) came from North America 53% (37% in 2021), Europe 34% (36% in 2021), Asia 3% (15% in 2021) and Middle East 10% (12% in 2021) through various brokers.

GERI has a broad market base that consists of end-users and investors. It targets the A and B markets with special niche products such as the integrated-tourism estates and integrated lifestyle communities with residential, commercial and leisure components. GERI's sales to foreign market accounted for 4% and 8% of GERI's consolidated real estate sales for the years 2022 and 2021, respectively.

ELI has minimal foreign sales.

Travellers

Based on Travellers' rated members (those members with gaming activity), the principal foreign market consistently contributing for 2021 were from Korea, China and Malaysia. In addition to these three, foreign guests in NWR hotels came from United States, China, Korea, Singapore, Thailand, Japan, Canada, Malaysia, Taiwan and Australia.

Pik-Nik

Pik-Nik products are being sold locally in USA and exported to other countries. The domestic volume in the USA increased by around 64% as compared to a decreased by 8% in 2021, which was attributed to increase in average weekly container shipments. Midwest is still the strongest market in the US, followed closely by Southeast, Texas and Southwest. Consumers continuously work from home and stay at home with their families resulting in steady increase in snack food purchases. International sales outside the USA went up by about 70% as compared to a decline of 3% in 2021 as Pik-Nik experienced a decline in export sales due to vessel capacity and equipment shortages.

b.3. Distribution Methods

EMI

EMI's products are distributed in at least 102 countries globally. Products are sold through general trade, modern trade, on-premise, self-owned stores and online platforms. Promotion strategy depends upon the brand and considers price, communication, and promotional activities.

EDI has a nationwide distribution network operated through sales offices and distribution outlets strategically located in the country that provides it with a distinct competitive advantage. EDI builds its on-premise sales operations to expand its market to hotels and restaurant businesses in the Philippines, given the expansion of its pouring brands and world class brands. Marketing has also expanded outside the traditional platforms to reach into the digital space platform. Considering the shift in purchasing behavior during the pandemic, EDI also made its products available in different e-commerce channels such as Lazada, Shopee and Panda Mart, to name a few. 'Emperador' has established international distribution to at least 70 countries outside the Philippines by end-2022.

Bodegas Fundador has a small team that sells to distributors around the world. It partners with the best players in the distribution market, having long term agreements with country and regional wine and spirit distributors in place. EDI distributes 'Fundador' products in the Philippines, while Whyte and Mackay distributes in UK and Canada. This combination assures a deep sell-out market presence around the world.

In January 2022, Asia's first-ever brandy museum opened its doors in Iloilo City. It is an immersive museum where visitors will have a unique journey of senses through a faithful recreation of the Fundador bodega in Spain. The tour is capped at the museum cafe where guests can enjoy the barista's take on popular beverages spiked with Emperador Coffee Brandy.

In December 2022, the first outdoor liquor park of its kind in Asia opened in McKinley West in Taguig City, near Forbes Park. The 4,000sqm McKinley Whisky Park is bringing a whole new whisky experience to patrons through a curated selection of whisky products and concoctions, along with a wide array of food choices, games, and entertainment that could be enjoyed in an open-air setting.

The WMG business has a strong, international Route to Market. In UK, a dedicated sales team covers all trade channels and customers. It also has a dedicated Global Travel Retail team which manages its brands in a channel that is critical for single malt whisky equity building and sales. In other markets Whyte and Mackay has established a network of distribution partners that represent the brands in each territory. The goal is to develop long term partnerships with a strong local distributor in every market, with selection based on strength and commitment in the channels offering the greatest opportunity in each market.

The Group focused on the different core positioning of each product range that have specific target consumers, using a combination of digital and traditional marketing approaches.

MEG

Property units are pre-sold prior to project completion, and often prior to start of construction, at various payment schemes, with down payment plans ranging from 50% to zero down payment. A typical payment scheme includes progressive payments over the period in advance of property construction, including a balloon payment to coincide with buyers' expected cash flows. ELI offers interest-free schemes. Postdated checks are collected to cover the entire purchase price based on an amortization schedule. Transfer of title to the property occurs only when all payments have been received.

Each project has an in-house marketing and sales division which is staffed by a trained group of property consultants who exclusively market MEG's projects. All property consultants are trained prior to selling and provided with skills enhancement program intended to further develop them into high-caliber marketing professionals. Property consultants are required to meet the set criteria. There are also outside agents who compete directly with the in-house personnel. Marketing services staff are also employed to provide auxiliary services for sales and promotional activities; they are also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division. An international marketing division based in Manila oversees a global network of sales offices which market the projects of the group to overseas

Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. Brokers based in the different overseas markets sell the projects overseas through their respective marketing networks.

GERI promotes and markets its real estate products to a wide range of clients by its in-house marketing group and marketing subsidiary, Megaworld Global-Estate, Inc. ("MGEI"). Real estate products in GEPI and GEGDI developments are sold thru third party real estate brokers.

ELI markets its residential inventories, both pre-selling and ready-for-occupancy units, through its in-house sales teams and registered real estate sales persons, licensed real estate brokers and other external sales partners. It operates showrooms and exhibit booths in shopping malls, commercial centers and selected on-site projects.

Digital materials such as e-fliers, online presentation and virtual condo tours and apps under a remote work set-up have been going on since the early pandemic year. For many years, ELI has been heavily advertising in major broadsheets and magazines, as well as out-of-home methods such as billboards and transit ads. Though these traditional media are still being strategically utilized from time to time, ELI has started to divert its efforts in digital advertising to generate leads and inquiries. It has been increasing its online visibility through its website and social media pages, and it also partnered with external parties to execute online ads and advertorials promoting its active projects. And, in these pandemic years, ELI heavily diverted its advertising efforts in online platforms. ELI is gearing up and intensifying its efforts to become the most digitally transformed real estate developer in the industry.

Travellers

NWR engages in direct relationship-based marketing, which is targeted at specific market segments. The marketing team focuses on market research, surveys, promotions and events that can drive visitations and convert them to returning guests. The sales team is responsible for sales revenues and channel performance. In addition, NWR advertises in many types of media both domestically and overseas, including television, radio, newspapers, magazines, social media and billboards to promote general market awareness.

NWR uses a mix of different channels to reach the specific targets on gaming, lifestyle, and entertainment, such as:

- Direct sales - that comprises of three levels to provide clients with full service: (i) traditional sales, (ii) a business development team and (iii) in-house VIP host services.
- Indirect sales through junkets – to source high-end players in different regions.
- Indirect sales through travel and tour operators – these accredited operators create group travel packages with discounts, to bring in guests in NWR as part of their itineraries, and in return, receive commissions.
- City shuttles - free, convenient, hassle-free shuttle transport for member-players and member- consumers to NWR. The key locations are Quezon City, Batangas, Manila and Laguna.

NWR uses a comprehensive membership management and customer database system.

NWR uses Dynamic Reporting System ("DRS"), a fully integrated real-time table games and slots monitoring system.

GADC

McDonald's products are sold through McDonald's restaurants nationwide. There are 704 restaurants nationwide as of end-2022, 53% of which are owned by GADC while 47% are franchised. Forty-five new restaurants opened in 2022 across the country; while twelve were permanently closed during the year. The highest concentration of McDonald's stores is in NCR, followed by the Southern Tagalog region. In most of its location, McDonald's products can be ordered and delivered 24 hours a day through its "McDelivery" hotline, "McDelivery" mobile app or "McDelivery" website "www.mcdelivery.com.ph" and through services from Grab Food, Food Panda and other third party food aggregator apps. More than 65% of restaurants are open 24/7 (24 hours every day).

b.4. New Products Or Services

The Group continuously looks for innovations to introduce new or to improve existing products. The Group has supported this business growth through plant/store expansions or construction and retail service amenities.

EMI

'**Charles & James Light**' was introduced to the Philippine market in August 2022. Imported from Scotland under Whyte and Mackay, Charles & James is a Light Blended Whisky that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light at 25% ABV, specifically made for the Filipino palate. Charles and James Light is a stepping stone to the world of whisky.

'**Luminary**' collection of rare, limited-edition single malts presented by exceptional talent from the worlds of whisky and architectural design, curated in partnership with V&A Dundee, Scotland's design museum was created and launched in 2022. In the same year, two limited editions were also released- '**The Dalmore 2003 Vintage**' and '**The Dalmore 2007 Vintage**'.

'**Jura 14 Year Old Rye Cask**' is a 2022 release from Jura Whisky and celebrates Jura's bright community spirit; a close-knit group of around 212 warm and welcoming individuals Matured in American White Oak ex-bourbon barrels, this spirit was then further matured in hand selected American rye whisky barrels to add depth and complexity with layered spice, aromatic, herbal and floral characteristics.

'**Tamnavulin White Wine Cask Edition**' showcases the distinctive orchard fruit character of the Speyside distillery, which complements the flavours enhanced by the white wine finish. In line with Tamnavulin's tradition of double matured whiskies, this expression began its life in American White Oak barrels, before undergoing its second maturation in Sauvignon Blanc white wine casks.

'**Fettercairn 18 Years Old**' (ABV 46.8%) was awarded Industry Production Innovation of the Year (Spirits Business), as the first release 100% finished in responsibly sourced native Scottish Oak, an industry landmark.

'**Presidente Light**' was brought in from Spain and launched in the Philippines in 2022. Presidente Light Brandy boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

MEG

Herald Parksuites is the fourth residential condominium inside The Upper East township in Bacolod City that will offer 246 units, each equipped with wireless smart home system and devices with WiFi router, video intercoms, as well as a standby power generator for a lighting fixture in the living area. It will also be highlighted by numerous green and sustainability features.

Maple Grove Park Village will be the first upscale residential village inside Maple Grove township in General Trias, Cavite. It will be highlighted by up to 10 different lush parks and communal gardens inspired by spa and wellness landscapes and activities for future residents.

Winford Resort Estate is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. that is near popular hospitals, the University Belt and the University of Santo Tomas. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.

Sherwood Hills is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills Golf and Country Club. About 40% of the entire village is being allocated for green and open spaces, including verdant thematic parksIt has a Jack Nicklaus signature course.

Montrose Parkview is the third residential condominium project inside Capital Town in the City of San Fernando, Pampanga. It offers a modern lifestyle and old-world Europe-inspired setting that is yet to be seen in the market. It also has its own sustainable building features such as low flow rate fixtures, occupancy sensors, energy-efficient equipment, and a rainwater harvesting facility.

Arcovia Parkplace is the third and highest residential tower inside the township of Arcovia City that stands 50-storeys high. It will be packed with generous lifestyle amenities and will also have a Garden and Lounge Areas at the Roofdeck as well as Sky Gardens. The tower also comes with green and sustainability features. All units of Arcovia Parkplace will also be equipped with wireless smart home system and devices with WiFi router.

9 Central Park is the first-ever residential condominium development inside the Northwin Global City township in the municipalities of Marilao and Bocaue in Bulacan. It will be packed with a host of lifestyle amenities and all units will come with a wireless smart home system. It will also have parkings integrated with a bike storage facility and several green and sustainable features such as sky lounges, occupancy sensors that control lighting in select areas to conserve energy, a rainwater harvesting and reuse facility, as well as Mits own material recovery facility.

Kingsford Hotel Bacolod will be strategically located between the four residential condominium towers inside The Upper East township in Bacolod City that will feature a unique and iconic design that blends its modern glass architecture with a podium showcasing neoclassical architecture. It will be packed with “first in Bacolod” amenities and features, making it a game-changer in Bacolod’s hospitality industry. Kingford Hotel Bacolod will be scheduled for opening in 2028.

Vion West is the second ‘Smart’ tower of its Vion Tower residential development in Makati. Units will be equipped with a wireless smart home system that allows residents to control lighting fixtures and smart appliances remotely using a smartphone app.

Travellers

NWR’s Phase 3 development has been completed with the opening of the 190-room Hotel Okura Manila. Additional VIP gaming areas and retail stores at the Grand Wing will soon be opened which will provide unique customer experiences across a variety of gaming and non-gaming amenities.

During the year, NWR redesigned the GF retail area and its café at the Garden Wing providing a more modern look and feel as NWR continues to improve its offerings.

In July 2022, Travellers rebranded itself to Newport World Resorts “NWR” as it has grown from an integrated resort to a global community where people can stay, live, and thrive. The new brand which reflects the shift in perspective as NWR intends to present itself as one of the most innovative, dynamic, and integrated casino, hotel and entertainment complex in the country.

GADC

McDonald’s Philippines launched a number of new products and promotions that added excitement and variety to the regular menu in 2022.

The brand strengthens its value-driven initiatives through discounted offers in platforms like **McSavers Mix & Match**, McDonald’s app’s **Crave and Claim Deals**, and Mc Delivery’s **Super Treats** promos. In September, McDonald’s offered the **McSpicy Chicken Festival**, featuring the return of a crowd-favorite chicken burger, McSpicy, as well as the Spicy McNuggets and Spicy Chicken McDo, for a limited time, which resulted to a 3% upside to sales. Leveraging on the holiday season, McDonald’s launched all-

new treats last November with their **McCrispy Hamonado Sandwich**, **Coffee Caramel McFlurry**, **Speculoos Cookie McFlurry** and **Speculoos Cookie Frappe**.

By leveraging on technology and focusing on operational excellence, **Drive-Thru** hit over P1.49B annual sales. McDonald's also introduced more of its Drive-Thru configurations like the Dual Lane to cater to more customers.

McDelivery continued to innovate with the expansion of Loginext- a platform that allows McDonald's to automatically integrate their delivery operations with some of the top delivery and technology providers, making the customer experience more seamless-and launch of the new McDelivery App and Site which aimed to improve internal and external user experience.

McDonald's App its digital value app performed slightly above-plan by end of the year, making it an effective guest count driving app through its always on discount deals, making McDonald's more accessible to even more customers.

In the fourth quarter of 2022, McDonald's also ran brand programs centered on families through an integrated Christmas campaign and big events such as the relaunch of **Stripes Run** and **Grand Halloween Fun Day**. Stripes Run, in particular, drew over 3,700 runners. Proceeds of which were donated to the Ronald McDonald House Charities Philippines Read-to-Learn program, which aims to teach basic reading skills to public schools across the country.

b.5. Competition

In general, the Company believes that the high quality of all the products it sells/offers can effectively compete with other companies in their respective areas of competition.

EMI

The group competes against established spirits companies. The principal competitive factors with respect to EMP's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. EMP believes it has a track record of proven strength on these areas. Our ability to strengthen the selling power and premium image of our brands and to differentiate ourselves from our competitors affects our sales and profit margins. The Group believes it has a track record of proven strength on these areas.

The main competitors in the Philippine brandy market mainly comprise of 'Primera Brandy' manufactured by Ginebra San Miguel, Inc. (GSMI) and 'Alfonso Brandy' imported/ distributed by Montosco Inc. With respect to gin, rum and other alcohol products, it primarily competes with other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. The whisky segment in the Philippines is not well tapped at present, and EMI aims to revive this segment. EMI believes that its products are strongly positioned within their respective markets, as measured by market share and brand recognition. EMI believes its 'Emperador' brand is a status brand in the Philippines, and is associated with a certain level of success and sophistication that its potential customers aspire to. EMI believes that its range of well-established and highly recognized brands present significant barriers to new competitors, and are particularly important to its ability to both attract and maintain consumers.

The Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry businesses, among which are Osborne, Gonzales Byass and Torres. The management monitors the market and the strategies of the competitors to safeguard the overall competitive position.

WMG, on the other hand, competes in the UK market and internationally. Competitors use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. WMG can compete as they have differentiated brands in a fragmented Malt whisky market and their Blended Scotch brands are competitively priced. WMG management monitors market prices on an on-going basis and takes steps to safeguard the overall competitive position.

Pik-Nik

Pik-Nik is still the number one brand of shoestring potatoes in the US. A local brand, Oishi, has fielded string potato snacks from potato starch in the local market.

MEG

For three decades, Megaworld has made a name for itself as a game-changer in Philippine real estate. Year after year, the Company notches impressive accomplishments, further solidifying its leadership in the industry. It differentiates itself from other real estate developers through its live-work-play-learn philosophy. This concept shaped the Megaworld's townships, an approach to real estate that it pioneered.

MEG competes with other property investment, development, leasing and property holding companies to attract purchasers as well as tenants for its properties in Metro Manila. The principal bases of competition in the real estate development business are location, product, price, financing, execution and completion, quality of construction, brand and service. MEG believes it has several competitive advantages in each of these categories due to the prime locations of its properties, innovative projects and reputation for high quality designs, affordable pre-sales financing, after-sales service and a consistent track record of completion.

With respect to community township developments, MEG considers Ayala Land, Inc. ("ALI") to potentially be its only significant competitor. ALI is present in Fort Bonifacio, which is where MEG's Forbes Town Center, McKinley Hill, McKinley West and Uptown Bonifacio projects are located.

With respect to its office and retail leasing business, MEG believes that it has many competitors in the industry such as Robinsons Land Corporation ("RLC"), ALI and SM Prime Holdings, Inc. ("SMPHI").

GERI considers Ayala Land Premiere, Alveo, Filinvest Premiere, Landco and SM Prime among its significant competitors in its real estate development business. GERI competes with other developers in the acquisition of land or development rights to land in key growth areas in the country.

It aims to be the leading developer of integrated tourism and leisure estates in the Philippines. The Company's tourism projects are strategically located in Boracay and Laurel, Batangas and feature strategic master-planned communities integrated with resort amenities. GERI believes that its land bank, its real estate development experience, its innovative real estate offerings and the solid financial backing of its parent, Megaworld Corporation, are its competitive advantages. Its massive land bank in tourist destinations such as Boracay Island, Aklan; Laurel and Nasugbu, Batangas gives it a lead over its competitors and has enabled GERI to be a pioneer in master-planned integrated tourism developments.

ELI. Overall, what remain to be Empire East's competitive advantages are its price and payment terms, strategic locations, and innovative development concepts. These factors keep the ELI a strong player in the dynamic property industry.

Travellers

NWR competes with both Philippine and foreign owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by government and other private companies.

In particular, there are facilities already built by three developers other than NWR that have been granted provisional licenses by PAGCOR in Entertainment City, all of which are already open to the public. These three other licensees are: Melco Resorts and Entertainment (Philippines) Corporation; Tiger Resorts, Leisure and Entertainment, Inc., Bloomberry Resorts Corporation. In addition, Westside City Integrated Resort is currently being developed in Entertainment City by the Company's co-licensee, WCI.

While it has the first-mover advantage, NWR continues to develop other leisure and entertainment attractions to complement its gaming business expanding its hotel offerings by partnering with various international hotel brands, making it suited for a family destination.

In addition, PAGCOR operates 9 gaming facilities across the Philippines and 34 satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including seven licensed private casino operators in special economic zones (“Ecozones”). The Philippine gaming market is also comprised of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators and other smaller-scale gaming operators.

GADC

McDonald’s restaurants compete with a large and diverse group of restaurant chains and individual restaurants that range from independent local operators to well-capitalized national and international QSRs and convenience stores. GADC considers Jollibee Foods Corporation as its main competitor. ‘Jollibee’, a home-grown brand with more restaurants nationwide than McDonald’s, offers Filipino-influenced dishes of chicken, burgers, spaghetti, and other menu items. Another competitor is ‘KFC’, a global brand from USA whose most popular product is its Original Recipe fried chicken served with gravy, rice and side dishes. Other competitors include ‘Popeye’s’, ‘Mang Inasal’, ‘Wendy’s’, ‘Kenny Rogers’, ‘Burger King’, ‘Shakey’s’ and ‘Pizza Hut’. Since 2005, GADC had opened more than 500 new restaurants and initiated marketing campaigns such as new product launches, promotions, emotive advertising campaigns and value initiatives. It also embarked on digital transformation journey that aims to continuously innovate in its brick and mortar restaurants, drive thru and digital store front through McDelivery. GADC competes on the basis of taste, food quality, price, safety and cleanliness, value, convenience of location, and customer service.

b.6. Sources and Availability of Raw Materials

EMI

The principal raw materials for the manufacture of the alcoholic beverage products are grapes from the group’s vineyards and other suppliers, wine, grain and malts, distilled neutral spirit, brandy distillates (made from grapes), and water. It also requires a regular supply of glass bottles and packaging materials. Raw materials are sourced from subsidiaries and third-party suppliers. All of the water for blending in the Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported from other suppliers or sourced using recycled returned bottles. EDI sources final packing materials such as carton boxes and closures from at least three different suppliers. AWGI canvasses suppliers twice a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on a quarterly basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalized one month before existing orders terminate. At least three suppliers are maintained for major raw materials. In addition, major raw materials’ suppliers typically maintain a warehouse in close proximity to the plant to cover possible delays in shipments and to prevent delivery interruptions.

For production facilities in Scotland, the UK is the major source of cereals and dry goods such as bottles, labels, closures and cartons while casks are sourced from USA (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

For production facilities in Spain, grapes come from own vineyards and from other suppliers as needed. For Mexico, grapes are sourced from various suppliers and *aguardientes* from Spain, Chile, Argentina and Australia.

EMI has not experienced and does not anticipate any significant difficulty in obtaining adequate supplies of raw materials and dry goods at satisfactory prices under its supply arrangements. There have been recent disruptions in global supply chains that extended lead times but these do not have material adverse impact on operations.

Whyte and Mackay and Bodegas Fundador have long term relationships with its suppliers to meet the current business requirements.

MEG

The MEG Group has a broad base of suppliers from where it sources its construction materials and is not, and does not plan to be, dependent on any one or a limited number of suppliers. The group also has no plans on being dependent on any one or a limited number of suppliers.

Travellers

Travellers has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one contractor or supplier. In 2022, the ten largest suppliers – Angel Singapore Asia (PTE) Ltd., RGB (Macau) Limited, Gabrien Food Company, JC Seafoods Supply, Top Source Maintenance, Systech Lighting & Controls Inc., Empire Automation Philippines Inc., GEO Millenium Consolidated Group, Inc., Marrione Leigh Trading Corporation and Coca Cola Beverages Philippines, Inc.- accounted for 39% of the total purchases for the year.

GADC

Suppliers for McDonald's products are engaged following the McDonald's Corporation's global supply chain, which allows the purchase of food, beverages and restaurant supplies at competitive prices and quality consistent across all McDonald's markets worldwide. McDonald's works with third-party quality assurance laboratories around the world to ensure that its standards are consistently updated and upheld. In addition, McDonald's works closely with suppliers not just for assured supply but encouraging innovation, best practices sharing and continuous improvement. GADC also contracts the services of third parties for its other food supplies. GADC procures the services of a supply distribution center that provides purchasing, warehousing, delivery and other logistical support for the requirements of all of the McDonald's restaurants in the Philippines. GADC develops product specifications and continually monitors supplies to ensure compliance with McDonald's standards.

Pik-Nik

Pik-Nik uses only fresh potatoes from California and Oregon, pure vegetable oil, the finest seasonings and never any preservatives. The suppliers of potatoes for Pik-Nik have two to seven-month contracts.

Financial Statements

The consolidated audited financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS), on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

The consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATION

The following discussion and analysis must be read in conjunction with the submitted audited consolidated financial statements and the related notes to the consolidated financial statements.

a. Key Performance Indicators – Top Five

In Million Pesos	2022	2021	2020	2019	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
REVENUES AND OTHER INCOME	183,612	152,793	128,790	179,989	30,820	20.2%	24,003	18.6%	(51,199)	(28.4%)
NET PROFIT ["NP"]	25,189	23,789	10,260	27,100	1,400	5.9%	13,529	131.9%	(16,840)	(62.1%)
NET PROFIT TO OWNERS ["NPO"]	16,108	16,944	8,829	17,722	(836)	(4.9%)	8,115	91.9%	(8,892)	(50.2%)
Revenues and Other Income Normalized*	183,612	146,943	128,790	179,229	36,669	25.0%	18,153	14.1%	(50,439)	(28.1%)
NP Normalized*	25,189	19,910	10,260	26,360	5,279	26.5%	9,651	94.1%	(16,101)	(61.1%)
NPO Normalized*	16,108	15,027	8,829	17,233	1,081	7.2%	6,198	70.2%	(8,404)	(48.8%)
NP rate ["NPR"]	13.72%	15.57%	7.97%	15.06%						
NPO rate ["NPOR"]	8.77%	11.09%	6.86%	9.85%						
NPR Normalized*	13.72%	13.55%	7.97%	14.71%						
NPOR Normalized*	8.77%	10.23%	6.86%	9.62%						
EBITDA Margin Normalized*	27.85%	28.93%	25.30%	28.83%						
Return on investment/assets [NP/TA]	3.37%	3.38%	1.53%	4.20%						
	2022	2021	2020	2019	YoY	%	YoY	%	YoY 2020	YoY %
TOTAL ASSETS	748,020	703,960	668,493	644,476	44,060	6.3%	35,467	5.3%	24,016	3.7%
CURRENT ASSETS	375,183	352,380	316,397	301,176	22,803	6.5%	35,983	11.4%	15,220	5.1%
CURRENT LIABILITIES	158,523	172,459	155,833	130,699	(13,936)	(8.1%)	16,626	10.7%	25,134	19.2%
Current ratio	2.37x	2.04x	2.03x	2.30x						
Quick ratio	1.09x	0.98x	0.94x	1.05x						
	2022	2021	2020	2019	YoY	%	YoY	%	YoY 2020	YoY %
Profit before tax and interest	39,833	35,316	21,746	42,163	4,517	12.8%	13,570	62.4%	(20,416)	(48.4%)
Interest expense	8,517	7,240	6,841	6,293	1,276	17.6%	399	5.8%	548	8.7%
Interest coverage rate	4.68	4.88	3.18	6.70						

In 2021, a one-time income of P5.8 billion was booked by a subsidiary of Travellers. There was also impairment losses of P2.0 billion recognized for certain hotels due to reduction in operating capacity. Net effect to NP was P3.9 billion and to NPO was P1.9 billion.

- Revenue growth – measures the percentage change in revenues over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a period of time.
- Net profit rate – computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs.
- Return on asset investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income.
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.

b. Discussion and Analysis of Operation

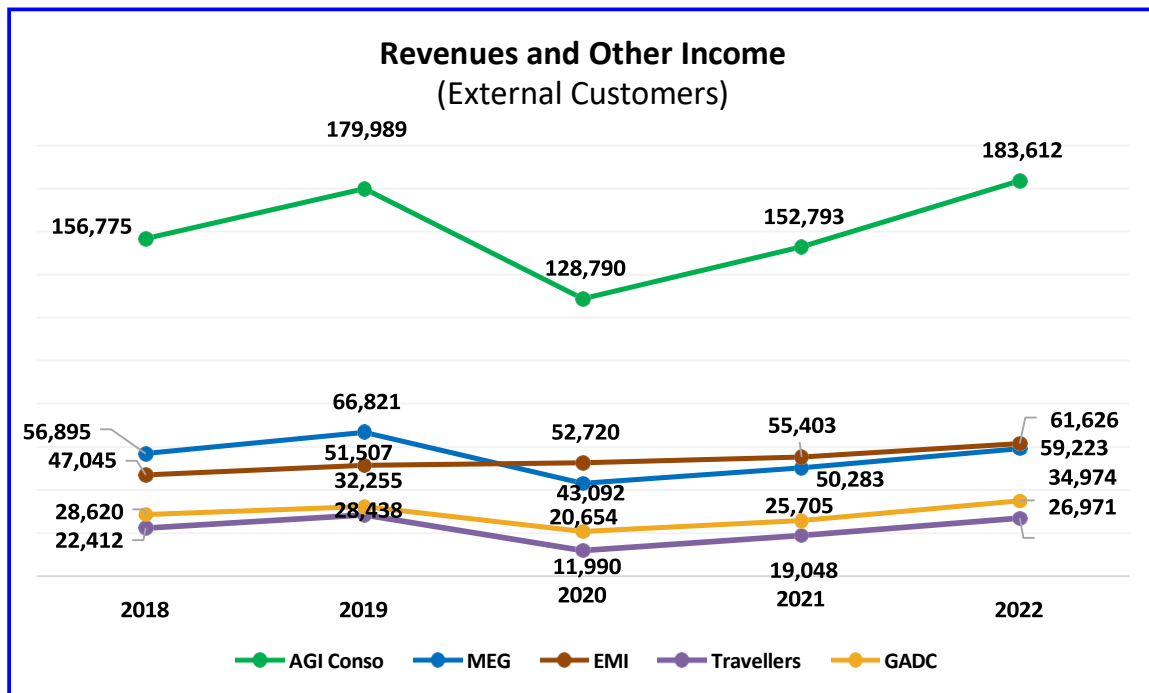
b.1. Results Of Operations for the Last Three Years

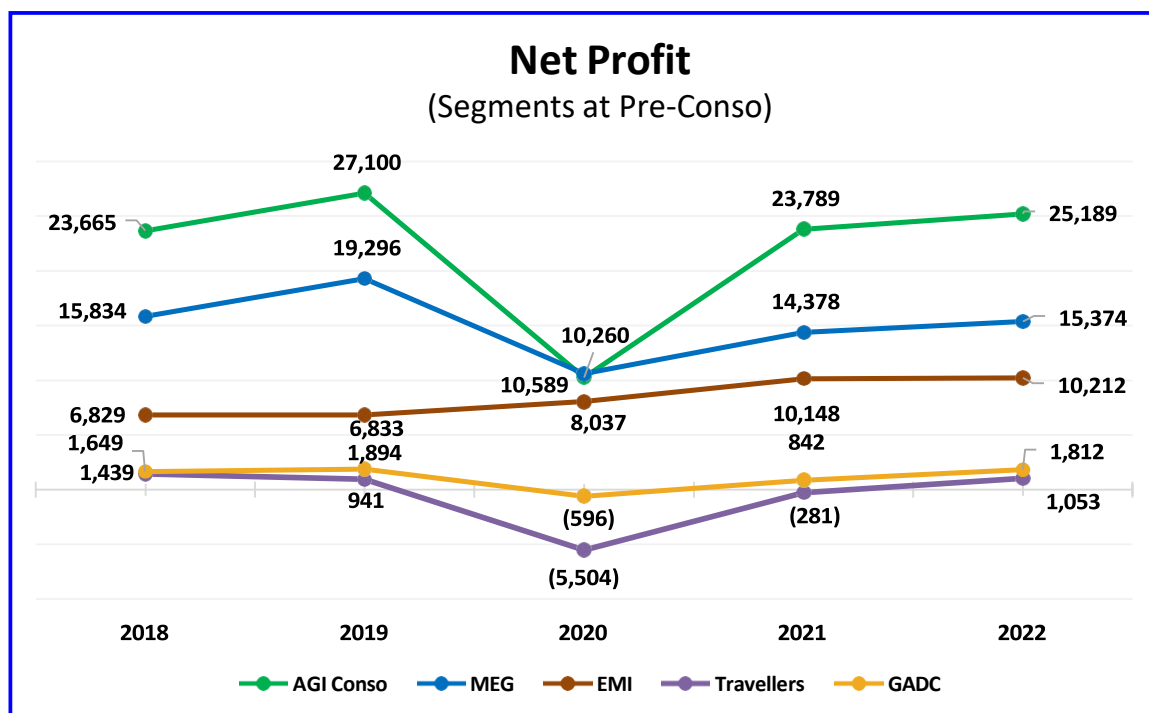
The COVID-19 pandemic lingers, but the global situation is improving with infections already declining. About 90% of world population has acquired some form of immunity through vaccination or infection. By the second quarter of 2022, more economies were reopening and travel and tourism rebounding as a result of the easement and removal of COVID-19 mobility restrictions.

The challenges brought about by the pandemic since it started in March 2020, and still continuing as of date of this report, have significant impact on global economy as pandemic-related restrictions weaken economic conditions in many markets. As the situation improves, these health protocols and safety measures are loosened to permit economic recovery. From a 3.3% contraction in 2020, global economy

rebounded to 5.8% in 2021 and 3.2% in 2022. The global economic recovery in 2022 was slowed down by the disruptions in global supply chains and in availability of key commodities resulting in inflationary uptrends [attributed to the full-scale unprovoked invasion of Ukraine in February 2022 and the trade sanctions imposed against Russia]. Global inflation rose to 8.8% in full year 2022 from 3.5% in 2021 and 1.9% in 2020. Meanwhile, the Philippine economy had grown at a faster pace of 7.6% in 2022 from 5.7% in 2021 after it slid down 9.6% in 2020, while inflation soared to 8.1% in December from just 3% in January, averaging 5.8% in full year 2022.

The Group has conducted business operations in compliance with government directives and protocols. The Group's diversified businesses, by product/service types and geographic locations, helped it navigate the challenges and remain strong. The Group had rebounded sharply in 2021 and this growth trajectory continued in 2022 as all business segments have turned over better results amidst the inflationary pressures, rising costs and supply chain disruptions.





The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR, and GADC or McDonald's, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (i.e. real estate development and leasing, manufacture of distilled spirits, leisure-tourism-entertainment and gaming, and quick-service restaurant operations). Below is the consolidated results of operations of the Group by its segments.

In Million Pesos	Contribution	2022 Pre Conso	2022 Conso	2021 Pre Conso	2021 Conso	2020 Pre Conso	2020 Conso	2019 Pre Conso	2019 Conso	YoY% 2022 Conso	YoY% 2021 Conso	YoY% 2020 Conso
Revenues and other income (external cust.)	100%	193,868	183,612	158,306	152,793	138,958	128,790	185,337	179,989	20.2%	18.6%	(28.4%)
Megaworld	32%	59,527	59,223	50,617	50,283	43,471	43,092	67,313	66,821	17.8%	16.7%	(35.5%)
Emperador	34%	61,662	61,626	55,424	55,403	52,741	52,720	51,547	51,507	11.2%	5.1%	2.4%
Travellers	15%	26,974	26,971	19,052	19,048	12,292	11,990	29,062	28,438	41.6%	58.9%	(57.8%)
Golden Arches	19%	34,900	34,974	25,575	25,705	20,715	20,654	32,255	32,255	36.1%	24.5%	(36.0%)
Others	0%	10,805	818	7,638	2,353	9,739	334	5,160	968	(65.2%)	604.3%	(65.5%)
Cost and expenses	100%	152,643	152,297	124,853	124,717	114,680	113,884	145,124	144,119	22.1%	9.5%	(21.0%)
Megaworld	27%	40,385	40,385	35,674	35,784	29,535	29,506	41,935	41,905	12.9%	21.3%	(29.6%)
Emperador	32%	49,952	49,250	42,529	42,397	43,305	42,872	43,067	42,433	16.2%	(1.1%)	1.0%
Travellers	17%	25,885	26,179	19,299	19,218	17,770	17,569	28,031	27,808	36.2%	9.4%	(36.8%)
Golden Arches	21%	32,369	32,358	23,893	23,900	21,457	21,343	29,450	29,346	35.4%	12.0%	(27.3%)
Others	3%	4,051	4,125	3,458	3,418	2,614	2,594	2,641	2,627	20.7%	31.7%	(1.3%)
Tax expense	100%	6,126	6,126	4,287	4,287	4,646	4,646	8,770	8,770	42.9%	(7.7%)	(47.0%)
Megaworld	61%	3,768	3,768	565	565	3,348	3,348	6,082	6,082	566.9%	(83.1%)	(45.0%)
Emperador	24%	1,498	1,498	2,747	2,747	1,399	1,399	1,647	1,647	(45.4%)	96.3%	(15.1%)
Travellers	1%	35	35	34	34	26	26	91	91	4.1%	27.6%	(70.9%)
Golden Arches	12%	718	718	840	840	(145)	(145)	911	911	(14.5%)	677.9%	(115.9%)
Others	2%	107	107	102	102	18	18	39	39	4.8%	476.5%	(54.9%)
Net profit	100%	35,099	25,189	29,167	23,789	19,633	10,260	31,443	27,100	5.9%	131.9%	(62.1%)
Megaworld	60%	15,374	15,070	14,378	13,934	10,589	10,238	19,296	18,834	8.2%	36.1%	(45.6%)
Emperador	43%	10,212	10,878	10,148	10,259	8,037	8,449	6,833	7,427	6.0%	21.4%	13.8%
Travellers	3%	1,053	757	(281)	(203)	(5,504)	(5,605)	941	540	473.0%	96.4%	(1137.3%)
Golden Arches	8%	1,812	1,898	842	965	(596)	(544)	1,894	1,998	96.6%	277.6%	(127.2%)
Others	-14%	6,648	(3,414)	4,079	(1,167)	7,108	(2,278)	2,479	(1,699)	(192.6%)	48.8%	(34.1%)

Net profit to owners	100%	33,051	16,108	27,785	16,944	18,881	8,829	29,971	17,722	(4.9%)	91.9%	(50.2%)
Megaworld	58%	13,455	9,419	13,434	9,097	9,886	7,016	17,931	12,031	3.5%	29.7%	(41.7%)
Emperador	55%	10,061	8,787	9,971	8,668	7,967	7,141	6,726	6,312	1.4%	21.4%	13.1%
Travellers	2%	1,057	334	(569)	(203)	(5,500)	(2,818)	945	65	264.5%	92.8%	(4437.7%)
Golden Arches	6%	1,829	982	869	549	(580)	(232)	1,889	1,030	78.8%	336.9%	(122.5%)
Others	-21%	6,648	(3,414)	4,079	(1,167)	7,108	(2,278)	2,480	(1,716)	(192.6%)	48.8%	32.7%

Note: Numbers may not add up due to rounding.

"Pre-conso" refers to numbers at subsidiary level; Revenues and other income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers, i.e. after elimination of transactions and balances among consolidated entities and consolidation adjustments.

These are further reflected in the profit and loss accounts, as follows:

In Million Pesos	2022	2021	2020	2019	YoY % 2022	YoY % 2021	YoY % 2020
REVENUES AND OTHER INCOME							
Sale of goods	98,235	88,036	77,015	93,520	11.6%	14.3%	(17.6%)
Consumer goods	61,385	56,906	52,156	50,916	7.9%	9.1%	2.4%
Revenue from real estate (RE) sales	36,850	31,129	24,859	42,604	18.4%	25.2%	(41.7%)
Rendering of services	80,513	54,910	47,541	81,043	46.6%	15.5%	(41.3%)
Gaming	31,830	16,725	13,291	27,645	90.3%	25.8%	(51.9%)
Less: Promotional allowance	(10,227)	(6,395)	(3,893)	(6,099)	59.9%	64.3%	(36.2%)
Net Gaming	21,603	10,330	9,398	21,546	109.1%	9.9%	(56.4%)
Sales by company-operated quick-service restaurants	31,305	22,745	18,045	28,769	37.6%	26.0%	(37.3%)
Franchise revenues	3,141	2,192	1,764	3,195	43.3%	24.3%	(44.8%)
Rental Income	15,946	13,781	13,170	17,326	15.7%	4.6%	(24.0%)

In Million Pesos	2022	2021	2020	2019	YoY % 2022	YoY % 2021	YoY % 2020
Others	8,517	5,862	5,163	10,207	45.3%	13.5%	(49.4%)
Hotel operations	6,730	4,246	3,581	7,546	58.5%	18.5%	(52.5%)
Other services	1,787	1,616	1,581	2,661	10.6%	2.2%	(40.6%)
Share in net profits of associated and joint ventures	-	-	115	180	#DIV/0!	(100.0%)	(36.1%)
Finance and other income	4,864	9,846	4,119	5,246	(50.6%)	139.0%	(21.5%)
TOTAL	183,612	152,793	128,790	179,989	20.2%	18.6%	(28.4%)
COST AND EXPENSES							
Cost of goods sold	60,598	53,188	49,668	57,085	13.9%	7.1%	(13.0%)
Consumer goods sold	42,043	36,313	35,877	33,705	15.8%	1.2%	6.4%
RE sales	18,555	16,874	13,791	23,380	10.0%	22.4%	(41.0%)
Cost of services	42,934	30,020	27,289	41,261	43.0%	10.0%	(33.9%)
Gaming	9,432	5,765	5,562	11,127	63.6%	3.7%	(50.0%)
Services	33,501	24,255	21,728	30,134	38.1%	11.6%	(27.9%)
Other operating expenses	37,922	32,043	29,277	38,653	18.3%	9.4%	(24.3%)
Selling and marketing	12,723	10,462	10,056	16,167	21.6%	4.0%	(37.8%)
General and administrative	25,200	21,581	19,222	22,486	16.8%	12.3%	(14.5%)
Share in net losses of associates and joint ventures	41	15	-	-	181.3%	n/m	
Finance cost and other charges	10,801	9,451	7,650	7,120	14.3%	23.5%	7.4%
TOTAL	152,297	124,717	113,884	144,119	22.1%	9.5%	(21.0%)
TAX EXPENSE	6,126	4,287	4,646	8,770	42.9%	(7.7%)	(47.0%)
NET PROFIT	25,189	23,789	10,260	27,100	5.9%	131.9%	(62.1%)
NET PROFIT TO OWNERS	16,108	16,944	8,829	17,722	(4.9%)	91.9%	(50.2%)
NET PROFIT - NORMALIZED	25,189	19,910	10,260	26,360	26.5%	94.1%	(61.1%)
NET PROFIT TO OWNERS- NORMALIZED	16,108	15,027	8,829	17,233	7.2%	70.2%	(48.8%)

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

For the Year Ended December 31, 2022 vs. 2021

Domestic economic activity has gained stronger traction from the easing of alert levels and removal of tourism restrictions, in spite of set back from the Omicron-driven surge in Covid-19 cases in January and a weak surge in June. For Metro Manila and other key areas, operating capacity for business and activities eased to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under the most lenient Alert Level 1. By June, while the rest of the country was under Alert Level 2, about 85% of the economy was put under Alert Level 1 already. As of end-December, only 31 provinces were still under Alert Level 2.

The Group benefited from the more open business environment with revenues and other income reaching a record-high of P183.6 billion, soaring 20% year-on-year (“YoY”) from P152.8 billion a year ago, and surpassing the P180.0 billion reported in pre-pandemic 2019. All business segments contributed double-digit YoY growths during the year. Although gross profit grew 26% faster YoY, operating expenses and finance and other charges increased YoY as the Group ramped up business activities with increased mobility. Consequently, net profit (“NP”) and net profit to owners (“NPO”) were reported at P25.2 billion and P16.1 billion, respectively reflecting a 6% rise and 5% fall from the P23.8 billion and P16.9 billion in 2021. NPO was affected by the decline in ownership percentages at both the ultimate parent (AGI) and immediate parent (subsidiary) levels in favor of minority. NP rate (“NPR”) and NPO rate (“NPOR”) reached 14% and 9% in current year, respectively, as against 16% and 11% a year ago.

A one-time P5.9 billion gain on co-development and P2.0 billion impairment loss on hotels booked by Travellers in 2021 boosted last year’s other income, NP, and NPO and affected the Group’s YOY comparisons for other income, NP and NPO this year.

Taking out these one-time items (interchangeably referred to as “*Normalized*” hereon), normalized revenues and other income grew 25% (+P36.7 billion) YoY with normalized NP growing 27% (+P5.3 billion) and normalized NPO by 7% (+P1.1 billion) YoY. Normalized NPR and normalized POR in 2021 were 14% and 10%, respectively.

Megaworld, the country’s pioneer township developer, ended the year with pre-conso revenues and income of P59.5 billion and NP of P15.4 billion that exceeded last year’s results by 17% and 7%, respectively, driven by 18% YoY growth in real estate sales, 51% expansion in rentals of Megaworld Lifestyle Malls, 35% jump in Megaworld Hotels & Resorts and 11% rise in Megaworld Premier Offices. With the resurgence of economic activity and mobility, costs and expenses increased 13% YoY, largely from higher marketing expenditures, interest costs and forex losses. Its reported NPO remained stable at P13.5 billion. NPR for 2022 and 2021 stood at 26% and 28%, respectively.

Real estate sales, which comprised 62% of Megaworld’s main revenue streams for the year, delivered an 18% YoY growth as a result of increased construction activities and higher completion rate. The group attained a current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI brands of 65%-16%-10%-9% share [64%-12%-12%-12% in 2021]. The brands sold well in Quezon City, Pasig City, Pasay, and Taguig which constitute 50% of real estate sales this year. Residential pre-sales surged 49% YoY to P118.9 billion. Two new townships – Winford Resort Estate in Manila and Sherwood Hills in Cavite – and several vertical developments were launched in 2022.

Megaworld Premier Offices turned over a robust 11% growth in rental revenues from increasing transactions from both traditional and BPO tenants, as well as emerging businesses, as it captured up to 18% of the reported new leases in the market, and thereby achieving 92% occupancy rate for the year. Megaworld Lifestyle Malls hefty 51% revenue growth was mainly driven by increased spending and higher mall traffic as the malls had gradually resumed operations almost during the year. New tenant concepts have been major highlight.

Megaworld Hotels & Resorts’ significant 35% in revenues is reflective of the sharp pick-up in domestic tourism and MICE activities. Megaworld Hotels & Resorts also exceeded its pre-pandemic hotel revenues of P2.5 billion in 2019. Hotels in Metro Manila attained 64% occupancy rate for the year as compared to 61% in 2021.

Megaworld group's operating results brought in 32%, 60% and 58% of AGI's consolidated revenues and income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest producer of Scotch whisky in the world by capacity (Source: Scotch Whisky Industry Review, 2021), ended the year 2022 with revenues and other income growing 12% YoY to record-high of P62.8 billion, driven by its group's diversified product portfolio and international reach. With higher-than-expected inflations, supply chain disruptions and logistics issues, the group realized a marginal increase of 1% YoY in both NP and NPO reaching P10.2 billion and P10.1 billion, respectively. The group kept its gross profit rate ("GPR") level at 32% with net profit rates at 16%.

The Brandy segment grew its revenues and other income from external customers by 9% YoY to P40.7 billion, attributable to a strong fourth quarter growth of 11% YoY and 54% quarter-on-quarter ("QoQ"). The easing of pandemic restrictions and resumption of travel from the second quarter helped improve sales results which remained strong in the Philippines, Mexico, Spain and North America. Higher costs, however, dampened the segment's GPR to 25%. With increased operating expenses and reduced tax expense, the segment realized NP and NPO of P5.7 billion and P5.5 billion, respectively, with NPR and NPOR of 14% and 13%, respectively, as compared to profit rates of 20% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers by 18% YoY to P22.1 billion, propelled by the high-margin single malt whiskies across most of its markets worldwide particularly in Europe, Asia and North America, following the easing of pandemic restrictions in most regions and opening of global travel retail trade. Supply chain challenges affected the segment's markets yet demand remained high as GPR reached 42%. With increased operating expenses, largely promotional spends, and lower tax expense, the segment realized NP of P4.5 billion for NPR of 20%, as compared to 14% a year ago.

EMP Group accounted for 34% of AGI's consolidated revenues and income, 43% of consolidated NP and 55% of consolidated NPO.

Travellers, the owner and operator of Newport World Resorts ("NWR") (formerly, Resorts World Manila), an integrated-tourism resort, performed remarkably stronger YoY in all quarters of the year as it benefitted from the easing of mobility restrictions under Alert Level 1 and is now operating at full capacity. Its full year core revenues soared 104% YoY to P26.9 billion with fourth quarter revenues jumping 164% YoY to P8.6 billion. NP and NPO recovered to P1.1 billion, an almost 5times rebound from last year.

Gross gaming revenues surged 90% YoY to P31.8 billion, with fourth quarter revenues surging 133% YoY, as overall drops across all gaming segments improved. With the resumption of promotional activities to drive foot traffic, promotional allowance expanded to P10.2 billion, up 60% YoY. Net gaming revenues soared 109% to P21.6 billion.

Non-gaming core revenues (hotel, food, beverage, others) improved 86% YoY to P5.3 billion, primarily due to the recovery of average room rates, the return of corporate events, and various MICE activities. Blended hotel occupancy rates for all hotels in NWR averaged 66%. Courtyard by Marriott in Iloilo registered an occupancy rate of 28%. Improvement in foot traffic and resumption of live entertainment over the course of the year also contributed to the said increase. Tenant count from retail and food and beverage was 84 as of end-2022 as compared to 77 as of end-2021.

Travellers contributed 15% to AGI's consolidated revenues and 3% to AGI's consolidated NP and 2% to consolidated NPO.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, hit a record-high core revenues totalling P34.4 billion, up 38% YoY, as restaurant traffic outperformed expectations. NP and NPO doubled YoY, both closing at P1.8 billion at end of 2022.

Same-store sales grew 31% YoY and system-wide sales went up 38% YoY, boosted by resurgence of dine-in consumption, continuing rise of drive-thru and delivery businesses, a bolstered line-up of value offers, and successful promotional campaigns. Together with aggressive number of new store

openings, GADC also made technological investments that includes refreshed store design, self-ordering kiosks, modernized menu boards and cashless payments that greatly contributed to its positive results. In this period of high inflation, GADC strengthened its value-driven initiatives through platforms like 'McSavers Mix & Match', McDonald's app's Crave and Claim Deals and 'McDelivery's Super Treat' promos. It also relaunched its in-store Birthday Parties. A total of 45 stores were opened while 12 less-performing ones were closed during the year, to end the year with 704 stores as compared to 671 stores at the beginning of the year. Convenience through its delivery and drive-thru channels significantly contributed to the escalated growth in sales, accounting for almost half of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales – with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

These operating results translated into 19%, 8% and 6% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

Revenues and income, as a result of the foregoing, hit record-high P183.6 billion in 2022, jumping 20% (+P31 billion) YoY, surpassing pre-pandemic 2019 level. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P98.2 billion in 2022, up 12% (+P10 billion) as both real estate and consumer goods showed strong sales growths of 18% and 8%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) leaped 47% (+P25.6 billion) YoY to P80.5 billion due to easement of COVID-19 restrictions in most part of the year. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 109% (+P11.3 billion), 38% (+P8.6 billion), 43% (+0.9 billion), 16% (+2.2 billion) and 59% (+2.5 billion), respectively.

Finance and other income shrank by 51% (-P5.0 billion) YoY to P4.9 billion, mainly due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project in 2021, impact of which is tempered by the higher interest income in 2022.

Cost and expenses escalated to P152.3 billion in 2022, 22% (+P27.6 billion) YoY. **Cost of goods sold** went up 14% (+P7.4 billion) YoY and **cost of services** went up 43% (+P12.9 billion) YoY to P42.9 billion, respectively, due to increase in sales/services, and the rising costs of consumer products and construction costs. **Other operating expenses** expanded 18% (+P5.9 billion) YoY to P37.9 billion due to resumption of business activities and promotions as well as other corporate expenses.

Finance costs and other charges went up 14% (+P1.3 billion) YoY to P10.8 billion mainly from higher interest expenses of MEG and Travellers further attributed to their new borrowings, and foreign currency losses of MEG during the year.

Tax expense jumped 43% (+P1.8 billion) YoY to P6.1 billion, mainly due to the effect of 2021 tax adjustment (reducing tax expense) taken up by the Group's Philippine corporations in 2021 totalling P1.8 billion, and prospective tax adjustment (increasing tax expense) taken up by UK corporation particularly on intangibles in the same year, and the rise in regular tax for current year.

Net Profit amounted to P25.2 billion, up 6% (+P1.4 billion) YoY, with **net profit to owners** down 5% (-P0.8 billion) YoY to P16.1 billion. **Normalized NP** hiked 27% (+P5.3 billion) to P25.2 billion while **Normalized NPO** was up 7% (+P1.1 billion) YoY to P16.1 billion. NPO seemingly went down due to decrease in ownership at both the ultimate parent (AGI) and immediate parent (subsidiary) levels.

For the Year Ended December 31, 2021 vs. 2020

The Philippine economy grew 5.6% year-on-year ("YoY") in 2021, a turnaround from the 9.6% contraction in 2020, with YoY recovery recorded in second to fourth quarters of 2021, in spite of the spiking COVID cases in April and August when Alpha Beta and Delta variants swept the country.

Restrictions loosened up towards mid-November to December, in time for the Christmas season, as the entire Philippines was put under Alert Level 2 in December, where operating capacity for business

and activities were increased up to 50% indoor and 70% outdoor and age mobility restrictions more relaxed.

The Group ended the year 2021 strongly with P23.8 billion **net profit** (“**NP**”), out of which P16.9 billion was **attributable to owners** (“**NPO**”), respectively rebounding 132% and 92% YoY, on the back of a 19% growth in **revenues and income**. This hefty performance was attributed to AGI’s diversified portfolio and continuous drive for operating efficiencies. **Net profit rate** (“**NPR**”) was registered at 16% while **net-profit-to-owners rate** (“**NPOR**”) was at 11%, both surpassing 2020 rates of 8% and 7% and 2019 rates of 15% and 10%, respectively.

The Group grew revenues and other income, net profit and net profit attributable to owners by 15%, 65% and 64% YoY, respectively, in the fourth quarter, ascribing respectively 10%, 41% and 40% upticks quarter-on-quarter (“**QoQ**”).

Megaworld, one of the country’s property giants, reported revenues and income of P50.8 billion, NP of P14.4 billion and NPO of P13.4 billion that exceeded 2020’s results by 17% and 36%, respectively, due to less restrictive business activities. NPR improved to 28% as compared to 24% in 2020 and 29% in 2019.

Real estate sales went up 25% YoY to P31.1 billion from P24.9 billion a year ago as quarantine restrictions eased which allowed mobility that improved construction activities. Sales reservations amounted to P80.0 billion during the year, with around P28.0 billion worth of new project launches particularly in Maple Grove, Eastland Heights, Arden Westpark, Alabang West, The Lindgren, Park McKinley West, Northwin Main Street and Paragua Coastown. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 64-12-12-12 share [52-15-17-16 in 2020] of real estate sales. The brands sold well in Quezon City, Pasig City, Makati City, San Juan, Mandaluyong and Taguig which constitute 51% of real estate sales in 2021.

Rental income grew 3% YoY to P13.3 billion from P12.9 billion as occupancy rates of offices remained stable at 90%, supported by overall resilient outsourcing sector. Rentals from its office leasing arm, Megaworld Premier Offices amounted to P11.0 billion, up 6% YoY. Around 108-thousand sqm of office spaces were new leases while 128-thousand sqm were renewals of various company tenants during the year. Total leasable office inventory is 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.3B rentals due to a still low foot traffic.

Revenues from the hotel business jumped 30% to P1.9 billion from P1.5 billion in 2020, with occupancy rate of 84%, due to increasing mobility of people and easement of gathering restriction. Hotel revenues in last quarter soared 108% YoY and 18% QoQ.

Megaworld group’s operating results brought in 33%, 59% and 54% of AGI’s consolidated revenues and income, NP and NPO, respectively.

Emperador, the world’s largest brandy company and owner of the world’s 5th largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), performed better in 2021 amidst a still volatile environment², anchored on the strength of its diversified portfolio and international operations. NP for the year surged 26% YoY to a record-high of P10.1 billion, as revenues and income jumped 6% YoY to P55.9 billion. NPO accelerated to P10.0 billion, up 25% YoY. Gross profit rate (“**GPR**”) improved to 36% from 31% a year ago, and NPR and NPOR higher at 18% this year as compared to 15% a year ago.

The Brandy segment realized NP of P7.6 billion during the year 2021, up 31% YoY, as it turned over P37.2 billion revenues and income from external customers, up 1% YoY. Brandy sales grew YoY at both the Philippine and international markets, particularly in Mexico, Spain and USA where restrictions on on-trade business have loosened up. ‘Emperador’, ‘Fundador’, ‘Presidente’, and ‘Terry’ remained as the top-selling brandy brands, with sales increases registered during the year. Sales of ‘Harveys Bristol Cream’ also rose as it sold well in UK. Gross profit expanded 24% YoY to P12.6 billion with GPR improving to 34% from 28% of a year ago as more of high-margin products were sold in 2021. The higher GP and lower operating costs lifted both NP and NPO to P7.6 billion and P7.4 billion, respectively, with NPR and NPOR of 20% in the current year as compared to 15% a year ago.

The Scotch Whisky segment ended 2021 with P18.7 billion revenues and income from external customers, a 17% jump YoY, with NP [also its NPO] growing at 14% YoY to P2.6 billion buoyed by its single malt products. Single malts 'Dalmore', 'Jura', 'Tamnavulin' and 'Fettercairn' continued to post double-digit YoY growths in net sales. There were large increases in Asia, UK, Europe, USA, Travel Retail, and practically all regions as economies began to bounce back against the pandemic although some countries were re-imposing restrictions in response to new COVID variants. UK off-trade and e-commerce continued to grow as demands remained high. Gross profit expanded 28% YoY to P7.4 billion with GPR improving to 40% from 36% last year as sales grew faster than cost of goods sold due mainly to product sales mix (sales of high-priced/ high-margin products increased). As markets opened up and sales grew, operating expenses increased. The segment ended with NPR of 14% and normalized NPR of 17% as compared to 14% of last year.

EMI Group accounted for 36% of AGI's consolidated revenues and income, 43% of consolidated NP and 51% of consolidated NPO.

Travellers, the owner and operator of Newport World Resorts, an integrated-tourism resort, had shown improved NP and NPO growths of 95% and 90% YoY as revenues and income grew 55% to P19.1 billion, which were still short to support costs and expenses. Tourism was hit hard by the pandemic restrictions that have not allowed entry of foreign nationals, except those fully vaccinated and with existing valid visas already, for almost two years already [note: reopening to international tourists started on February 10, 2022]. Mobility restrictions, however, loosened up at varying degrees during the year, more loosely towards the Christmas season.

Gross gaming revenues picked up 26% YoY to P16.7 billion from P13.3 billion. Casino drops rose to 66% YoY driven by the 82% increase from the VIP segment and 2% increase from the non-VIP segment. Blended win rate was at 4% as compared to 5% last year. Average daily property visitation decreased 12% in 2021.

Non-gaming revenues (hotel, food, beverage, others) increased 10% YoY to P2.3 billion as NWR hotels' blended occupancy rate picked up to an average of 70% this year from 51% a year ago with the resurgence of staycations. Total room keys at NWR were 2,054 at end-2021. The Courtyard by Marriott Hotel in Iloilo registered an occupancy rate of 9% in 2021. Other revenues shrank 22% to P0.5 billion due to restrictions affecting theater, cinemas and mall operations.

Travellers contributed 12% to AGI's consolidated revenues and -1% to AGI's consolidated NP and to consolidated NPO.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, ended the year 2021 with core revenues jumping 26% YoY to P24.9 billion and NPO soaring 250% YoY to P0.9 billion. Same-store sales grew 27% year-on-year while system-wide sales went up 30% from a year ago. Being in the food service, which is an essential business, McDonald's restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 98% have re-opened as allowed by the local governments where the restaurants are located. A total of thirty-six (36) stores were opened while twenty (20) less-performing ones were closed during the year, to end 2021 with 671 stores as compared to 655 stores at 2020.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for about 60% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of 2021 with net profit of P0.7 billion realized in the fourth quarter, a 404% increase quarter-on-quarter, as core revenues increased 21% quarter-on-quarter. System-wide sales in the fourth quarter grew 23% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 17%, 4% and 3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

Revenues and income, as a result of the foregoing, reached P152.8 billion in 2021, growing 19% or P24 billion over P128.8 billion in 2020. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P88.0 billion in 2021, recovering 14% or P11 billion YoY from P77.0 billion in 2020 as both real estate and consumer goods showed strong sales growths of 25% and 9%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) accelerated 16% or P7.4 billion YoY to P54.9 billion from P47.5 billion due to easing of COVID-19 restrictions in most part of the year. **Share in net profits of associates and joint ventures** reversed mainly from losses incurred by MEG's associates that offset profits shared from other associates this year.

Finance and other income shot up 139% or P5.7 billion YoY to P9.8 billion, due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project.

Cost and expenses scaled up to P124.7 billion in 2021, 10% or P10.8 billion YoY from P113.9 in 2020, providing good profit margins. **Cost of goods sold** went up 7% or P3.5 billion YoY to P53.2 billion and **cost of services** went up 10% or P2.7 billion YoY to P30.0 billion, both due to increases in revenues, yet at a slower pace. **Other operating expenses** expanded 9% or P2.8 billion YoY to P32.0 billion as business activities increased.

Finance costs and other charges went up 24% or P1.8 billion YoY to P9.4 billion in 2021 from P7.6 billion in 2020 mainly from higher interest expense of MEG attributed to their new borrowings during the year and of EMI due to higher interest paid on ELS, and foreign currency losses of MEG.

Tax expense went down 8% or P0.4 billion YoY to P4.3 billion in 2021 from P4.6 billion in 2020, mainly from the recording in 2021 of the P1.9 billion tax benefit adjustment due to lower tax rates under CREATE on 2020 taxes, offset by the deferred tax adjustment due to higher tax rates under UK taxation effective 2023. Taking out these items, tax expense increased due to increase in taxable income.

Net Profit totaled P23.8 billion in 2021, up P13.5 billion or 132% YoY from P10.3 billion in 2020, with **net profit to owners** growing to P16.9 billion, 92% or P8.1 billion YoY over P8.8 billion in 2020.

For the Year Ended December 31, 2020 vs. 2019

The year 2020 was an unusual year as it brings unprecedented challenges due to COVID-19 pandemic. The pandemic, which put the Philippines in a state of calamity from March 17, 2020, is still sweeping globally as of date of this report. To curb the spread of this novel coronavirus, the governments across the world have implemented safety protocols, stay-at-home orders and varying degrees of lockdown [called community quarantine ("CQ")³ in the Philippines]. At the onset, the entire Luzon, its associated islands, and practically the whole country were under ECQ for two months, which paralyzed all non-essential activities and public transportation. By the end of the year 2020, most of the country was already under the more relaxed MGCQ while Metro Manila, Batangas, and the cities of Iloilo, Davao and Tacloban continued to be under GCQ.

³ Community Quarantine (CQ) restricts movement of individuals within, into or out of an area to reduce the likelihood of transmission of infection. There are four stages depending on the infection cases in a certain community: i) beginning with the most stringent Enhanced CQ (ECQ), which in effect is a total lockdown, followed by ii) Modified ECQ (MECQ), iii) General CQ (GCQ), and iv) Modified GCQ (MGCQ) before it finally goes to the new normal. Under ECQ, which is effectively a total lockdown, all individuals (except front liners) were ordered to stay at home as public transportation was suspended and only essential businesses were allowed to operate. The restrictions ease out through the stages. Safety and health protocols are standard in all stages – 1-meter physical distance, face masks and face shields, and frequent washing with soap or alcohol.

The Group has conducted business operations in compliance with government directives and protocols amidst complex challenges brought by the localized CQ measures which include non-essential business suspensions, limited public transportation and public gathering restrictions. In all allowed activities and public/work places, the minimum public health standards are followed at all times and contactless connections are promoted. Prolonged physical meetings are discouraged, online interactions are encouraged, and alternative work arrangements such as shifts, rotation, skeletal force and work-from-home are implemented when necessary. Transport service and health and safety guards (face masks, face shields, alcohol, vitamin C and personal protective equipment) are provided to employees and workers. By the end of the year 2020, public transportation, dine-in services and mass gatherings were still limited at about 50% capacity; curfew is still in effect; and only hotels with accreditation from the Department of Tourism are allowed to accommodate guests and clients.

The Group has diversified revenue streams, either by type of products or by geographic locations, that helped mitigate the impact of the pandemic-related lockdown restrictions. The complex challenges of the CQ measures resulted in a downturn in the Group's growth trajectory with revenues and income, net profit, and net profit to owners sliding by 28%, 62% and 50%, respectively, as compared to a year ago, to end the year 2020 with P128.8 billion **revenues and income**, P10.3 billion **net profit** and P8.8 billion **net profit to owners**. Net losses were reported by Travellers and GADC that further pulled down the consolidated bottom line. Nevertheless, **net profit rate** was registered at 8% as compared to 15% in 2019, while **net-profit-to-owners rate** was at 7% versus 10% in 2019.

The Group saw 22%, 77% and 48% growths quarter-on-quarter in revenues and income, net profit and net profit to owners in fourth quarter of 2020, respectively, as the COVID-19 restrictions gradually eased towards the Christmas season.

Megaworld, one of the country's property giants, reported year-on-year declines in its revenues and income, net profit and net profit to owners for the year 2020 of 35%, 45% and 45%, respectively, which reportedly amounted to P43.5 billion, P10.6 billion and P9.9 billion, respectively, due to curtailment in activities brought by the pandemic restrictions. Net profit rate remained healthy at 24% as compared to 29% in 2019. Through continuous innovation and strengthened relationships with customers and retail partners, the group was able to preserve profitability.

Real estate sales amounted to P24.9 billion, down 42% from P42.6 billion a year ago due to fewer reservations, limited selling activities and restricted construction activities. Megaworld implemented more flexible payment terms during the lockdown period. Sales reservations amounted to P68.1 billion during the year 2020, with around P7.8 billion worth of new project launches particularly in The Upper East Bacolod, Iloilo Business Park, Capital Town Pampanga and Hamptons Caliraya Laguna. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 52-15-17-16 of real estate sales. The brands sold well in Quezon City, Pasig City, Pasay City and Taguig which constitute 53% of real estate sales.

Rental income slid 23% to P12.9 billion primarily due to temporary closure of malls, rent concessions and lower foot traffic on reopening. Rentals from its office leasing arm, Megaworld Premier Offices amounted to P10.4 billion, at about the same level as 2019. Around 135-thousand sqm of fresh office spaces were leased out in Iloilo, Quezon City and Fort Bonifacio, mainly for expansion programs of existing office partners and the rest from new clients. Around 145-thousand sqm of offices spaces were also renewed by various company tenants during the year. Around 87-thousand sqm of office spaces were completed during the year, bringing the total leasable office inventory to 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.5B rentals. Megaworld offered deferment of monthly rent without penalty until the end of 2020 and waived certain rental charges of mall tenants and retail partners affected by the lockdown when non-essential shops were temporarily closed.

Revenues from the hotel business shrank 42% to P1.5 billion due to temporary closure of hotels, travel bans and limited hotel operations allowed under CQ guidelines for the tourism and hospitality industry. Since dine-in is still restricted, Megaworld hotels began offering curated gourmet meals available for pick-up, take-out and delivery.

In the last quarter of 2020, however, remarkable signs of recovery were seen as real estate grew 22%, lifestyle malls 24% and hotels 25%, quarter-on-quarter as the quarantine measures eased for the holiday season.

Megaworld group's operating results in 2020 brought in 33%, 100% and 79% of AGI's consolidated revenues and income, net profit and net profit to owners, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), exhibited strong results during the year 2020 amidst the pandemic challenges. Net profit to owners soared 18% year-on-year to a record-high of P8.0 billion while revenues went up 2% year-on-year to reported P52.8 billion, attesting to the strength of the Group's diversified portfolio and global operations. While on-trade and global travel retail had been affected by the lockdowns and liquor bans, EMI group took advantage of the buoyant off-trade and e-commerce channels as well as new open markets to increase sales. Emperador was able to navigate through the challenges, adapting to the new consumption trends and streamlining efficiencies. Gross profit margin remained healthy at 31% while net profit to owners margin was higher at 15% as compared to 13% a year ago.

The Brandy segment realized a 20% soar in net profit to owners to P5.7 billion in 2020 from P4.8 billion in 2019 as it turned over P36.9 billion revenues from external customers, down 2% year-on-year. The business was affected by the two-month hard lockdown from mid-March up to mid-May, when local production and distribution were completely suspended in compliance with government directive, and the liquor bans imposed in most localities. While Bodegas Fundador was able to continue its regular production and distribution in Jerez, on-trade sales was affected but off-trade and e-commerce were strong and international market resilient. When borders began opening up in June, sales picked up in Europe, Asia and Americas. 'Terry Centenario' remained as the fastest growing brandy and market leader in Spain cornering about one-fourth of the market. 'Emperador' garnered a leading 37% share of the market volume of the top three local manufacturers in the Philippines. The segment's gross profit margin slightly moved to 28% due to product mix and spike of cost inputs from abroad. The segment's net profit to owners' rate improved to 15% as the group observed prudence in its operating expenditures.

The Scotch Whisky segment ended the year 2020 with P16.0 billion revenues to external customers, a 14% surge year-on-year, with net profit to owners growing at the same 14% pace year-on-year to P2.3 billion. Business in UK accelerated in 2020 as consumers sought out our brands in the off-trade and e-commerce channels while on-trade was effectively shut March-July and restrictions reimposed (so that not all premises were open) from November. Single malts 'Jura' and 'Tamnavulin' captured the first and fifth positions of fastest-growing malt brands in UK while blended 'Whyte & Mackay' captured the fastest-growing blended whisky brand, as their sales soared to double-digit growths in UK. Similarly, sales of 'Harveys' had increased in UK. As markets opened up, exports to Asia picked up from second quarter continuing through the rest of the year. While markets from Europe, Latin America, Africa and Middle East had been affected by the varying stages and degrees of lockdown, good growths were seen for the single malts in North America, developing markets and Europe. Global Travel Retail was the most challenged channel as most airports have remained closed and restricted. The segment's gross profit margin was registered at 36% primarily due to shift in product mix. Tight control on strategic marketing and other operating expenses (normally associated with on-trade and Travel Retail) boosted net profit and net profit rates.

Gross profit margins ("GPM") on consolidated level remained healthy at 31% in 2020 and 34% in 2019. The slight swing was attributed to product mix, spike of inputs abroad and promotional bundling, especially towards the last quarter of the year in time for the Christmas season. The GPMs of the Brandy and Scotch Whisky segments were respectively posted at 28% and 36% in 2020 as compared to 30% and 40% in 2019.

EMI Group accounted for 41% of AGI's consolidated revenues and income, 82% of consolidated net profit and 81% of consolidated net profit to owners in 2020.

Travellers, the owner and operator of NWR, among all the business segments, was hit the hardest by the pandemic-related measures imposed by the government that restricted foot traffic, local and international travel and tourism and the accommodation and dining services in 2020. These disruptions resulted in 57% decline in net revenues reported for the year 2020 to P12.2 billion, not enough to support the cost and expenses that pulled the bottom line 7 times down from P0.9 billion to P5.5 billion in the red.

Gross gaming revenues plunged 52% to P13.3 billion. Casino drops fell 49% year-on-year and blended win rate was at 5%. Average daily property visitation decreased 73% in 2020. The casino layout was rearranged to maximize capacity while strictly adhering to the minimum health protocols.

Non-gaming revenues from hotel accommodations downscaled 58% to P2.1 billion due to check-in decline. Hotel blended occupancy rate averaged 51%. Hotel rooms were converted as temporary quarantine room facilities for Overseas Filipino Workers. New service offerings were tapped to improve occupancy rates, including WFH (Work from Hotel) packages, special staycation packages for frontliners and locally stranded individuals, and virtual meeting packages plus the E-Concierge mobile app. Other revenues shrank 60% to P0.7 billion due to restrictions affecting theater, cinemas and mall operations.

In the last quarter of 2020, revenues picked up 43% quarter-on-quarter (gaming 44%, non-gaming 40%) while net profit improved 28times quarter-on-quarter.

Travellers contributed 9%, -55% and -32% to AGI's consolidated revenues and income, consolidated net profit, and consolidated net profit to owners, respectively, in 2020.

GADC, the master franchise holder of McDonald's in the Philippines which is a strategic partnership with the George Yang group, ended the year 2020 with core revenues reaching P19.8 billion and net profit sliding to P0.6 billion in the red, which were 38% and 131% behind last year, respectively. Same-store sales contracted 41% year-on-year while system-wide sales went down 38% from a year ago. The low results were the effects of the long-standing CQ restrictions (in different phases) nationwide that cut foot traffic in the stores and put constraints in operations and customer spending. Being in the food service, which is an essential business, McDonald's restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 95% have re-opened as allowed by the local governments where the restaurants are located. A total of sixteen (16) stores were opened while thirty (30) non-performing ones were closed during the year, to end the year 2020 with 655 stores as compared to 669 stores at the beginning of the year.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for 19% and 29% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of the year with net profit of P0.4 billion realized in the fourth quarter, a 246% increase quarter-on-quarter, as core revenues increased 25% quarter-on-quarter. System-wide sales in the fourth quarter grew 31% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 16%, -5% and -3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively, in 2020.

Revenues and other income, as a result of the foregoing, reached P128.8 billion in 2020, a 28% or P51.2 billion drop from P180.0 billion in 2019. **Sale of goods** (real estate, alcoholic beverages, snack products) went down 18% or P16.5 billion to P77.0 billion from P93.5 billion a year ago, due to the 42% decline in real estate sales. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) decelerated 41% or P33.5 billion to P47.5 billion from P81.0 billion a year ago, due to reduction in all revenues under this account. **Share in net profits of associates and joint ventures** decreased by 36% or P65 million, mainly from losses incurred by MEG's associates this year.

Finance and other income went down 21% or P1.1 billion, due to lower interest income and foreign currency gains in 2020. There were also gains related to finance lease (P0.4 billion) and to sale and dilution of investments (P0.3 billion) in 2019 but none in 2020.

Cost and expenses shrank 21% or P30.2 billion to P113.9 billion from P144.1 billion in 2019. **Cost of goods sold** decreased 13% or P7.4 billion to P49.7 billion in 2020 mainly due to contraction in real estate sales resulting in contraction in related costs. **Cost of services** decreased 34% or P14.0 billion to P27.3 billion for the year due to decline in business activities in gaming and company-owned QSR. **Other operating expenses** also dipped 24% or P9.4 billion to P29.3 billion due to reduced business activities.

Finance costs and other charges went up 7% or P0.5 billion to P7.6 billion in 2020 mainly from higher interest expense of Travellers, GADC and MEG attributed to their new borrowings during the year.

Tax expense went down 47% or P4.1 billion to P4.6 billion due to lower taxable income of Megaworld, GADC and EMI attributable to reduced business activities during the year.

Net Profit totaled P10.3 billion in 2020, 62% down year-on-year from P27.1 billion in 2019, with **net profit to owners** down 50% to P8.8 billion.

Financial Condition

December 31, 2022 vs 2021

Consolidated total assets reached P748.0 billion at end of the year from P704.0 billion at beginning of the year, reflecting a 6% growth (+P44.1 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.4 times at the end of the year from 2.0 times at the beginning of the year. Current assets amounted to P375.2 billion while current liabilities amounted to P158.5 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 58% at the end of the year from 64% at the start of the year. Total liabilities amounted to P382.0 billion while total equity totaled P366.0 billion at year-end for a liabilities-to-equity ratio of 1.04:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY**:

Cash and cash equivalents decreased 3% (-P2.3 billion) to end the year with P79.9 billion as compared to P82.3 billion at the beginning of the year primarily cash spent for capital expenditures and laying of inventories as business activities continued to ramp up from opening of economies in the current year.

Current trade and other receivables increased 8% (+P5.7 billion) to P78.4 billion, mainly from real estate sales and rental transactions (reflective of robust business) and from alcoholic products sales (in the lead up to the Christmas holidays), and advances to contractors and suppliers. **Non-current trade and other receivables** spiked 57% (+P8.0 billion) to P22.0 billion from increased real estate sales and rental transactions.

Contract assets, which represent the reclassified portion of RE trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 14% (+P1.6 billion) to P13.6 billion for the **currently** maturing assets while **non-currently** maturing assets depleted 24% (-P1.9 billion) to P6.0 billion.

Financial assets at fair value through profit or loss increased 11% (+P1.4 billion) to P15.0 billion, attributed to translation adjustment of marketable securities in US dollar currency at end of the year.

Inventories jumped 10% (+P15.3 billion) to P168.2 billion from real estate related accounts as construction activities pumped up completion, from continuous laying of Scotch whisky liquids for

ageing, advanced production to ensure continuity of dispatch and purchases of raw materials to ensure continuity of supply.

Other current assets expanded 6% (+P1.0 billion) to P19.2 billion due to increase in deferred commission, input vat and other prepayments, generally due to timing of payments.

Advances to landowners and joint operators climbed 10% (+P0.7 billion) to P7.9 billion mainly from MEG's additional advances to land owners and co-venturers.

Financial assets at fair value through other comprehensive income contracted 19% (-P0.08 billion) to P0.3 billion mainly from disposals and marked-to-market valuation during the year.

Investments in associates and joint ventures went down 5% (-P0.4 billion) to P6.4 billion due to dividend received from a joint venture and share in net losses of associates during the year.

Property, plant and equipment went up nearly 5% (+P6.6 billion) to P148.5 billion and **investment properties** up 7% (+P8.8 billion) to P129.4 billion due to higher capital expenditures this year as from a year ago due to resumption of business and construction activities in a more open environment.

Other non-current assets shrank 10% (-P0.7 billion) to P6.6 billion due to reversal of property mortgage receivable upon EMI's acquisition of the subject property and decrease in MEG's deferred commission and reduced partly by Travellers' additional advances for future investment.

Trade and other payables jumped 31% (+P20.0 billion) to P84.6 billion from increased business activities, timing of purchases for production and accruals of expenses, payables to contractors and suppliers of construction materials, liability for unredeemed gaming points and unredeemed gaming chips and gaming license fees

Current interest-bearing loans slid 60% (-P47.8 billion) while **non-current interest-bearing loans** soared 46% (+P43.2 billion) for a net decline of P4.6 billion, due to principal repayments, exceeding additional loans, drawdowns and refinancing during the period.

Current bonds payable swelled P14.0 billion while **non-current bonds payable** shrank by P10.8 billion, for a net increase of 7.8% or P3.3 billion primarily due to strong dollar rates. These bonds are all issued by Megaworld.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion increasing 39% (+P0.9 billion) and **non-current** portion depleting 2% (-P0.1 billion) during the year.

Lease liabilities were accounts brought about by the adoption of PFRS 16- Leases. The current and non-current portions amounted to P1.4 billion and P16.4 billion, respectively at the end of 2022, up 4% (+P0.05 billion) and 7% (+P1.1 billion), respectively, due to additional recognitions, interest accretion, and some foreign exchange losses during the year.

Income tax payable escalated 10% (+P0.2 billion) to P2.3 billion primarily from higher income taxes by the Group at the current year-end which is further attributed to higher taxable profit.

Advances from related parties and joint operator partners fell 34% (-P0.8 billion) to P1.6 billion from Megaworld accounts.

Current redeemable preferred shares amounting to P0.3 billion at the beginning of the year were TLC preferred shares which matured and redeemed in full during the year while the **non-current redeemable preferred shares** went up 13% (+0.2 billion) to P1.5 billion from accretion of interest expense on GADC's preferred shares.

Retirement benefit obligation depleted 23% (-P0.2 billion) to P0.8 billion from changes in financial assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperor.

Deferred tax liabilities increased 6% (+P1.2 billion) to P19.3 billion primarily due to the tax effects of capitalized interest, right-of-use assets and retirement benefit obligations.

Other non-current liabilities sank 35% (-P7.2 billion) to P13.2 billion from withdrawals in deposits from NWR patrons, and decrease in deferred rent and retentions in Megaworld group.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 11% (+P22.8 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares; while non-controlling interest increased 6% (+P7.9 billion) mainly from net profit during the year reduced by dividend paid by investee. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

December 31, 2021 vs 2020

Consolidated total assets amounted to P704.0 billion at end of 2021 from P668.5 at beginning of year. The Group is strongly liquid with **current assets** exceeding **current liabilities** 2.0 times. Current assets amounted to P352.4 billion while current liabilities amounted to P172.5 billion at end of 2021.

Here in summary are the following **accounts with at least +/-5% changes YoY**. Please refer to the relevant notes accompanying the consolidated financial statements.

Cash and cash equivalents increased 18% or P12.6 billion to end the year with P82.3 billion from P69.7 billion at the beginning of the year, primarily from net cash flows generated from operating activities exceeding cash used in financing and investing activities during the year as shown in more detail in the consolidated statements of cash flows.

Current trade and other receivables went up 8% or P5.3 billion mainly from real estate trade receivables (reflective of robust sales) and advances to contractors and suppliers. **Non-current trade and other receivables**, on the other hand, went down by 13% or P2.1 billion primarily from the reduction in advances to contractors and suppliers related to real estate projects that gets completed, offset by the increase in real estate trade receivables.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went down 10% or P1.3 billion for the **currently** maturing assets while **non-currently** maturing assets went up 30% or P1.8 billion.

Financial assets at fair value through profit or loss increased 38% or P3.7 billion from acquisitions during the year and change in market valuation.

Inventories increased 9% or P12.8 billion mainly from real estate related accounts (real estate for sale, property development costs, raw land) as project development pumped up during the year due to less restrictive protocols, and work-in-process account as the Group builds up on aging its distilled spirits inventory.

Other current assets jumped 11% or P1.8 billion mainly due to increases in MEG's creditable withholding taxes, and prepaid rent and other prepayments.

Advances to landowners and joint operators slid 5% or P0.4 billion as real estate business activities improved.

Financial assets at fair value through other comprehensive income went up 6% or P0.02 billion from marked-to-market valuation loss offset by foreign currency gains.

Deferred tax assets dipped 22% or P1.4 billion significantly from deferred tax assets of GADC, attributed to timing differences mainly on their lease liabilities.

Other non-current assets dropped 7% or P0.6 billion from the P1.2 billion deposit made by Megaworld in 2020 for the on-market purchase of its perpetual securities, and such was fully utilized in 2021. This was offset by the increases in Megaworld's deferred commissions and in Travellers' advances for future investments made to PAGCOR during the year.

Non-current assets held for sale were reduced by 81% or P4.0 billion as the sale pertaining to Travellers' assets was completed in 2021.

Current trade and other payables depleted 11% or P7.6 billion mainly due to the application of advance deposits received in relation to the Westside project since conditions specified in the co-development agreement have been completed offset by the increase in trade payables mainly due to timing of purchases for production.

Current interest-bearing loans soared 62% or P30.8 billion while **non-current interest-bearing loans** dipped 25% or P31.3 billion, for a net decrease of 0.3% or P0.5 billion, mainly from Megaworld's new loans as offset by loan repayments.

Current and Non-current lease liabilities were accounts brought about by the adoption of PFRS 16-Leases beginning January 1, 2019. These amounted to P1.3 billion and P15.3 billion, respectively, at the end of 2021, decreasing by 8% or P0.1 billion and 3% or P0.5 billion, respectively, from the beginning of the year balances.

Contract liabilities represent MEG's excess of collection over the progress of work under MEG, with **current** portion decreasing 8% or P0.2 billion and **non-current** portion increasing 55% or P1.8 billion.

Income tax payable increased 16% or P0.3 billion, mainly from higher taxable liabilities sitting at EMP and GADC.

Advances from related parties and joint operator partners went up 13% or P0.3 billion due to cash advances granted during the year.

Other current liabilities were down 26% or P6.8 billion primarily due to decreases in Megaworld's deferred rental, commissions payable, advances from customers, and derivative liability; and reclassification of Emperor's equity-linked securities to equity. On the other hand, **Other non-current liabilities** increased by 78% or P8.9 billion mainly from deposits from Travellers' patrons offset by the decrease in Megaworld's customer deposits.

Retirement benefit obligation decreased 60% or P1.4 billion from higher fair value of the plan assets this year as compared to last year, as a result of remeasurement gains arising from return on plan assets, foreign exchange adjustment and contributions into the plan.

Non-current redeemable preferred shares dipped 7% or P0.1 billion due to the redemption of preferred shares of TLC.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 15% or P26.6 billion mainly due to consolidated net profit during the year and Megaworld's consolidation reserves during the year while non-controlling interest increased 11% or P12.8 billion due to net profit during the year and deposit for future stock subscription on ELS shares. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

December 31, 2020 vs 2019

Consolidated total assets amounted to P668.9 billion at end of 2020 from P644.5 billion at beginning of year. The Group is strongly liquid with **current assets** exceeding **current liabilities** 2.0 times. Current assets amounted to P316.4 billion while current liabilities amounted to P155.8 billion at end of 2020.

In summary, for **accounts with at least +/-5% year-on-year changes**:

Cash and cash equivalents increased 36% or P18.4 billion to end the year 2020 with P69.7 billion from P51.3 billion at the beginning of the year, primarily from net cash flows generated internally and net proceeds from debts during the year, particularly from MEG and GADC. Cash flows from operating, financing and investing activities during the period were presented in the consolidated statements of cash flows.

Current trade and other receivables went down 9% or P6.4 billion mainly from collections mostly from debtors of Megaworld and Emperador who had larger balances at the beginning of the year. Real estate selling activities were limited by restricted construction activities during the year.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 22% or P2.4 billion for the **currently** maturing assets and **non-currently** maturing assets decreased 21% or P1.7 billion.

Financial assets at fair value through profit or loss depleted by 19% or P2.3 billion from net disposals in 2020.

Other current assets slid 6% or P1.1 billion mainly due to decreases in MEG's input vat and creditable withholding taxes, and EMP's timing of general prepayments, deferred input vat and prepaid taxes.

Financial assets at fair value through other comprehensive income declined 5% or P0.02 billion from disposals and fair value loss from marked-to-market valuation.

Advances to landowners and joint operators increased 6% or P0.4 billion from advances made by Megaworld to joint partners.

Deferred tax assets surged 16% or P0.9 billion significantly from deferred tax assets of GADC and EMP, attributable to timing differences mainly on their lease liabilities in excess of their right-of-use assets, retirement benefit obligation, net operating loss carry-over and minimum corporate income tax.

Other non-current assets grew 12% or P0.8 billion from Megaworld's higher deferred commissions and the deposit it made for cancellation of perpetual securities, as reduced by decrease in Travellers' advances for future investments made to PAGCOR as a result of parcels of land it received during the year.

Non-current asset held for sale increased 24% or P1.0 billion from EMP's land and building intended for sale in 2021 up to three years after the end of COVID-19 pandemic. Such were reclassified from Property, Plant and Equipment.

Trade and other payables went up 18% or P10.8 billion from Travellers' P9.9 billion deposit from SUN and increase in trade payables. The payment received from SUN is in connection with the development and construction of a hotel casino on a lot being leased by SUN from WCRWI under a co-development agreement between the two parties. Dividends payable went up due to dividends declaration by Megaworld and the Parent Company which are payable in 2021. Accrued interest payable was higher at year-end due to new interest-bearing debts drawn during the year.

Current interest-bearing loans leaped 21% or P8.7 billion while **non-current interest-bearing loans** dropped 10% or P13.9 billion, for a net decrease of P5.2 billion, as a result of net repayments by Travellers (P2.6 billion), Megaworld (P5.7 billion), Emperador (P1.6 billion) and AGGC (P2.0 billion); and net incurrences by GADC (P1.6 billion) and AGI (P5.0 billion).

Current and Non-current lease liabilities were accounts brought about by the adoption of PFRS 16-Leases beginning January 1, 2019. These amounted to P1.3 billion and P14.6 billion, respectively, at the end of 2019 and increased by 10% or P0.1 billion and 8% or P1.2 billion, respectively, during the year; thereby ending the year 2020 with P1.4 billion and P15.9 billion.

Contract liabilities represent MEG's excess of collection over the progress of work under MEG, with **current** portion increasing 55% or P0.9 billion and **non-current** portion decreasing 9% or P0.3 billion.

Income tax payable decreased 24% or P0.6 billion, mainly from lower taxable income.

Other current liabilities went up 26% or P5.2 billion primarily due to increases in Megaworld's deferred rental, commissions payable, advances from customers, and derivative liability; and reclassification of Emperor's maturing equity-linked securities, net of conversion during the year. On the other hand, **Other non-current liabilities** decreased by 26% or P4.0 billion mainly from the reclassification of currently maturing portion of equity-linked securities, and reduction of Traveller's retention liabilities.

Bonds payable surged 64% or P15.7 billion due to issuance of Megaworld's seven-year senior 4.125% unsecured notes totaling \$350 million which shall mature on July 30, 2027.

Retirement benefit obligation increased 10% or P0.2 billion from higher present value of the obligation this year as compared to last year, as a result of remeasurement loss and current service and interest costs, less the effects of foreign currency adjustment. .

Non-current redeemable preferred shares, dipped 7% or P0.1 billion due to the redemption of preferred shares of TLC.

Deferred tax liabilities went up 9% or P1.4 billion primarily due to the tax effect capitalized interest, right-of-use assets, capitalized interest and brand valuation.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 2% mainly due to net profit during the year, while non-controlling interest decreased 4% or P5.2 billion due to dividend declared by investee. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

b.2. Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.4times, 2.0times, and 2.0times, at end of 2022, 2021, and 2020, respectively. Total-liabilities-to-equity ratios were at 1.0:1, 1.1:1, and 1.3:1 at end 2022, 2021, and 2020, while interest-bearing-debt-to-total-equity ratios were correspondingly at 58%, 64%, and 74%. Assets exceeded liabilities 2times and equity 2times as well at end-2022, 2021, and 2020.

In general, working capital was sourced internally from operations and bank loans during the year. In the ensuing year, the Group expects to meet its working capital and investment requirements from operating cash flows and debt. It may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	2022	2021	2020	2019
Cash and cash equivalents	79,929	82,278	69,698	51,271
FVTPL/ FVOCI financial assets	15,305	13,934	10,185	12,462
Total Available	95,235	96,212	79,883	63,732
Interest-bearing debt- current	32,504	80,304	49,546	40,870
Interest-bearing debt noncurrent	136,288	93,109	124,371	138,283
Bonds payable- current	14,026	-	-	-
Bonds payable- noncurrent	31,213	41,982	40,283	24,624
Equity-linked securities*	-	-	3,444	5,280
Total Debt	214,031	215,395	217,644	209,057
Net cash (debt)	(118,796)	(119,183)	(137,761)	(145,325)
Available cash and financial assets to debt	44.50%	44.67%	36.70%	30.49%
Total debt to total equity	58.48%	64.25%	73.57%	70.36%
Net debt to total equity	32.46%	35.55%	46.57%	48.91%

	2022	2021	2020	2019	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
Profit before tax and interest	39,833	35,316	21,746	42,163	4,517	12.8%	13,570	62.4%	(20,416)	(48.4%)
Interest expense	8,517	7,240	6,841	6,293	1,278	17.6%	399	5.8%	548	8.7%
Interest coverage rate	4.68	4.88	3.18	6.70						

b.3 Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brand equity, firm market positioning, focused strategies and overall financial strength. It is mindful of the current challenges in global and domestic economies.

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall resilience and adaptability. Innovation, especially on digital technology, will remain to be at the core of its different business operations. The Group will continue to use technology to give the Group an added advantage.

b.4 Others

There are no other known material events subsequent to the end of the year that would have a material impact on the current year.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have nor anticipate having any cash flow or liquidity problems within the next twelve months. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

Applicable Tax Contingencies as Disclosed in Note 31 of the Consolidated Audited Financial Statements (CAFS) for the year ended 31 December 2022

31.2 (c) Tax Contingencies of Casino Operations

Under the Travellers' License with the PAGCOR, Travellers is subject to the 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 29.3).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

Material Commitments as disclosed in Note 31 of the CAFS for the year ended 31 December 2022

31.6 Skytrain Project

In October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal has undergone review and evaluation at NEDA Board.

31.8 Purchase and Sale Commitment

On December 27, 2020, the management approved the sale of certain land and buildings in Spain through the signed letter of intent with Global One. The letter of intent stated that the Group will sell and Global One will purchase the assets at a purchase price of €16.6 million (equivalent to P961.7 million), which is equivalent to the net book value of the property, at any time from the date of signature of the letter of intent until three years after COVID-19 pandemic has ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023. The assets remain unsold as of December 31, 2022 and is presented as part of Non-current assets classified as held for sale in the consolidated statements of financial position (see Note 16).

- continued on next page -

FOR THE PERIOD ENDED 31 MARCH 2023

Key Performance Indicators - Top Five

In Million Pesos	Q1 2023	01 2022	YoY	YoY %	01 2019	2023 vs2019	%
REVENUES AND INCOME	50,288	37,498	12,790	34.1%	41,048	9,240	22.5%
NET PROFIT ["NP"]	7,126	5,350	1,776	33.2%	6,523	603	9.2%
NET PROFIT TO OWNERS ["NPO"]	4,678	3,887	791	20.4%	4,352	326	7.5%
NP rate ["NPR"]	14.17%	14.27%			15.9%		
NPO rate ["NPOR"]	9.30%	10.37%			10.6%		
EBITDA Margin	28.38%	29.86%			28.9%		
Return on investment/assets ["NP/TAJ"]	0.94%	0.76%					
	Mar 31, 2023	Dec 31, 2022	01 2023	%			
TOTAL ASSETS	756,419	748,020	8,399	1.1%			
CURRENT ASSETS	381,433	375,183	6,250	1.7%			
CURRENT LIABILITIES	172,263	158,523	13,740	8.7%			
Current ratio	2.21x	2.37x					
Quick ratio	1.0x	1.09x					
	01 2023	01 2022	YoY	YoY %	01 2019	2023 vs2019	%
Profit before tax and interest expense	11,718	8,847	2,872	32.5%	9,867	1,851	18.8%
Interest expense	2,737	1,730	1,007	58.2%	1,479	1,258	85.1%
INTEREST COVERAGE	4.28x	5.11x			6.7x		

In 2019, a one-time income of P0.2 billion was booked by Megaworld from sale of investment in an associate. Net effect to NP was P0.2 billion and to NPO was P0.1 billion.

- Revenue growth - measures the percentage change in sales/revenues over a designated period. Performance is measured in terms of both amount and volume, where applicable.
- Net profit growth - measures the percentage change in net profit over a designated period of time
- Net profit rate - computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on investment [or capital employed] - the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- Current ratio - computed as current assets divided by current liabilities - measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities
- Interest coverage ratio - computed as profit before tax and interest expense divided by interest expense -measures the business' ability to meet its interest payments.

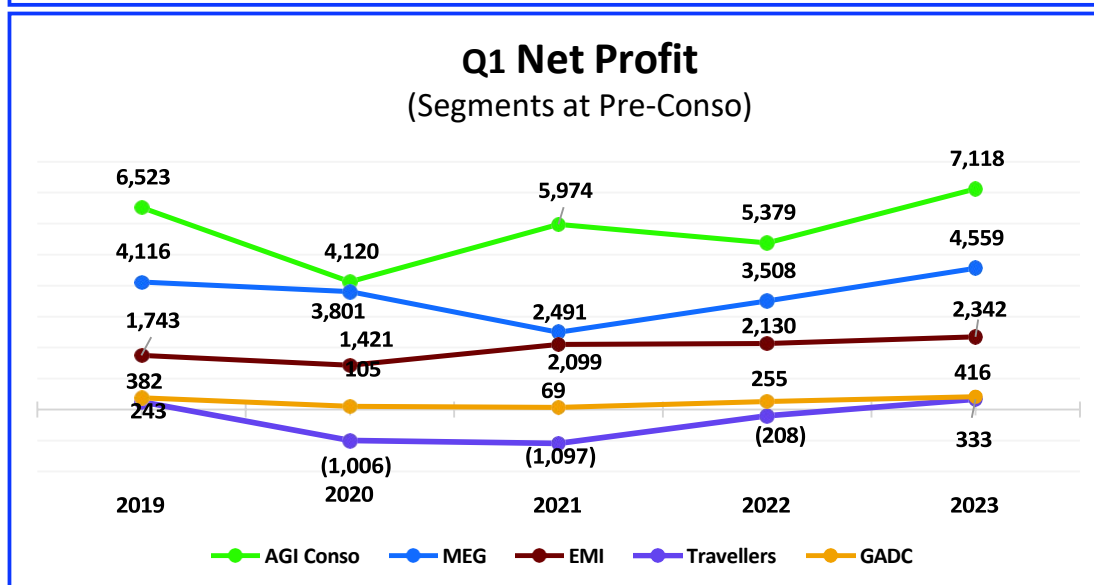
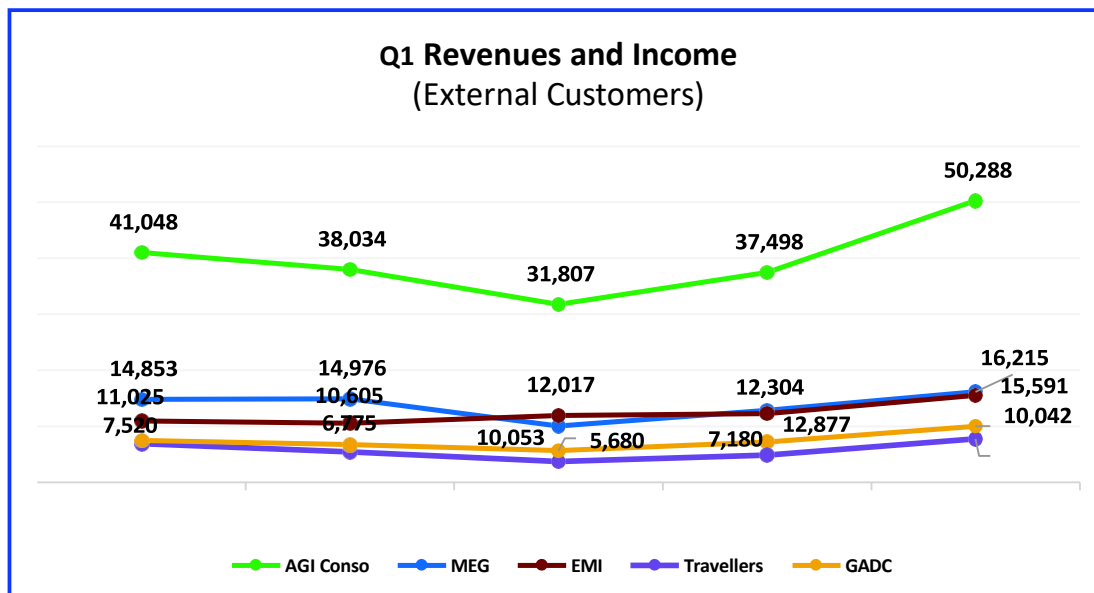
Results of Operations - First Quarter 2023 vs 2022

The **Philippine economy**¹ grew 6.4% in the first quarter ("Q1") this year, slower than 7.1% in fourth quarter ("Q4"), yet beating market consensus and within the government target of 6% to 7% for 2023. Domestic economic activities continued to benefit from a better business environment under Alert Level 1² amid still high inflation³ and continued interest rate hikes. The lingering COVID-19 pandemic was seen subsiding and this allowed easing of mobility restrictions and resumption of travel that helped drive economic growth and the Group's businesses.

¹ Source of GDP year-on-year growths: Philippine Statistics Authority ref. 2023-171 released on May 11, 2023.

² Businesses and transportation are at full capacity under Alert Level 1 which started in March 2022 for Metro Manila and most parts of the country (only 26 areas are under Alert Level 2 as of April 30, 2023). The COVID-19 pandemic which broke out in 2020 put the world under a public health emergency of international concern that caused governments worldwide to impose, and re-impose, mobility and lockdown restrictions. As the pandemic

The Group, a premium lifestyle conglomerate, started the current year robustly with Q1 results outperforming comparable period last year and exceeding pre-pandemic Q1 2019 results. All business segments achieved remarkable Q1 growths in topline and bottom lines versus the said comparable periods. Revenues and income surged 34% YoY to P50.3 billion and net profit ("NP") soared 33% YoY to P7.1 billion on the strength the Group's diversified revenue streams, strong brand equity, creative offerings and aggressive market positioning as economic activities fully opened up.



Amid rising costs and expenses, gross profit rate ("GPR") and NP rate ("NPR") remained stable at 42% and 14%, respectively, as they were a year ago. NP to owners ("NPO") rate ("NPOR") contracted to 9% from 10% a year ago mainly due to increase in public float of EMI from a year ago.

situation improves due to vaccination, economic activities and travel resume. On May 5, 2023, WHO declared that the pandemic is no longer a global health emergency, but the danger of the pandemic remains.

³ The inflation rates in the Philippine peaked to 8.7% in January 2023 but eased in following months (8.6% in February, 7.6% in March and 6.6% in April). The same slow fall in growths was seen in Spain, Mexico and USA while UK remained flat in March.

By business segments, as represented by the major subsidiary groups:

In Million Pesos	Contribution [Conso]	Q1 2023 Pre Conso	Q1 2023 Conso	01 2022 Pre Conso	01 2022 Conso	YoY Conso	o % Conso	01 2019 PreConso	01 2019 Conso
Revenues and income	100%	50,344	50,288	37,681	37,498	12,790	34.1%	41,093	41,048
Megaworld	32%	16,274	16,215	12,950	12,877	3,338	25.9%	14,893	14,853
Emperador	31%	15,591	15,591	12,309	12,304	3,288	26.7%	11,025	11,025
Travellers ^a	16%	7,802	7,802	4,886	4,885	2,917	59.7%	6,912	6,909
Golden Arches	20%	10,026	10,042	7,193	7,180	2,863	39.9%	7,520	7,520
Others	1%	651	638	343	253	386	34.1%	743	741
Cost and expenses	100%	41,371	41,307	30,862	30,709	10,598	34.5%	32,707	32,660
Megaworld	26%	10,544	10,544	8,556	8,529	2,014	23.6%	9,369	9,369
Emperador	31%	12,802	12,758	9,830	9,741	3,017	31.0%	9,005	8,995
Travellers	18%	7,462	7,446	5,093	5,105	2,342	45.9%	6,659	6,648
Golden Arches	23%	9,384	9,379	6,737	6,693	2,687	40.1%	6,976	6,952
Others	3%	1,180	1,180	647	641	539	84.0%	698	696
Tax expense	100%	1,856	1,856	1,440	1,440	416	28.9%	1,865	1,865
Megaworld	63%	1,172	1,172	886	886	285	32.2%	1,409	1,409
Emperador	24%	448	448	349	349	98	28.2%	278	248
Travellers	0%	7	7	1	1	6	579.4%	10	10
Golden Arches	12%	226	226	201	201	25	12.3%	162	162
Others	0%	3	3	2	2	2	101.3%	6	6
Net profit	100%	7,118	7,126	5,379	5,350	1,776	33.2%	6,521	6,523
Megaworld	63%	4,559	4,500	3,508	3,461	1,038	30.0%	4,115	4,075
Emperador	33%	2,342	2,386	2,130	2,214	172	7.8%	1,742	1,752
Travellers ^a	5%	333	348	(208)	(221)	569	257.7%	243	251
Golden Arches	6%	416	437	255	286	151	53.0%	382	406
Others	-8%	(533)	(545)	(305)	(391)	(154)	(39.5%)	39	39
Net profit to owners	100%	6,623	4,678	4,913	3,887	791	20.4%	6,240	4,352
Megaworld	61%	4,084	2,868	3,069	2,351	518	22.0%	3,836	2,536
Emperador	41%	2,318	1,915	2,098	1,884	31	1.6%	1,738	1,448
Travellers ^a	5%	334	214	(207)	(115)	329	286.8%	245	118
Golden Arches	5%	419	227	258	157	69	43.9%	383	212
Others	-12%	(533)	(545)	(305)	(391)	(155)	(39.7%)	38	38

Note: Numbers may not add up due to rounding off
^aPre-conso refers to numbers at subsidiary level; Revenues and income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers, i.e. after elimination of consolidation adjustments.

Megaworld, the country's pioneer township developer, opened the year with reported Q1 revenues and income of P16.2 billion, NP of P4.6 billion and NPO of P4.1 billion, swelling 24%, 30% and 33% YoY, respectively, surpassing comparable pre-pandemic Q1 2019 results, which were accredited largely to the double-digit growths in all of its revenue streams. Costs and expenses expanded 20% YoY, mainly due to expansion in revenues and interest costs. GPR remained comparatively stable at 48% while NPR and NPOR improved to 28% and 25%, respectively, as compared to 27% and 23% a year ago.

Real estate sales, which comprised 64% of Megaworld's main revenue streams this interim period, climbed 17% YoY to P9.4 billion as construction activities continued to pick up and project completions increased during the period. The current brand mix for Megaworld-GERL-Empire East-Suntrust/SLI was 63%-18%-12%-7%. About 64% of sales were from Metro Manila projects, 16% Cavite-Laguna-Ratangas-Rizal and 4% Iloilo. Reservation sales in Q1 surged 71% YoY to P39.6 billion.

Rental income, which comprised 30% of Megaworld's main revenues in Q1, increased 18% YoY to P4.4 billion mainly from increase in occupancy rates and increase in foot traffic. *Megaworld Premier Offices* grew 5% YoY to P3.1 billion as occupancy rate hovered at 90%, much higher than industry experience. *Megaworld Lifestyle Malls* showed a spike of 73% YoY to P1.2 billion rentals, mainly driven by consumer spending, higher foot traffic and occupancy rate of 90%.

Megaworld Hotels & Resorts reported hotel revenues of P0.8 billion, a 62% leap YoY reflective of the sustained performance of its in-city hotels and increase in leisure and MLCE activities. Hotels in Metro Manila attained 66% occupancy rate for the current interim period.

These operating results brought in 32%, 63% and 61% to AGI's consolidated revenues and income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, opened the current year with Q1 revenues and income surging 26% YoY to P15.6 billion and NP jumping 10% YoY to P2.3 billion, buoyed by strong demand for its diversified Brandy and Scotch Whisky portfolio. Global business remained healthy during the quarter amid high inflation, rising interest rates, supply chain disruptions⁴ and logistic pressures. In the current quarter, the group achieved a 33% GPR compared to 32% a year ago as costs grew at a slower pace than revenues, mainly due to high-margin branded business. The group resumed advertising and promotional spending and physical meetings to end the quarter with NPR of 1S% as compared to 17% a year ago.

The Brandy segment grew its Q1 external revenues and income 28% YoY to P9.8 billion, as global operations in Philippines, Spain and Mexico delivered remarkable growths. GP expanded 25% YoY to P2.4 billion, resulting in GPR standing at 25%, easing from 26% a year ago. With increased promotional activities and higher interest rates (especially EURLROR), NPR and NPOR were registered at 10% from 15% a year ago.

The Scotch Whisky segment grew its Q1 external revenues and income 24% YoY to P5.8 billion, driven by the single malt products which accounted for 67% of segment's sales (as compared to 64% a year ago). Scotch Whisky products sold strongly in UK, Asia Pacific, Europe and North America as restrictions eased in most regions and global travel retail opened up. Supply chain challenges continued to affect this segment's markets, yet demand remains high with orders on hand. GP expanded 45% YoY to P2.7 billion, resulting in GPR rising to 46% from 40% a year ago, on the back of high-margin single malts. The increase in promotional spending and return-to-office related expenses resulted in NP and NPOR jumping to 23% as compared to 19% a year ago.

Emperador group contributed 31% to AGI's consolidated revenues and income, 33% to consolidated NP, and 41% to consolidated NPO.

Travellers, the owner and operator of Newport World Resorts ("NWR") (formerly, Resorts World Manila), an integrated tourism resort in Pasay City, started the year strongly with revenues soaring 63% YoY to P7.9 billion and ending Q1 with NP of P0.3 billion, a 260% turnaround from a year ago, as current operations normalized to pre-pandemic state (as compared to comparable period last year wherein travel and mobility restrictions were in place). Both gaming and non-gaming segments delivered double-digit growths, with direct costs increasing at a slower pace 45% YoY, resulting in improved GPR of 44% as compared to 37% a year ago. Current operations required higher general and administrative expenses and interest costs, resulting in NPR of 4%.

Gross gaming revenues climbed 36% YoY while promotional allowance jumped 7% YoY, resulting in net gaming revenues growth of 56% YoY to P6.1 billion at end of quarter. Current overall drops improved across all gaming segments YoY.

Non-gaming core revenues (from hotels, food, beverage and other operating income) almost doubled to P1.8 billion, up 93% YoY from P0.9 billion last year, following the increase in number of mall goers, hotel occupancy, corporate events and MLCE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 66% to 85% (47% to 85% a year ago), and the hotel in Iloilo registered an occupancy rate of 29% (16% a year ago).

Travellers group accounted for 16%, 5% and 5% of AGI's consolidated revenues and income, consolidated NP and consolidated NPO, respectively.

⁴ China's Zero-COVID policy caused supply chain disruptions from its imports and exports, and this continued until early December 2022.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, grew its Q1 net profit 63% YoY to P0.4 billion as it hit a record- high Q1 core revenues of P9.9 billion, up 38% YoY. With cost of sales growing 39% YoY which was about same pace as revenues, GPR remained stable at 24% while NPR remained stable at 4%. The group benefited from an almost non-existent mobility constraint.

Systemwide store sales for Q1 rose 35% YoY, propelled by front-counter channels shooting up 71% with dine-in sales doubling YoY. Same-store sales expanded 28% YoY. McDonald's focused on its Value program and brand trust campaign in Q1 which highlighted its priority trust pillars, namely food safety and quality, and people. These were complemented by flavor stimulation with the return of a popular limited time offer 'Fish & Fries' and a new limited time offer 'CheeseDunk'. McDonald's also launched 'Crave&Claim Fest' in McDonald's app which provided additional sales and guest count performance. The group opened 1 store in Mindanao and closed 2 stores in Q1, ending the quarter with 703 stores from 704 stores at the beginning of the year. Stores were concentrated 82% in Luzon, including Metro Manila. Kitchen improvements and store reimaging, including restaurant innovations, continued in Q1.

These operating results translated into 20% contribution to consolidated revenues and income, 6% to consolidated net profit and 5% to net profit to owners of AGI.

By profit and loss accounts:

The preceding discussions are reflected in the consolidated profit and loss accounts, as shown below:

In Million Pesos	Q1 2023	Q1 2022	YoY	%
REVENUES AND INCOME				
Sale of goods	24,965	20,050	4,915	24.5%
Consumer goods	15,556	11,999	3,557	29.6%
Revenue from real estate (RE) sales	9,409	8,051	1,358	16.9%
Rendering of services	23,111	16,340	6,772	41.4%
Gaming	8,893	6,530	2,363	36.2%
Less: Promotional allowance	(2,780)	(2,607)	(172)	6.6%
Net Gaming	6,113	3,923	2,190	55.8%
Sales by company-operated quick-service restaurants	9,039	6,515	2,524	38.7%
Franchise revenues	890	659	231	35.0%
Rental Income	4,496	3,862	635	16.4%
Others	2,573	1,381	1,192	86.3%
Hotel operations	2,223	1,246	977	78.4%
Other services	349	135	215	159.5%
Share in net profit of associates and joint ventures	70	-	70	
Finance and other income	2,142	1,108	1,033	93.3%
TOTAL	50,288	37,498	12,790	34.1%

In Million Pesos	Q1 2023	Q1 2022	YoY	%
COST AND EXPENSES				
Cost of goods sold	15,209	12,270	2,939	24.0%
Consumer goods sold	10,396	8,153	2,243	27.5%
RE sales	4,813	4,117	696	16.9%
Cost of services	12,497	8,811	3,686	41.8%
Gaming	2,729	1,946	783	40.2%
Services	9,768	6,865	2,903	42.3%
Other operating expenses	10,479	7,699	2,780	36.1%
Selling and marketing	3,490	2,703	787	29.1%
General and administrative	6,989	4,996	1,992	39.9%
Share in net losses of associates and joint ventures	-	42	(42)	(100.0%)
Finance cost and other charges	3,122	1,887	1,235	65.4%
TOTAL	41,307	30,709	10,598	34.5%
TAX EXPENSE	1,856	1,440	416	28.9%
NET PROFIT	7,126	5,350	1,776	33.2%
NET PROFIT TO OWNERS	4,678	3,887	791	20.4%

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

Revenues and income, as a result of the foregoing discussions, increased 34% YoY (+P12.8 billion) to P50.3 billion in Q1, surpassing pre-pandemic Q1 of 2019. **Sale of goods** (real estate, alcoholic beverages and snack products) escalated 24% YoY (+P4.9 billion) to P25.0 billion as real estate sales jumped 17% YoY (+P1.4 billion) and sales of consumer goods climbed 30% YoY (+P3.6 billion) to P15.6 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) ballooned 41% YoY (+P6.8 billion) to P23.1 billion as all sources registered double-digit growths. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 56% (+P2.2 billion), 39% (+P2.5 billion), 35% (+P.2 billion), 16% (+P0.6 billion) and 78% (+P1.0 billion), respectively. **Share in net profit of associates and joint ventures** was attributable due to incurred profits of an associate of Megaworld and Emperor's joint venture. **Finance and other income** almost doubled to 93% YoY (+P1.0 billion) to P2.1 billion mainly due to foreign currency gains and interest income earned during the quarter.

Costs and expenses increased 34% YoY (+P10.6 billion) to P41.3 billion. **Cost of goods sold** and **cost of services** increased 24% YoY (+P2.9 billion) and 42% YoY (+P3.7 billion), respectively, due to increases in sales/services and rising costs. **Other operating expenses** went up 36% YoY (+P2.8 billion) to P10.5 billion due to resumption of business activities and promotions. **Finance and other charges** surged 65% YoY (+P1.2 billion) to P3.1 billion due mainly to higher interest expense during the period attributable to loans drawn during the interim and high interest rates.

Tax expense increased 29% YoY (+P0.4 billion) to P1.9 billion primarily due to higher taxable income of the Group during the period.

Earnings before interest, taxes, depreciation and amortizations (EBITDA) (computed as net profit before income taxes, interest expense, depreciation and amortizations) increased 27% YoY (+P3.1 billion) to P14.3 billion from P11.2 billion a year ago, exhibiting 28% and 30% EBITDA rate, respectively.

Net profit increased 33% YoY (+P1.8 billion) at P7.1 billion as compared to P5.4 billion last year.

Net profit attributable to AGI owners also increased by 20% (+P0.8 billion) at P4.7 billion as compared to P3.9 billion a year ago.

Financial Condition

Consolidated total assets amounted to P756.4 billion at end of the interim period from P748.0 billion at beginning of year, a 1% growth (+P8.4 billion) in the first three months of the year. The Group is liquid with **current assets** exceeding **current liabilities** 2.2 times at the end and 2.4 times at the beginning of the interim period. Current assets amounted to P381.4 billion while current liabilities amounted to P172.3 billion at end of the interim period.

Cash and cash equivalents were depleted by 4% (-P2.8 billion) during the interim, ending at P77.1 billion from P79.9 billion at the beginning of the year, primarily due to uses in financing activities (net payments of loans, interest, lease) and investing activities (capital expenditures, advances) outpacing cash provided by operating activities. Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

In summary, the **accounts with at least +/- 5% changes** from year-end were as follows.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, increased 7% (+P1.0 billion) for **currently maturing assets** while the **non-currently maturing assets** depleted 1% (-P0.06 billion).

Other current assets increased 7% (+P1.4 billion) mainly from increase in deferred commission, deferred input vat and other prepayments, generally due to timing of payments.

Financial assets at fair value through other comprehensive income increased 18% (P0.06billion) mainly from marked-to-market valuation during the period.

Current interest-bearing loans increased 9% (+P3.0 billion) while **non-current interest-bearing loans** decreased 1% (-P1.3 billion), for a net increase of P1.6 billion, from additional loans, drawdowns and refinancing partly reduced by principal payments during the period.

Current bonds payable swelled 82% (+P11.6 billion) while **non-current bonds payable** shrank by 40% (-P12.5 billion), for a net decrease of 2% (-P 1.0R), from USD translation adjustment. These bonds are all issued by Megaworld.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion decreasing 25% (-P0.9 billion) and **non-current portion** increasing 16% (+P0.8billion) during the interim period.

Income tax payable grew 10% (+P0.2 billion) to P2.5 billion due mainly to higher taxable income during the interim period.

Advances from other related parties fell 11% (-P0.2 billion) to P1.5 billion from payments of Megaworld accounts.

Retirement benefit obligations declined 45% (-P0.3 billion) to P0.4 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperor.

The **changes in equity components** are presented in detail in the interim consolidated statements of changes in equity. The changes were mainly from net profit during the period, acquisition of treasury shares and change in percentage of beneficial ownership.

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.2times at end of interim period. The interim period opened and closed with total-liabilities-to-equity ratio of 1.0 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities 2.0 times, and equity 2.0 times at the beginning and end of the interim period.

In general, working capital and investing expenditures during the period were sourced internally from operations and externally through bank loans. The Group may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	March 2023	December 2022	December 2021
Cash and cash equivalents	77,087	79,929	82,278
FVTPL/ FVOCI financial assets	15,415	15,305	13,934
Total Available	92,502	95,235	96,212
Interest-bearing debt- current	35,466	32,504	80,304
Interest-bearing debt noncurrent	134,978	136,288	93,109
Bonds payable- current	25,599	14,026	
Bonds payable- noncurrent	18,664	31,213	41,982
Total Debt	214,706	214,031	215,395
Net cash (debt)	(122,204)	(118,796)	(119,183)
Available cash and financial assets to debt	43.08%	44.50%	44.67%
Total debt to total equity	57.49%	58.48%	64.25%
Net debt to total equity	32.72%	32.46%	35.55%

Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brands, creative marketing strategies, extensive distribution network, and overall financial strength. It is mindful of the current challenges in global and domestic economies.

The Group, with its diversified businesses, has a proven record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall agility and versatility.

Others

There were no known material events subsequent to the end of the interim period that would have a material impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have nor anticipate having any cash flow or liquidity problems within the year. -AGL and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Company, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

Market Price and Dividends on Common Shares

Market Information

The Company's common shares are traded on the Philippine Stock Exchange. The closing price of the said shares as of latest practicable trading date of **15 May 2023** was **P13.80**. The trading prices of the said shares for each quarter within the last two years and subsequent interim period are set forth below:

	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
High	11.08	11.50	11.12	12.50	13.30	12.50	10.80	11.96	13.14
Low	9.14	9.79	9.00	10.02	11.20	8.80	8.21	7.68	11.36

Source: Philippine Stock Exchange

Shareholders

As of 31 March 2023, the Company had 851 stockholders holding 9,465,964,879 common shares. The Top Twenty Stockholders of the Company are as follows:

Rank	Stockholder	No. of Shares Held	Percent to Total
1	The Andresons Group, Inc.	4,746,080,794	52.13
2	PCD Nominee Corporation (Non-Filipino)	1,515,166,291	16.64
3	PCD Nominee Corporation (Filipino)	1,354,435,325	14.88

4	Altavision Resources, Inc.	887,678,334	9.75
5	Yorkshire Holdings, Inc.	255,773,508	2.81
6	California Orchard Growers' Investments, Inc.	120,000,000	1.32
7	Eastwood Property Holdings, Inc.	112,600,000	1.24
8	Andrew L. Tan	63,684,349	0.70
9	Andresons Global, Inc.	30,088,596	0.33
10	Megaworld Cebu Properties, Inc.	10,000,000	0.11
11	Kingson U. Sian	5,001,100	0.05
12	Lucio W. Yan &/or Clara Y. Yan	1,000,000	0.01
13	First Centro, Inc.	364,200	0.00
14	Jianhua Su	202,500	0.00
15	American Wire & Cable Co., Inc.	200,000	0.00
16	Ramon C. Garcia	100,000	0.00
17	Rupesh S. Narvekar	100,000	0.00
18	Pacifico B. Tacub	88,000	0.00
19	Sang Won Lee	52,500	0.00
20	Victoriano G. Sy, Jr.	32,749	0.00

In September 2017, the Board of Directors authorized the Company to repurchase up to Php5billion worth of the Company's common shares from the market for a term of 24 months, or until September 2019 and was extended up to September 2020. In September 2020, the Board of Directors authorized a new buy-back program to repurchase up to Php2.5 Billion worth of the Company's common shares from the market for a term of 12 months, or until September 2021, and in October 2021, the Board of Directors authorized a new buy-back program to repurchase up to Php4billion worth of the Company's common shares from the market for a term of two and a half years, or until April 2024.

Dividends in the Two Most Recent Years and Subsequent Interim Period

It is the policy of the Company and its subsidiaries to periodically declare a portion of its unrestricted retained earnings as dividend either in the form of cash or stock. The declaration of dividends including the payout percentages depends upon the declaring company's earnings, cash flow and financial condition, among other factors. Dividends may be declared out of its unrestricted retained earnings only. Unrestricted retained earnings represent the net accumulated earnings of the company with its capital unimpaired which are not appropriated for any other purpose. Dividends may be paid in cash, by the distribution of property, or by the issue of shares of stock. Cash dividends are subject to the approval by the Board of Directors. Stock dividends are subject to the approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

It is the Company's policy to periodically declare a portion of its unrestricted retained earnings as dividend usually in the third quarter of each year.

On December 1, 2021, the Company declared cash dividends of Php0.07 per share payable on January 12, 2022 to all stockholders of record as of December 17, 2021. On November 15, 2022, the Company declared cash dividends of Php0.12 per share payable on December 22, 2022 to all stockholders of record as of December 1, 2022. The Company has not declared yet in the current interim period 2023.

MEG intends to maintain an annual cash dividend payment ratio of 20% of its net profit from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends, such as where MEG undertakes major projects and developments. Cash dividends amounting to Php1.96 billion, Php1.36 billion and Php1.19 billion were declared on the Company's common shares in 2022, 2021 and 2020, respectively. The dividends were paid in November 2022, December 2021 and January 2021, respectively. Cash dividends were declared on the Company's Series "A" Preferred Shares in 2022, 2021 and 2020 in the amount of Php600,000 for each year. The dividends were paid in November 2022, December 2021 and January 2021.

EMI has declared approximately 40% of the preceding year's consolidated net profit as dividends in the past three years, taking into consideration a number of factors including restrictions that may be

imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long-term capital expenditures of its businesses/subsidiaries; and regulatory requirements on dividend payments, among others. For the two most recent years, EMI declared a cash dividend per share of P0.12 on January 4, 2021, P0.09 on March 8, 2021 and P0.11 on August 2, 2021 and P0.29 on March 30, 2023.

Travellers intends to maintain an annual cash and/or share dividend payout of up to 20% of its net profit from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends. Its retained earnings are restricted to the extent of the cost of its treasury shares. For the two most recent years and the first quarter of 2023, Travellers had not declared any dividends.

GADC declares dividends as when its Board of Directors deem expedient, taking into consideration the working capital requirements and reserve for contingencies and such other purpose conducive to the best interest of the company. In February 2022, it declared and paid cash dividends of P3,016.77 per common share and P1.00 per preferred share, while none in 2021.

Alliance Global-Infracorp is not yet in commercial operations and has not declared dividends up to date of this report.

Recent Sales of Unregistered or Exempt Securities Within the Past Three Years

The Company does not have any recent sales or issuance of unregistered or exempt securities, including issuance of securities constituting an exempt transaction in the past three years.

Compliance with Leading Practices on Corporate Governance

In 2002, the Company adopted a Manual on Corporate Governance in order to institutionalize the rules and principles of good corporate governance in the entire organization in accordance with the Code of Corporate Governance promulgated by SEC. A Revised Manual was adopted by the Company on July 30, 2014 pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as amended by SEC Memorandum Circular No. 9, Series of 2014. The Manual was further revised and adopted by the Company on May 30, 2017 pursuant to SEC Memorandum Circular No. 19, Series of 2016.

Corporate Governance Committee

The Company's Corporate Governance Committee is responsible for assisting the Board in the performance of its corporate governance responsibilities, as well as establishing formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and determining the nomination and election process for the Corporation's directors and the general profile of board members that the Corporation may need to ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board. This Committee shall be composed of three (3) members, two of whom are independent directors, including the Chairman. The Corporate Governance Committee is composed of Jesli A. Lapus, Chairman, and Enrique M. Soriano III, and Anthony T. Robles, members.

Board Risk Oversight Committee

The Company's Board Risk Oversight Committee is responsible for the oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. This Committee shall be composed of three (3) members of the Board, the majority of whom are independent directors, including the Chairman. The members of the Board Risk Oversight Committee are Enrique M. Soriano III, Anthony T. Robles and Kevin Andrew L. Tan, members.

Audit Committee

The Company's Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. This Committee has three members, two of whom are independent

directors. An independent director serves as the head of the committee. The members of the Audit Committee are Anthony T. Robles, Chairman, Enrique M. Soriano III and Andrew L. Tan, members.

Related Party Transaction Committee

The Company's Related Party Transaction Committee is responsible for reviewing all material related party transactions of the Corporation, including evaluating on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. This Committee shall be composed of three directors, two of whom are independent directors, including the Chairman. The members of the Related Party Transaction Committee are Jesli A. Lapus, Chairman, and Anthony T. Robles and Andrew L. Tan, members.

In 2022, the directors of the Company were required to take a Corporate Governance Orientation course and are encouraged to undergo further training in corporate governance.

The Company likewise complies with its Revised Manual on Corporate Governance requirement that it rotate its external auditor or change the handling partner every five (5) years or earlier.

Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions of its Manual of Corporate Governance. The Compliance Officer, who is directly reporting to the Chairman of the Board, has established an evaluation system to measure or determine the level of compliance by the Company with its Manual.

Deviations from Manual and Sanctions Imposed

In 2022, the Company substantially complied with its Manual of Corporate Governance and did not materially deviate from its provisions. No sanctions have been imposed on any director, officer or employee on account of non-compliance.

Plan to Improve Corporate Governance

Pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as amended by SEC Memorandum Circular No, 9, Series of 2014, the Company has revised its Manual of Corporate Governance to make its provision compliant with the Revised Code of Corporate Governance. The Manual was further revised and adopted by the Company on May 30, 2017 pursuant to SEC Memorandum Circular No. 19, Series of 2016.

Among the measures undertaken by the Company in order to fully comply with the provisions of the leading practices on good corporate governance adopted in its Manual on Corporate Governance are monitoring and evaluation of the internal control system for corporate governance. The Company likewise maintains an active website where its Annual Reports, Quarterly Reports, Financial Statements and other disclosures are uploaded for easy access and reference by the investing public. The Company is committed to good corporate governance and continues to improve and enhance the evaluation system for purposes of determining the level of compliance by the Company with its Manual on Corporate Governance.

Discussion on Section 49 of the Revised Corporation Code

In compliance with Section 49 of the Revised Corporation Code, a copy of the Minutes of the previous annual stockholders' meeting is attached herein as **Annex "B"**.

The attendance of the directors at the meetings of the Board of Directors for the year 2022 is as follows:

Name	No. of Meetings held during the year	No. of Meetings Attended	%
Andrew L. Tan	17	17	100%
Kevin Andrew L. Tan	17	17	100%
Kingson U. Sian	17	17	100%
Katherine L. Tan	17	17	100%
Jesli A. Lapus	17	17	100%
Winston S. Co	8	8 ⁱ	100%

Sergio R. Ortiz-Luis, Jr.	8	8 ⁱ	100%
Anthony T. Robles	9	9 ⁱⁱ	100%
Enrique M. Soriano III	9	9 ⁱⁱ	100%

- i. Mr. Co and Mr. Ortiz-Luis, Jr.'s respective terms ended on June 16, 2022. Prior to the end of their term on June 16, 2022, the Board of Directors held a total of 8 meetings.
- ii. Mr. Robles and Mr. Soriano were elected during the Annual Stockholders' Meeting on June 16, 2022. From the date of their election as Independent Directors of the Corporation, the Board of Directors held a total of 9 meetings.

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. No participation in the approval of the transaction. None of the Corporation's directors and officers have entered into self-dealing and related party transactions with or involving the Corporation in 2022.

Below are the disclosure requirements under Section 49 of the Revised Corporation Code.

	Required Information	Reference Material
1.	Description of the voting and vote tabulation procedures used in the previous meeting.	Please refer to the Minutes of the Annual Meeting of Stockholders held on 16 June 2022 attached herein as Annex "B".
2.	A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 16 June 2022 attached herein as Annex "B".
3.	The matters discussed and resolutions reached in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 16 June 2022 attached herein as Annex "B".
4.	A record of the voting results for each agenda item in the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 16 June 2022 attached herein as Annex "B".
5.	A list of the directors or trustees, officers and stockholders or members who attended the previous meeting	Please refer to the Minutes of the Annual Meeting of Stockholders held on 16 June 2022 attached herein as Annex "B".
6.	Information in the interest of good corporate governance and the protection of minority stockholders	Please refer to the Revised Manual on Corporate Governance Manual at the website, https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance
7.	Material information on the current stockholders and their voting rights	Please refer to Item 4 of this Definitive Information Statement
8.	A detailed, descriptive, balanced and comprehensible assessment of the Corporation's performance, which shall include information on any material change in the Corporation's business, strategy, and other affairs	Please refer to SEC Form 17-A (Annual Report) of the Corporation for the year ended 31 December 2022, attached herein as Annex "C".
9.	A financial report for the preceding year, which shall include financial statements duly signed, and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees	Attached as Annex "C" is the Consolidated Audited Financial Statements for the year ended 31 December 2022.
10.	An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof	See Discussion above on Pages 85-86.

11.	Director profiles which shall include, among others, their qualifications and relevant experience, length of service in the Corporation, trainings and continuing education attended, and their board representations in other corporations	See profile on Pages 9-13.
12.	A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholders' meetings.	See Discussion above on Page 77.
13.	Appraisals and performance for the board and the criteria and procedure for assessment	Please refer to the Revised Manual on Corporate Governance Manual at the website, https://www.allianceglobalinc.com/corporate-governance/manual-corporate-governance
14.	A director compensation report prepared in accordance with applicable rules and regulations	See discussion on Pages 16-17.
15.	Director disclosures on self-dealings and related party transactions	Please refer to Item 5 of this Definitive Information Statement.
16.	The profiles of directors nominated or seeking election or reelection.	The profiles of the Nominees for Election to the Board of Directors for the Year 2023, can be found in Item 5 and Profiles of the Nominees section of this Definitive Information Statement.

ANNEX "A"

ALLIANCE GLOBAL GROUP, INC.

Procedures and Requirements for Voting and Participation in the 2023 Annual Stockholders' Meeting

Pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code, Alliance Global Group, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2023 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2023 ASM scheduled on 15 June 2023 at 9:00 AM by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 16 May 2022 are entitled to participate and vote in the 2023 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2023 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 23 May 2023 until 5:00 PM of 06 June 2023 to signify his/her/its intention to participate in the 2023 ASM by remote communication. The registration steps and requirements are available the Company's website: <https://www.allianceglobalinc.com/asm2023>.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@allianceglobalinc.com.

B.1 For Individual Stockholders –

- (i) Scanned copy of stock certificate issued in the name of the individual stockholder;
- (ii) Valid email address and active contact number;
- (iii) Scanned copy of valid government-issued identification card; and
- (iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder;
- (iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
- (v) Recent photo of the authorized stockholder.

B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

- (i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- (ii) Broker's Certification on the stockholder's number of shareholdings;
- (iii) Valid email address and active contact number of the stockholder;
- (iv) Scanned copy of valid government-issued identification card of stockholder; and
- (v) Recent photo of stockholder.

B.4 For Corporate Stockholders (including Partnerships and Associations) –

- (i) Secretary's Certificate or Board Resolution attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
 - (ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
 - (iii) Valid email address and active contact number of authorized representative;
 - (iv) Valid government-issued identification card of authorized representative; and
 - (v) Recent photo of stockholder.
- C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

II. ELECTRONIC VOTING IN ABSENTIA

- A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2023 ASM through electronic voting *in absentia*. The deadline for registration is 5:00 PM of 06 June 2023. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia*.
- B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
- (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
 - (2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
 - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corporatesecretary@allianceglobalinc.com.
 - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.
- C. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D. Registered stockholders shall have until 5:00 PM of **06 June 2023** to cast their votes *in absentia*. Stockholders will not be allowed to cast votes during the livestream of the 2023 ASM.

III. VOTING BY PROXY

- A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2023>. A copy of the duly signed and notarized Special Power of Attorney or Authorization Letter must be submitted together with the proxy form. For reference, a sample Special Power of Attorney is also available at <https://www.allianceglobalinc.com/asm2023>.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2023>. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form that is available at <https://www.allianceglobalinc.com/asm2023>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at <https://www.allianceglobalinc.com/asm2023>.

D. General Instructions on Voting by Proxy:

- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed proxy form via email to corporatesecretary@allianceglobalinc.com or submit the original proxy form to the Office of the Corporate Secretary at the 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City.
- (3) Deadline for the submission of proxies is at 5:00 PM of **06 June 2023**.
- (4) Validation of proxies will be on 08 June 2023.
- (5) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at corporatesecretary@allianceglobalinc.com. The deadline for submitting questions shall be at 5:00 PM of 06 June 2023.
- C. The proceedings during the 2023 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@allianceglobalinc.com.

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS OF ALLIANCE GLOBAL GROUP, INC.

16 June 2022

Conducted virtually via <https://www.allianceglobalinc.com/asm2022/>

I. CALL TO ORDER

The President, Mr. Kingson U. Sian, welcomed the stockholders to the meeting. He then turned over the floor to the Chief Executive Officer, Mr. Kevin Andrew L. Tan, who was designated as the Presiding Officer. Thereafter, the Presiding Officer called the meeting to order at 9:15 a.m. The Corporate Secretary, Atty. Alan B. Quintana, recorded the proceedings of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Presiding Officer stated that the Corporation decided to hold this year’s Annual Stockholders’ Meeting (the “Meeting”) by remote communication pursuant to the Corporation’s Amended By-Laws and the Revised Corporation Code. He added that the Corporation adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

The Corporate Secretary then certified that all stockholders of record as of May 19, 2022 have been duly notified of the Meeting pursuant to the Corporation’s Amended By-Laws and applicable Securities and Exchange Commission (“SEC”) Circulars, with the copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement made available through the Corporation’s website and the Philippine Stock Exchange Electronic Disclosure Generation Technology or PSE EDGE. The Notice of the Annual Meeting was also published online and in print, in the business section of The Manila Times and Manila Standard on May 24, 2022 and May 25, 2022. The Corporate Secretary also certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy stockholders holding 83.46% of the entire subscribed and outstanding capital stock of the Corporation.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, he explained the Procedures for Registration, Voting and Participation in the Meeting which were contained in the Definitive Information Statement and implemented, as follows: (i) stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary; (ii) stockholders who have registered have sent their questions and/or comments prior to the Meeting through email at corporatesecretary@allianceglobalinc.com until 5:00 p.m. of June 09, 2022, with some questions or comments received to be taken up after the report of the Management for the year 2021; (iii) the resolutions proposed to be adopted at the Meeting will be shown on the screen; (iv) stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00 p.m. of June 09, 2022; and (v) the Office of the Corporate Secretary have tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, with the voting results to be announced during the Meeting and reflected in the minutes of the Meeting.

III. APPROVAL OF MINUTES OF ANNUAL MEETING OF STOCKHOLDERS HELD ON AUGUST 06, 2020

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders’ meeting held on June 17, 2021, and informed the stockholders that the copy of the minutes of the 2021 Annual Meeting have been made available through the Corporation’s website.

The Corporate Secretary announced that 100% of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the annual stockholders’ meeting held on June 17, 2021. Therefore, the Presiding Officer declared that the following resolution has been approved:

“RESOLVED, to approve the minutes of the Annual Stockholders’ Meeting held on June 17, 2021.”

IV. ANNUAL REPORT OF MANAGEMENT

The Presiding Officer then turned the floor over to the Chairman, Dr. Andrew L. Tan, who delivered the Chairman’s Message as follows:

This 2021, development and expansion took center stage as AGI welcomed recovery and steadily moved past the challenges presented by the COVID-19 pandemic. Geared toward growth and improvement, we carried our learnings from the past year, which, while challenging, made AGI even more resilient, better prepared, and ready to stage the future for our diversified portfolio spanning real estate, tourism, gaming, spirits, and quick service restaurants.

Various project launches and new product offerings, both locally and globally, defined our year. Powered by innovation, and with sustainability in mind, we showcased smart and modern townships, more efficient operations, and services that reached and catered to more people. These showed our commitment to evolve, our drive to thrive, and our agility in transforming challenges into opportunities in a time of crisis.

We are proud to announce that Megaworld launched two new townships this year: Northwin Global City in Bulacan and Paragua Coastown in Palawan. These two new additions to Megaworld’s expanding assets provide more growth opportunities for the Company. Megaworld also launched eight new projects, mainly residential developments and commercial districts, as well as the 529-room Kingsford Hotel in Westside City. These developments supported PhP80 billion in reservation sales, which surpassed our initial PhP70-billion target and reflected an increase of 18 percent year on year.

Megaworld marked another milestone when it launched MREIT, its real estate investment trust company. Since its listing, Megaworld has raised PhP23.4 billion in new capital via MREIT. Meanwhile, our world-class spirits company, Emperador, enjoyed record-breaking growth as its whisky and brandy segments expanded their reach while building on the popularity of its flagship brands.

Contributing to Emperador’s strong growth in 2021 was the improvement of its whiskey segment. Whyte and Mackay’s luxury brand, The Dalmore, continued to be the fastestgrowing single malt over the past two years. It was recognized by industry authority Rare Whisky 101 as one of the world’s most investable whiskies. Its premium brand Jura, for its part, became the number one single malt in the UK off trade. Its Tamnavulin line was also recognized for its taste and quality, winning five Gold awards in the 2021 International Spirit Challenge. For brandy, the premium Fundador Supremo 18 Brandy de Jerez by Bodegas Fundador bagged the Platinum Award at the San Francisco World Spirits Competition in 2021.

Golden Arches ended 2021 at 80 percent of its pre-pandemic sales levels, and capped the year with a total of 671 stores. This growth was on the back of a consistent focus on elevating the customer experience across all touchpoints, whether it be dine-in, drive-thru or delivery.

Travellers International opened the Japaninspired Hotel Okura with 190 rooms and suites, while Resorts World Manila unveiled an upgraded Garden Wing. Travellers had a net revenue of PhP12.2 billion in 2021, showing strong growth driven by its improved VIP business and an increase in hotel occupancy rates with the resurgence in staycations.

Our resilience manifested through the positive financial performance of our businesses as we registered figures that surpassed 2020 numbers. AGI ended 2021 with consolidated

revenues of PhP152.8 billion, EBITDA of PhP46.4 billion, and attributable net profit of PhP16.9 billion.

As our businesses remained strong, we also did not waver in supporting our employees and helping our communities throughout the pandemic. We were able to fully vaccinate our people through our AGImmunity program, an important step in easing back into face-to-face operations.

Our foundations also continued their education, health and livelihood programs, reaching out especially to school children, frontline workers, and indigenous peoples. Investing as much as PhP152 million into these efforts, we hope to contribute to the United Nations Sustainable Development Goals, as well as sustained local development

As we move toward further recovery, we are staging the future with vibrant new developments, products and services. We believe in the skills and leadership potential of our employees, which we will continue to hone to help us achieve our collective goals. We also believe in the robustness of our businesses and our strategies that have withstood crises through the years.

I would like to thank our shareholders, employees, partners, and customers. With your continued support and patronage, we are excited to move forward and harness the opportunities of a post-pandemic world. We will continue to be your partner in development—purposefully staging the future for our communities and our country.

Thank you.

After the Chairman's Message, the Presiding Officer presented his pre-recorded report on the performance of the Corporation in 2021.

V. OPEN FORUM

The Presiding Officer requested the Investor Relations Director, Ms. Caroline Kabigting, to read the questions and the names of the stockholders who sent them. Below is a summary of the questions and the answers that were given:

Q (Hermie Fulgencio): Thank you for your very good 2021 financial and operating results which were achieved despite the prevailing quarantine restrictions. Where do you expect AGI's earnings growth to come from this year considering that the Philippines has yet to fully reopen and the country is faced with global headwinds?

A (Presiding Officer): While we have seen significant gains in 2021, most of our business segments, with the exception of Emperador which continued to register record results, are still around 70 to 80 percent of our pre-pandemic performance. As such, we believe that further reopening of the economy could provide an added boost in mobility and consumer spending bringing our lifestyle malls, quick-service restaurants and gaming operations to get our pre-pandemic levels. Such improved mobility should also continue to support our real estate sales, liquor revenues, and demand for office space.

Q (Jayson Caliba): What are your growth plans for the Group this year? How do you expect to fund your undertakings given a scenario of rising interest rates?

A (President): We have exciting plans for the Group this year. For Megaworld alone, we are looking to launch at least four new townships all over the country.

We also have expansion plans for the Resorts World Manila complex of Travellers, as well as for our international liquor operations under Emperador. Even McDonalds Philippines is looking to add 45 new stores this year. We are allocating 60 billion pesos of Group CAPEX this year, of which 50 billion will be spent by Megaworld and the balance distributed among Emperador, Travellers, and McDonalds Philippines. In the case of Megaworld, about 75% of our CAPEX will be used for development projects which we will pre-sell. For the rest, funding will largely come from internal sources as we improve our operating cash flows, so we believe we can sufficiently fund our Group's expansions for this year and beyond.

Q (Allan Jose): On Emperador, how was your liquor sales affected by the lockdowns and overall economic slowdown in China, given that it is your most promising market for your whiskey products under Whyte and Mackay?

A (Presiding Officer): Whyte and Mackay's China business has been quite resilient. In our view, the spirits category in China that had been affected by the lockdowns are those that are strong in the on-trade segment. On the other hand, our products under Whyte and Mackay are mainly premium single malt brands which are strong on the off-trade segment. For this reason, they continue to deliver strong double digit growth even during the periods of lockdown and slower economic growth. Note that our whiskey sales to the Greater China region accounts for 80% of our total Asian sales.

Q (Mecca Basas): McDonalds Philippines has significantly improved its performance in 2021 despite rising pressures on raw materials costs and intensified competition. Can this strong growth be sustained in the wake of rising inflation which could impact consumer spending?

A (President): We believe that there is still scope to grow McDonalds' sales as the economy further reopens providing an added boost to front-counter sales which includes dine-in and take-out sales. We have seen this happen the first quarter of this year when we saw sales revenues of McDonalds grow by 27% year-on-year.

Q (Ismael Sam Canua): May we know the status of food supply in your hotel properties, as well as the McDonalds Philippines because of the issue in potatoes and others?

A (Presiding Officer): We have ample food supplies to meet the requirements of our various hotels. We also have in place sustainable sourcing of some food items to ensure that we have steady supply at a good price. In the case of McDonalds it is currently managing the supply of these potatoes as it is experiencing freight problems due to the global freight crisis. We are implementing measures to be able to continue serving McDonalds' world famous fries to every Filipino every day.

Q (Jhomar Soliman): On AGI, what are your plans for your hospitality business now that mobility has picked up and the world is also opening up their borders? Will we see a resumption of your hotel development activities as we have seen prior to the pandemic?

A (Presiding Officer): The Alliance Global Group is big on tourism. Between Megaworld's homegrown hotel brands and Travellers' world renowned international hotel brands, we can now offer the market a total of 6,900 room keys. It is our plan to continue to grow our hospitality business because we believe that the domestic tourism is the low-hanging fruit. It has enormous growth potential - we only have to build the right infrastructure to encourage domestic tourism to flourish. And once borders begin to

reopen, we will see a resurgence in international tourist arrivals. We believe that our Group will be at the forefront of this explosive growth.

Q (Pia Mayono):

The other AGI business which saw significant progress in 2021 is Travellers. Can you tell us your expectations for your gaming operations this year and whether 2022 is the year it finally reports a profit?

A (Presiding Officer):

Despite the long periods of strict quarantine last year, Travellers has grown its gross gaming revenues driven by its VIP business. This segment continues to post strong growth in the first quarter this year despite the Omicron-imposed lockdown during the early part of the year. Travellers has also maintained its cost-efficient operations such as it posted close to break-even performance in the quarter. As such, as we see a further easing of the quarantine restrictions, we think we can continue our growth trajectory in our gaming business, coupled with further improvements in our hotel, retail, and MICE activities. These factors should underpin a profitable performance for Travellers this year.

VI. APPOINTMENT OF INDEPENDENT AUDITORS

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to reappoint Punongbayan & Araullo as independent auditors of the Corporation for the audit of the corporation's financial statements for the year ending December 31, 2022, and that this is being submitted for approval by the stockholders.

The Corporate Secretary certified that 99.60% of the voting shares represented in the Meeting have voted in favor of the engagement of Punongbayan & Araullo as independent auditors for the fiscal year ending December 31, 2022. Therefore, the Presiding Officer declared that the following resolution has been approved:

“RESOLVED, to approve the appointment of PunongBayan & Araullo as the independent auditor of the Corporation for the audit of the Corporation’s financial statements for the year ending December 31, 2022.”

VII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND OFFICERS

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on June 17, 2021 until June 15, 2022. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that that 100% of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation, which were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on June 17, 2021 until June 15, 2022. Therefore, the Presiding Officer declared that the following resolution has been approved:

“RESOLVED, to ratify each and every act and resolution taken since the annual stockholders’ meeting on June 17, 2021 until June 15, 2022 (the “Period”) of the Board of Directors (the “Board”), the Board Committees exercising powers delegated by the Board, and each and every act, during the Period, of the Management of the Corporation performed in accordance with the resolutions of the Board, the Board Committees, as well as with the By-laws of the Corporation.”

VIII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2022, the Corporation shall be electing seven (7) directors, at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance. He requested Ms. Joy Alim-Carbon, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Ms. Lim, on behalf of the Corporate Governance Committee, presented the Final List of Nominees to the Board of Directors, as follows: Dr. Andrew L. Tan, Mr. Kevin Andrew L. Tan, Mr. Kingson U. Sian, and Mrs. Katherine L. Tan, for regular directors, and Dr. Jesli A. Lopus, Mr. Enrique M. Soriano III and Mr. Anthony T. Robles for independent directors. Ms. Lim likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary thereafter certified that each of the nominees have obtained the required number of votes to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

“RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

- 1. Andrew L. Tan**
- 2. Kevin Andrew L. Tan**
- 3. Kingson U. Sian**
- 4. Katherine L. Tan**
- 5. Jesli A. Lopus – Independent Director**
- 6. Enrique M. Soriano III – Independent Director**
- 7. Anthony T. Robles – Independent Director**

IX. ADJOURNMENT

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 10:02 a.m.

PREPARED BY:

ALAN B. QUINTANA
Corporate Secretary

NOTED:

DR. ANDREW L. TAN
Chairman

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. *For the fiscal year ended* **December 31, 2022**
2. *SEC Identification Number* **AS093-7946**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. *(SEC Use Only)*
Industry classification code
7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez Jr. Avenue, Bagumbayan, 1110 Quezon City**
Address of principal office
8. **(632) 87092038 to 41**
Registrant's telephone number, including area code
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

*Title of Each Class Number of Shares of Common Stock Outstanding
and Amount of Debt Outstanding
As of December 31, 2022*

Common	10,269,827,979
Treasury shares	<u>1,142,786,300</u>
Outstanding	9,127,041,679

10. *Are any or all of these securities listed on Philippine Stock Exchange?* **Yes.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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.*
(b) *AGI has been subject to such filing requirements for the past ninety (90) days.*
12. *The aggregate market value of the voting stock held by non-affiliates of AGI as of December 31, 2022, based on the closing price of its common stock of Twelve Pesos and Sixty-Six centavos (P12.66) on the Philippine Stock Exchange on March 28, 2023, is P36,706,850,075.*

TABLE OF CONTENTS*Page
No.*

PART I – BUSINESS AND GENERAL INFORMATION		
1. BUSINESS		3
a. Organization And Business Developments in the Past Three Years		3
b. Business Description		10
2. PRINCIPAL PROPERTIES		56
3. LEGAL PROCEEDINGS		62
4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS		62
PART II - OPERATIONAL AND FINANCIAL INFORMATION		
5. MARKET PRICE AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDER MATTERS		62
a. Market Information		62
b. Shareholders		63
c. Dividends in the Two Most Recent Years and Subsequent Interim Period		63
d. Recent Sale or Issuance of Securities, Including Issuance of Exempt Transaction in the Past Three Years		63
6. MANAGEMENT’S DISCUSSION AND ANALYSIS		64
a. Key Performance Indicators		64
b. Discussion and Analysis of Operations		64
7. FINANCIAL STATEMENTS		81
8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS		81
a. External Audit Fees and Services		81
b. Changes and Disagreements with Accountants on Accounting and Financial Disclosure		81
PART III – CONTROL AND COMPENSATION INFORMATION		
9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER		82
a. Directors and Executive Officers		82
b. Significant Employees		87
c. Family Relationships		87
d. Involvement in Legal Proceedings		87
10. EXECUTIVE COMPENSATION		88
a. Executive Compensation		
b. Compensation of Directors		
c. Employment Contracts, Termination of Employment and Change-In-Control Arrangements		
d. Warrants and Options		
11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT		89
12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS		90
PART IV – EXHIBITS AND SCHEDULES		
13. EXHIBITS AND REPORTS ON SEC FORM 17-C		90
SIGNATURES		92
AUDITED CONSOLIDATED FINANCIAL STATEMENTS		
SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS		
SUSTAINABILITY REPORT		

PART I - BUSINESS AND GENERAL INFORMATION

1. BUSINESS

a. Organization And Business Development In The Past Three Years

a.1. The Company

Alliance Global Group, Inc. (“AGI” or “the **Company**”) is one of the leading conglomerates in the Philippines, with interests in property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. The Company and its subsidiaries, associates and jointly-controlled entities (the “**Group**”) operate a diversified range of businesses that focus on developing innovative products and services that generally cater to the target markets.

Incorporated on October 12, 1993, AGI began operations in 1994 as a flint glass-container manufacturer after it acquired a glass manufacturing plant in Canlubang, Laguna. AGI initially listed its shares in the Philippine Stock Exchange (“**PSE**”) in 1999; after which in the same year, it broadened its primary business and became a holding company. Immediately, the Company began its diversification into the food and beverage and real estate industries, and, in 2005, into the quick-service restaurant business. In 2007, it reorganized to consolidate businesses controlled by Dr. Andrew L. Tan and family (“**Tan family**”), specifically in the distilled spirit manufacturing and property development. In 2008, the Company entered into integrated tourism development, with gaming activities, by partnering with a leading multinational leisure, entertainment and hospitality group. In 2011, AGI expanded its integrated tourism estate development outside of Metro Manila, particularly in the Calabarzon and Visayan regions, and in 2014, in Mindanao.

From 2013 to 2017, the Group expanded its spirits manufacturing business abroad through acquisitions of rich heritages in Spain, United Kingdom and Mexico. The Group acquired vineyard lands, aged liquids and assets in Spain, and brandy and sherry wine assets, which include the oldest bodegas in Spain, the first brandy in Jerez and Mexico and other well-known brandy and sherry brands which the Group now owns. The Group acquired and now owns the 5th largest producer of Scotch Whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020 and 2021*) with a history of more than 175 years and ownership of some of the most iconic Scotch Whisky brands in the industry, thus fortifying the distilled spirits business segment.

The Group have been doing realignments and acquisitions also in the real estate segment where it continues to introduce innovative concepts such as ‘integrated lifestyle community’ and ‘transit-oriented developments’ in addition to its ‘live-work-learn-play’ townships within and outside of Metro Manila while the expansion of hotels and non-gaming facilities and offerings and quick-service restaurants is ongoing. AGI began diversifying into infrastructure in 2017 and, in 2018, received an original proponent status (“**OPS**”) for its Fort Bonifacio-Makati Sky Train Project and the Ninoy Aquino International Airport Project, of which it is a member of the proponent consortium. In 2020, the consortium proposed changes in its airport project proposal due to the far-reaching and long-lasting consequences of COVID-19 pandemic on air travel, airport operations and airport passenger traffic but the airport authority eventually terminated any further negotiations and revoked the OPS and approvals earlier granted.

The COVID-19 pandemic put the Philippines in a state of calamity from March 17, 2020 and brought about varying stages of lockdown with varying health and safety protocols to prevent the spread of the virus. The governments across the globe have restricted people mobility by implementing extensive measures involving public transportation and travel, mass gathering, curfew hours, and essential/non-essential business capacity that disrupted economic conditions and changed the way of life. The safety protocols became mandatory. The Group complied with the rules and guidelines set by the governments where they operate. Globally, the Group adapted by focusing on the different core business offerings and their specific target market, using typically the digital platform and combining traditional approaches.

The infections had improved during the recent year 2022, although there were new variants appearing, because the global population had acquired immunity from full vaccination or exposure to the infection. While the pandemic is still here as of date of this report, the improving situation allowed the easing of pandemic-related restrictions in 2022 and led to the opening of economies, the gradual return of business and indoor activities, and resumption of travel and tourism.

The Tan family beneficially owns a majority interest in AGI.

a.2. Subsidiaries¹

Emperador Inc.

EMPERADOR INC. (“EMI” or “**Emperador**”) is a publicly-listed holding company which operates an integrated global business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages, particularly brandy and Scotch Whisky, from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries. At present, EMI and its subsidiaries (collectively referred to as “**EMI Group**”) has a wide range of products in its portfolio across multiple price segments – from accessible to luxury – which include some of the oldest and best-recognized brands in the world, including brands with centuries-old legacies, and an international reach to at least 102 countries. EMI Group has acclaimed renown as the world’s largest brandy producer, leading the brandy segment in the Philippines and Spain, and as the world’s fifth largest Scotch whisky producer (*Scotch Whisky Industry Reviews 2020 and 2021*).

Emperador has established its identity in the Philippine alcoholic beverages business as producer of high-quality liquor and innovative products – predominated by its own brand ‘Emperador Brandy’ which was introduced in 1990 through its wholly-owned subsidiary **Emperador Distillers, Inc.** (“**EDI**”), the Philippines’ largest liquor company and the world’s largest brandy producer. This strong presence was further fortified by ensuing offshore acquisitions.

EMI has grown from a Philippine brandy company to a global player with heritage brands under its portfolio. It has enriched its heritage with the acquisitions of century-old businesses in Jerez, Spain, known as the world capital of sherry wine and home of the Brandy De Jerez, and in Scotland, United Kingdom, home of Scotch whisky, which themselves were acclaimed as being the first and oldest facility in Spain and the fifth largest Scotch whisky producer in the world. These were immediately followed by the acquisition of popular brands and half-century-old business in Mexico that traced its roots in Jerez.

EMI was incorporated on November 26, 2001 and listed its shares on the Philippine Stock Exchange (“PSE”) on December 19, 2011. On July 14, 2022, EMI successfully listed on the Main Board of the Singapore Exchange Securities Trading Ltd. (“SGX-ST”). EMI is the first PSE-primary listed company to conduct a secondary listing on the SGX-ST.

From August to September 2013, AGI, EDI and EMI, which was substantially a shell company at the time, entered into a reverse acquisition in a series of transactions whereby AGI acquired majority control over EMI and EMI acquired full ownership of EDI. It was in 2013 that EMI transformed into a holding company, increased its capital base to P20.0 billion and changed its corporate name to Emperador Inc. As of December 31, 2022, EMI has P20.0 billion authorized capital stock, 16.2 billion shares of which are issued and 15.74 billion shares outstanding (net of treasury shares), with consolidated total assets of P141.2 billion.

EDI, a wholly-owned subsidiary of EMI, is the leading brandy manufacturer and distributor of distilled spirits in the Philippines and the largest brandy producer in the world. It produces its own label brands, namely, ‘Emperador Brandy’, ‘Andy Player’ whisky, ‘The BaR’ flavored alcoholic beverage and ‘So Nice’, and ‘Smirnoff Mule’ under license from Diageo North America, Inc. It distributes the Group’s products in the Philippines, namely, the Scotch whisky and Brandy de Jerez products, ‘New York Club No. 1 vodka’ and ‘Pik-Nik’ shoestring-shaped potato snacks. It also distributes ‘Ernest & Julio Gallo’ wines in the Philippines. EDI was working with distributors in about seventy (70) countries as of end-2022 and sixty-one (61) countries as of end- 2021.

¹ Please see Note 1 to the Consolidated Financial Statements for a comprehensive list of subsidiaries, associates and joint ventures falling under the major subsidiaries, which represent the Group’s business segments..

EDI was incorporated on June 6, 2003 and was acquired by AGI from **The Andresons Group, Incorporated ("TAGI")** and the Tan Family on February 16, 2007. EDI has an authorized capital stock of 22 billion shares, of which 12.5 billion shares are outstanding and held by EMI as of to-date.

EDI operates two manufacturing plants in Laguna. The main plant is being leased from its wholly-owned subsidiary **Tradewind Estates, Inc. ("TEI")** while the annex plant was acquired in May 2012. TEI was incorporated on September 22, 2000 and was acquired by EDI from its previous owner, Alliance Global Brands, Inc. (a wholly-owned subsidiary of AGI), in March 2016. EDI owns two distillery plants in Batangas that are being leased out to and operated by **Progreen Agricorp, Inc. ("Progreen")**, its wholly-owned domestic subsidiary. EDI procures its new bottles from **Anglo Watsons Glass, Inc. ("AWG" or "AWGI")**, another wholly-owned domestic subsidiary of EDI, which caters principally to EMI Group's requirements. AWG operates a flint glass container manufacturing plant in Laguna on a 24-hour shift which it leases from AGI. A subsidiary of TEI acquired in July 2018, **Boozylife, Inc.** is engaged in the on-demand delivery of alcoholic and non-alcoholic beverages. Its online platform proves useful during the COVID-19 quarantine time. **The World's Finest Liquor Inc. ("TWFLI")**, is a wholly-owned subsidiary of EDI that was incorporated in May 2022 to engage in, among others, the retailing and marketing of the Group's products, including but not limited to alcoholic and non-alcoholic beverages, in its specialty retail stores. **Ocean One Transport, Inc.**, a wholly-owned subsidiary of Progreen, was incorporated in the Philippines on January 11, 2023, for the purpose of engaging in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between various ports and to engage generally in waterborne commerce.

Emperador International Operations

EIL, a wholly-owned subsidiary of EMI, is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is the parent company of the Group's offshore subsidiaries that handle the Scotch whisky, Jerez and Mexican brandies and sherry wine operations. At present, voting rights to EIL is 84% and 16% directly owned by EMI and EDI, respectively. Thus, it is 100% beneficially owned by EMI.

Emperador Spain

Emperador Asia Pte Ltd. ("EAsia"), a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns **GES**, a public liability company in Spain, incorporated on September 28, 2011.

Grupo Emperador Spain S.A.U. ("GES") is a wholly-owned subsidiary of EAsia. Its main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014. And from thereon, the Spain group started growing. GES group includes subsidiaries operating in Spain and Mexico.

In 2013, GES acquired **Bodega San Bruno, S.L.U. ("BSB")**, a wholly-owned subsidiary incorporated on January 10, 2013, whose business activities involved the plantation, growing and operation of vineyards. The acquisition included Bodega San Bruno, the San Bruno trademark, vineyards, and sizable inventory of high-quality well-matured brandy from **Gonzalez Byass S.A. ("Gonzales Byass")**, one of the largest and oldest liquor and wine conglomerate in Spain.

In 2014, GES invested in **Bodega Las Copas ("BLC")**, a 50%-50% joint venture with Gonzalez Byass. Presently, BLC and its wholly-owned subsidiaries are engaged in the planting, cultivation and operation of vineyards, and the conversion and production of alcohol and spirits. The main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

On February 29, 2016, **Bodegas Fundador S.L.U. ("Bodegas Fundador")**, a wholly-owned subsidiary of GES, incorporated on September 28, 2011, acquired the Spanish brandy and sherry business from Beam Suntory Inc. The purchase included Spain's largest and oldest brandy cellars established in 1730 with sizeable brandy inventory aged more than 50 years; four iconic brands including 'Fundador Brandy de Jerez' and 'Terry Centenario' (Spain's number one selling brandy), production and bottling facilities, vineyards, distillery and winery facilities. The completion of the purchase marked the birth of the world's biggest brandy company, and a new era began not only for Emperador and Fundador but for the whole brandy and sherry industry in Spain. Bodegas

Fundador was consolidated starting March 2016. Bodegas Fundador's wholly-owned subsidiary is Harvey's Cellars, S.L.U. (formerly Destilados de la Mancha S.L.)

On January 19, 2017, GES acquired the Grupo Garvey brands and associated inventories, casks and real estate properties. Bodegas Garvey, founded in 1780 by the Irish aristocrat William Garvey and based in Jerez de la Frontera, is one of the oldest brandy and sherry companies in Spain.

On March 30, 2017, BLC and its two subsidiaries, Pedro Domecq S.A. de C.V. and Bodega Domecq S.A. de C.V. (absorbed in 2019 by Pedro Domecq SA de CV), completed the acquisition of the 'Domecq' brand portfolio and related assets from **Pernod Ricard SA**, which was signed on December 1, 2016. In a restructuring that followed later that year, the Domecq brandy portfolio, which include the trademark to the first Mexican brandy 'Presidente', and wine business were integrated into **Domecq Bodega Las Copas SL** ("**Domecq BLC**" or "**DBLC**") effective September 1, 2017. Domecq BLC is a subsidiary of GES incorporated on December 20, 2017. It wholly owns **Pedro Domecq SA de CV** ("**Pedro Domecq**") (incorporated in Mexico on March 15, 2017) is involved in the manufacturing, bottling and selling of spirits.

Grupo Emperador Gestion, S.L.U., a wholly-owned subsidiary of GES, was incorporated on October 11, 2016. It provides consulting, management and administration services to the Spain group.

Stillman Spirits, S.L.U., a wholly-owned subsidiary of GES, was incorporated on March 20, 2019. It imports UK products into Europe, following UK's exit from the European Union.

Emperador Europe

Emperador Europe SARL ("EES"), a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The objective of the company is the holding of participations in any form whatsoever and all other forms of investments.

Emperador Holdings (GB) Limited ("EHGB" or "EGB"), the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK.

Emperador UK Limited ("EUK"), a subsidiary of EGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG.

Whyte and Mackay Group Limited ("WMG" or "Whyte and Mackay"), incorporated on August 7, 2001 in Scotland, is the smallest consolidating group under EGB. WMG and subsidiaries were folded into the EMI Group on October 31, 2014 upon completion of a deal signed on May 9, 2014 between EUK and United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of **United Spirits Limited** ("USL") of India. Emperador took the reins from USL (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

WMG wholly owns **Whyte and Mackay Global Limited ("WM Global")** which was incorporated on December 4, 2018 in Scotland. The main trading entity is WM Global's wholly-owned subsidiary, **Whyte and Mackay Limited ("WML")**, which was incorporated on January 20, 1927 in Scotland, whose principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks. WM Global also wholly owns **Whyte and Mackay Warehousing Ltd. ("WMW")**, incorporated in Scotland for the, principal activity of warehousing and blending of bulk whisky for related and third-party customers, and **Whyte and Mackay Americas Ltd, LLC ("WMA")**, incorporated in the United States of America, a direct subsidiary of WML handling Whyte and Mackay's business portfolio in US market. There are forty-six dormant companies within WMG Group that are retained for branding purposes. Whyte and Mackay is headquartered in Glasgow and has significant malt and grain production capability from its four malt distilleries and one large grain distillery. In 2022, WML acquired **St. Vincent Street (446) Limited**, the landlord of its bottling premises at Grangemouth.

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd. ("GIC")**, through its private

equity arm, **Arran Investment Pte. Ltd.** (“Arran”) initially invested P17.6 billion in EMI split into 70%-equity and 30%-equity-linked securities debt (“ELS”), which is convertible to equity between 2 to 7 years. In 2017, additional new shares were issued to Arran in consideration for the three-year accrued interest on the ELS. On February 5, 2020, Arran partly converted a portion of its ELS into EMI shares (“Tranche 1 Shares”). On December 3, 2021, Arran elected to exercise its conversion right in respect of the remaining balance of the ELS (“Tranche 2 Shares”), which is expected to be converted anytime up to August 12, 2023. While the Tranche 2 shares remain unissued, they shall continue to earn variable interest which is at same rate and terms as EMI’s dividends to shareholders. As of December 31, 2022, Arran held about 9% in EMI’s outstanding issued shares.

Whyte and Mackay is the fifth largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2021*) with a history of 175 years and ownership of some of the most iconic Scotch brands in the industry, including British and Scotch luxurious brand ‘The Dalmore Single Highland Malt’, ‘Jura Single Malt’, ‘Tamnavulin Single Malt’, ‘Fettercairn Single Malt’, and ‘Whyte & Mackay Blended Scotch Whisky’. The products are distributed in approximately 102 countries across the world including a strong presence in the global travel retail space. Some of these products are being distributed in the Philippines by EDI.

Megaworld Corporation

MEGAWORLD CORPORATION (“MEG” or “Megaworld”), a publicly-listed company since June 15, 1994, is one of the leading property developers in the Philippines and is primarily engaged in the development of large scale mixed-use planned communities or townships, which are comprised of residential, commercial, and office developments and integrated leisure, entertainment and educational/training components. Founded on August 24, 1989, Megaworld initially established a reputation for building high quality residential condominiums and commercial properties located in convenient urban locations with easy access to offices as well as leisure and entertainment amenities in Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, Megaworld began to focus on the development of mixed-use communities, primarily for the middle-income market by commencing MEG’s “live-work-play-learn” lifestyle township concept. In 1999, Eastwood City CyberPark became the country’s first cyberpark to be designated as a special economic zone by the Philippine Economic Zone Authority (“PEZA”). MEG and its subsidiaries has since then grown and diversified its roster of townships to thirty: - four in Fort Bonifacio, seven in Metro Manila, twelve in Luzon, six in Visayas, and one in Mindanao.

Megaworld and its subsidiaries (“**Megaworld Group**”) have real estate portfolio under the ‘Megaworld’, ‘Global Estate Resort’, ‘Empire East’ and ‘Suntrust’ brands that include residential condominium units, subdivision lots and townhouses as well as office and retail developments. It has the following three primary business segments: (i) real estate sales of residential developments, (ii) leasing of office space, primarily to business process outsourcing (“BPO”) enterprises and retail space and (iii) management of hotel operations. As of December 31, 2022, Megaworld owns or has development rights to over 5,000 hectares of land located throughout the Philippines. Since its incorporation in 1989, Megaworld and its affiliates have launched more than 741 residential buildings, 74 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts.

The company founded by Dr. Andrew Tan, and its subsidiaries have won recognition awards over the years from prestigious award-giving organizations locally and internationally that recognized not only group’s developments and cultural promotion campaigns, but also MEG’s COVID-19 response programs and the group’s leaders.

Through its subsidiaries, MEG also engages in other property related activities such as project design, construction oversight and property management. Through its wholly-owned subsidiaries, MEG owns, manages and operates its homegrown hotel brands – ‘**Richmonde**’ in Pasig City, Quezon City and Iloilo City; ‘**Belmont**’ in Pasay City and Boracay; ‘**Savoy**’ in Pasay City, Lapu-Lapu City, Cebu and Boracay; and ‘**Lucky Chinatown**’ in Manila City.

Megaworld has P40.2 billion authorized capital stock and P32.43 billion paid-up capital (both common and preferred stock) as at end-2022. Its consolidated total assets amounted to P409.2 billion as at December 31, 2022.

From 46% effective ownership interest in MEG in 2007, the Group increased its effective ownership interest in MEG which is now at 70% by end-2022 through stock subscription, exercise of stock rights and warrants, and purchases in the market.

Global-Estate Resorts, Inc. (“GERI”), a publicly listed domestic company incorporated on May 18, 1994, is likewise one of the leading property developers in the country and is engaged primarily in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, office, retail, hotel and/or golf components. It has a vast land bank where key developments include Boracay Newcoast in Malay, Aklan; Twin Lakes in Laurel, Batangas; Sta. Barbara Heights in Iloilo; Southwoods City in Laguna and Cavite; Alabang West in Las Piñas, Metro Manila; Eastland Heights in Antipolo, Rizal; The Hamptons Caliraya in Lumban-Cavinti, Laguna; Arden Botanical Estate in Cavite; and The Fifth in Pasig City, Metro Manila. GERI undertakes its development business by itself or through joint ventures with landowners. Its joint venture corporations are **Twin Lakes Corporation** (incorporated on March 2, 2011), **Oceanfront Properties, Inc.** (incorporated on October 12, 2010 to develop parts of Boracay Newcoast) and **Southwoods Mall, Inc.** (incorporated on July 18, 2013). The township developments are marketed by a subsidiary **Megaworld Global-Estate, Inc.** (incorporated on March 14, 2011) and an in-house marketing group.

Hotel developments in Boracay and Twin Lakes are operated by its subsidiaries **Twin Lakes Hotel, Inc.** (incorporated on September 28, 2018), **Savoy Hotel Boracay, Inc.** (incorporated on January 24, 2017), **Belmont Hotel Boracay, Inc.** (incorporated on March 18, 2019) and **Fil-Estate Urban Development Corporation** (incorporated on March 6, 2000). Another subsidiary operates Fairways and Bluewater, a resort complex integrated with Boracay Newcoast.

AGI acquired 60% interest in GERI in January 2011 and rebranded it to engage in the development of integrated tourism and leisure estates. With the capital infusion, GERI was able to pay its interest-bearing loans and pursue its development plans. In 2013, GERI doubled its authorized capital stock, of which Megaworld subscribed to 25% of the said increase; this together with indirect holdings translates to MEG’s 24.7% beneficial ownership in GERI at end-2013. In 2014, GERI was consolidated under Megaworld when the latter acquired AGI’s stake in GERI. As at end-2022, Megaworld holds 82% of GERI. GERI has P20 billion authorized capital stock, P10.986 billion of which was subscribed and paid-up as at December 31, 2022. Total assets reported as at end-2022 amounted to P57.3 billion.

Empire East Land Holdings, Inc. (“Empire East” or “ELI”), a publicly-listed domestic company incorporated on July 15, 1994, is one of the leading developers of mid-cost residential properties. It specializes in multi-cluster condominium projects and multi-phase subdivision developments in key locations in Metro Manila, Laguna and Rizal. Laguna Bel-Air is ELI’s flagship township project while Pioneer Woodlands in Mandaluyong is its first transit-oriented development. Transit-oriented developments (“TOD”) and urban resort communities have been the signature concepts of ELI in recent years. **Eastwood Property Holdings, Inc.**, a wholly-owned subsidiary, serves as ELI’s marketing arm that markets ELI’s projects and those of other related parties. ELI is 81.73% owned by Megaworld. ELI has P31.495 billion authorized capital stock, P14.803 billion (14.803 billion shares) of which was issued and P14.701 billion (14.676 billion shares) outstanding as at December 31, 2022. Total assets reported as at end-2022 amounted to P47.26 billion.

Suntrust Properties, Inc. (“SPI”), incorporated on November 14, 1997, develops master-planned self-sustaining residential communities and condominiums in Cavite, Laguna, Batangas, Baguio, Davao and Metro Manila that provide affordable homes for the low- to moderate-income families. The developments focus on space-saving and functionality features. In March 2011, MEG acquired 50% majority interest in SPI. In 2013, MEG acquired 100% ownership by buying out the minority interests of Empire East and another related party. In July 2018, SPI acquired **Stateland, Inc.**, a 42-year old real estate company known for building affordable quality homes and well-developed communities in Cavite, Laguna and Metro Manila. The acquisition brings 150 hectares of raw land and other allied properties that spread across more than 200 hectares into the group.

MREIT, Inc. (“MREIT”), is a real estate investment trust (“REIT”) incorporated on October 2, 2020. MREIT was designated by MEG, its parent and sponsor, to operate as its flagship REIT company, the primary focus of which is office and retail leasing to a diversified tenant base, with a high-quality portfolio of 14 office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (“GLA”) of 280,175 sqm as of December 31, 2021. which has since increased to 324,742

square meters. On October 1, 2021, MREIT conducted an initial public offering and listed its shares in the PSE. MREIT is 62% owned by Megaworld as of December 31, 2022 and 38% owned by the public.

Travellers International Hotel Group, Inc.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. (“**Travellers**”), incorporated on December 17, 2003, is the developer and operator of **Newport World Resorts** (“**NWR**”) (as rebranded on July 20, 2022, formerly known as Resorts World Manila), an integrated tourism resort in the Philippines. NWR is the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities. Travellers was awarded one of the first licenses issued by the **Philippine Amusement and Gaming Corporation** (“**PAGCOR**”) in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. NWR, which was the first site to be completed, opened in August 2009.

NWR is an approximately 11.5-hectare integrated tourism resort that is strategically located across the Ninoy Aquino International Airport Terminal 3 (“**NAIA-3**”) in Pasay City, Manila and near NAIA Terminals 1 and 2. NWR is a one-stop, world-class leisure and entertainment facility within Newport City, a mixed-use community of integrated residential condominiums, hotels, restaurants, shops and offices. NWR features a themed shopping and entertainment center, five hotels (4 of which are five-star international branded hotels), and the Marriott Grand Ballroom, a **MICE** (meetings, incentives, conventions and exhibitions) venue with over 8,000 sqm of function space.

The 21,168 sqm Newport Mall offers a retail mall, four cinemas and a 1,710 seat performing arts theater (the “Newport Performing Arts Theater” or “**NPAT**”). The Marriott Hotel Manila is the first hotel to open in October 2009 with 342 rooms and suites, to which 228 rooms were later added in the Marriott West Wing in November 2016. Holiday Inn Express Newport City (as rebranded in February 2018) opened in November 2011. The Marriott Grand Ballroom, a world-class events and convention center, formally opened its doors to the public in March 2015. In 2018, NWR opened Grand Wing, a portion of its Phase 3 development project dedicated to gaming activities. In October 2018, Hilton Manila officially opened with 357 rooms. Also in 2018, Travellers opened the first international hotel in Iloilo City- the Courtyard by Marriott Iloilo with 326 rooms. In January 2019, Sheraton Manila Hotel made its comeback to the Philippines after 22 years and officially opened its doors to the public, adding 386 rooms. And during the last quarter of 2021, Hotel Okura Manila, a 190-room Japanese brand hotel that features Hinoki-yu rooms and Okura’s signature Japanese fine dining restaurant, Yamazato, began its commercial operations.

Travellers has P10 billion authorized capital stock (common and preferred shares), of which P1.93 billion is outstanding as at end-2022. AGI’s ownership interest is accounted through direct holding of 42.11% and indirect holdings through its subsidiaries Megaworld, First Centro, Inc. and Adams Properties, Inc. (“**Adams**”) which hold 2.66%, 3.92% and 19.58%, respectively, of Travellers’ outstanding common shares. Adams holds 66.48% of outstanding preferred shares while AGI holds 20.23% of its outstanding preferred shares. Travellers has consolidated total assets of P124.3 billion as at end-2022.

Golden Arches Development Corporation

GOLDEN ARCHES DEVELOPMENT CORPORATION (“**GADC**”), a strategic partnership with the George Yang group, is the master franchise holder of McDonalds’ in the Philippines. It is engaged in the operations and franchising of quick-service restaurant business under the McDonald’s brand in the Philippines in accordance with the master franchise agreement with **McDonald’s Corporation** (“**MCD**”), a company incorporated in Delaware with principal offices in Illinois, USA. GADC was incorporated on July 16, 1980. It has P99.44 million authorized and paid up common capital stock, 49% of which is held by AGI and the rest by its Chairman and founder, Mr. George Yang and his family. Its consolidated total assets amounted to P43.7 billion at end-2022.

AGI acquired its 49% interest in GADC on March 17, 2005 from **McDonald’s Restaurant Operations, Inc.** (“**MRO**”), a subsidiary of MCD, both of which are foreign corporations incorporated in the USA. MRO holds all of GADC’s preferred shares.

Golden Arches Realty Corporation (“GARC”) leases solely to GADC parcels of land where McDonald’s restaurants and warehouses are situated. It was incorporated on June 25, 2001 and, at present, has P1 million authorized and issued common shares, 49% of which is held by AGI.

Alliance Global-Infracorp Development, Inc.

ALLIANCE GLOBAL-INFACORP DEVELOPMENT, INC. (“Infracorp” formerly known as Infracorp Development, Inc.), a wholly-owned domestic corporation, is AGI’s foray into infrastructure development to provide transport solutions that will improve connectivity of the Group’s properties. It is incorporated in 2017 with the primary purpose to bid for, invest in, and/or implement infrastructure-related projects, such as but not limited to monorail, airports, expressways, toll roads, reclaimed land development and, in relation thereto, to acquire, lease out, develop or otherwise engage in income-generating activities involving real property and other rights related to its infrastructure projects. It will handle infrastructure projects, particularly mass transportation that will enhance the value of the Group’s real estate and tourism developments. The diversification into infrastructure building is aligned with the government’s goal to usher in a golden age of infrastructure in the country.

On May 17, 2018, Infracorp received an Original Proponent Status (“OPS”) for its Fort Bonifacio-Makati Sky Train project – a 1.87km public transit system connecting Line 3 Guadalupe Station to Uptown Bonifacio. The project has undergone review by NEDA.

The Company, as part of a consortium, was granted an OPS in 2018 for its unsolicited proposal for a NAIA project which was approved by NEDA in 2019. The project involved the improvement, upgrade, enhancement, expansion, operation and maintenance, and management of NAIA. In the light of the far-reaching and long lasting consequences of the COVID-19 pandemic on airline travel, airline operations and airport passenger traffic, the consortium submitted proposed changes in the Project’s framework. On July 10, 2020, the consortium received a notice from the Manila International Airport Authority terminating any further negotiations with the consortium and revoking the OPS and approvals earlier granted.

A.3. Bankruptcy or Similar Proceedings and Significant Assets not in Ordinary Course

The Company and its subsidiaries have not been involved in any bankruptcy, receivership or similar proceedings. Likewise, there were no other material reclassifications, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

b. Business Description

AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald’s) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to the needs, demands and aspirations of its target markets. The Company believes that it is well positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.

b.1. Principal Products or Services and their Markets

EMI

EMI group manufactures its own brands and attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local and global distribution network.

‘**Emperador Brandy**’, the first brandy label, was launched in 1990 in the Philippines and is currently the leading local brandy in the country. EDI keeps on innovating its product offerings with creative flavors and packaging to suit the discriminating taste of drinkers, especially the youthful ones who are generally seeking variety and sensory experiences. In 2010, the first light brandy, ‘**Emperador Light**’ was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. In March 2013, EDI introduced ‘**Emperador Deluxe Spanish Edition**’, a premium brandy imported from Spain that is created specifically to appeal

to the Philippine palate. In June 2019, a lighter variant was introduced, the '**Emperador Double Light**' for that '*dobleng saya, dobleng tagumpay*' feeling. This lower alcohol, lower calories smooth fruity drink targets the younger generation of drinkers who are growing more mindful about health and wellness trends. In August 2021, '**Emperador Coffee Brandy**' was launched bringing more fun to coffee and more enjoyment to brandy for that 'sarap make-feel good' feeling that reached globally in 2022..

In 2019, 'Emperador Brandy' won the silver medal in the Distilled San Diego Spirits Competition, while 'Emperador Light' won the bronze medal.

The premium and imported lines, '**Emperador Deluxe Special Reserve**' and '**Emperador Grand Supreme**' are sold exclusively at EDI's retail store.

'**Andy Player Whisky**', a popular drink in the '80s, was revived in October 2015. The new whisky blend has a unique character, rich aroma and complex taste which include orange marmalade and maple syrup.

'**The BaR**', was initially launched in 2009. 'The BaR' is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. In 2018, '**The BaR Premium Gin**', infused with botanicals from Spain that gives it a delicious burst of flavor not found in local gin products, was launched. This world-class premium gin line comes in three variants- Pink, Lime and Premium Dry. In August 2020, '**The Bar Fruity Mix**' was launched as more young Filipino drinkers appreciate light alcoholic beverages, while recognizing the strong Hallyu (Korean Wave) influence as an opportunity to relate to these young drinkers. 'The Bar Fruity Mix' is a fruit-forward and ultralight alcohol that comes in two flavors.

'**So Nice**' is an ultralight alcohol that gives consumers a refreshing and flavorful drinking experience. This clear, colorless, distilled spirit is available in three variants –green grape, grapefruit and original. It was launched in November 2020 catering to Filipino youth who prefer a lighter drink at an affordable price.

'**Smirnoff Mule**', a ready-to-drink blend of Smirnoff Vodka, ginger beer, and lime, was launched on April 28, 2015. It is known as 'Mule' because of its premium vodka, ginger beer and lime, creating a ginger kick effect. The "Stubbornly Refreshing" drink is being manufactured and distributed in the Philippines, under license from Diageo North America, Inc. To date, Smirnoff Mule is the number one product in the ready-to-drink category.

'**Charles & James Light**' is a light blended whisky that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light, specifically made for the Filipino palate. Charles & James is a stepping stone to the world of whisky.

'**Zabana Philippine Rum**' is an award-winning brand of rums created by Filipino master blenders from the purest sugarcane sourced across the country. Its rums range from the entry level '**Zabana 8**' and '**Blanco**', mid-level '**Zabana XO**' and '**Zabana White**' premium '**Zabana Small Batch Tropical Spiced**', '**Sherry Oak Cask**' and '**1997**' to ultra-premium '**Zabana Single Barrel**'. Over the years, these rums have accumulated a number of recognition from award-giving bodies such as Cathay Pacific Hong Kong International Wine & Spirit Competition, International Spirits Challenge, Monde Selection and SIP Awards.

EDI also imports and distributes the Group's products from the distilleries in Spain and Scotland. In 2015, EDI introduced its Scotch Whisky variants in the local market in the local market. It also began distributing 'Fundador Brandy', the Philippine best-selling imported premium brandy, in March 2016 and launched locally 'Tres Cepas Light' in December 2016, EDI also started distributing 'Harveys Bristol Cream' and the newly developed '**Fundador Double Light**' in 2017.

EDI also distributes '**Pik-Nik**' brand shoestring potato snacks and **Ernest and Julio Gallo wines**. The 'Pik-Nik' brand is owned by AGI Group. Another brand owned by AGI Group that EDI distributes locally is '**The New York Club No.1 Vodka**' which is being produced and bottled in the USA. This vodka is so crisp, so clean, so smooth. It is distilled six times from the finest ingredients for that extra smoothness, and filtered to perfection, making a versatile drink for every occasion.

From **Bodegas Fundador**, the following iconic brands manufactured and distributed from Spain are under EMI Group beginning March 1, 2016:

'Fundador' is a Brandy de Jerez, from the brandy capital of Spain. Fundador means the 'founder', as it was the first Spanish brandy to be marketed, this happened in 1874 by Pedro Domecq Loustau. It is sold in over 70 countries worldwide, including the Philippines. The brand has an excellent range ending with the high premium brand **'Fundador Exclusivo'** and **'Sherry Cask Collection – The Fundador Supremo'**, a Solera Gran Reserva Collection aged in our Sherry Cask, unique in the world and which has belonged to our winery for centuries. The 'Sherry Cask Collection by Fundador Supremo' reveals the depth of the most luxurious flavours provided by time in wood, thus creating an Ultra-Premium category Brandy. The ageing in Sherry Casks, unique in the world and of very high value, which have contained very old Oloroso, Amontillado or Pedro Ximénez, give the brand the exclusivity and originality it deserves. After almost 40 years, its image and liquid were refreshed in 2021 through a simultaneous launch in Spain, UK, Italy, México and USA, whose result is Brandy perfect to drink neat or mix with Cola, a perfect serve elaboration created by Simone Caporale and Marc Álvarez from SIPS Drinkery House (#37 in The World's 50 Best Bars).

A huge list of awards from 2016, since the collection was launched has been successfully delivered year after year, particularly for 'Fundador Supremo 15 YO', and 'Fundador Supremo 18YO'. 'Fundador Supremo 18 YO Oloroso' was awarded with the Platinum Medal at the 2021 SFWSC, the only Brandy de Jerez awarded with a Platinum Medal. This amount of recognition reinforces the quality and the know-how of this particular expressions.

'Fundador Light' is currently the best-selling 'Fundador' in the Philippines, having a balanced and clean aroma with a fragrance of wood seasoned sherry and a smooth light taste of brandy from our cellars in Jerez. **'Fundador Double Light'** is an exceptional spirit from sherry casks in our cellars in Jerez, Spain. It guarantees double smoothness and double satisfaction in every bottle with a lower alcohol-by-volume of 25.8% compared to 28% of 'Fundador Light'. It has a double ageing profile and character that is an effect of the double casks.

'Fundador Double Wood' is a Brandy de Jerez Solera Reserve, inspired by the brandies originally crafted in the 19th century, where the prolonged aging makes the holandas acquire the most important and unique characteristics of wood. **'Fundador Triple Wood'** is a Brandy de Jerez Solera Gran Reserva obtained through a very long ageing process that triples the standards of brandy production. A unique expression that reveals the depth of the elements contributed by the wood to a powerful bouquet from the long periods of aging.

'Terry Centenario' is the largest brandy in Spain. Centenario means 'centenary', and it evokes the change to the twentieth century when the Terry family started producing brandies in its bodegas in Puerto de Santa María. It is a premium and distinguished brand with the iconic net and the unique logo of the Terry Horse. 'Terry Centenario' is the leading brand of the Brandy Category in Spain, with 25.5% market share, twice the share of the second best-selling in the category (Nielsen MAT 2022).

'Terry White', a new expression, a new category, a new Classic "White Brandy" was born in 2017 to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, this disruptive concept was launched to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

'Tres Cepas' is a market leader in Equatorial Guinea. In the beginning Domecq had three brands, Una Cepa (One vine), Dos Cepas (Two vines) and Tres Cepas (Three vines), that were in increasing order of quality and age. It is a premium brand result of a special selection of wines distilled and aged in sherry oak casks by the traditional Criadera and Solera system. In 1902, the brand 'Tres Cepas' was launched in the market and became a successful brand. The year 2016 was the renaissance of the brand in the Philippines, and a special expression of **'Tres Cepas Light'**, with a different concept and bottle, was launched in December at a very affordable introductory price. Tres Cepas Spirit is a delicate selection of wines carefully distilled and aged in Bodegas Fundador's wineries in Jerez, smooth with mineral notes and beautiful amber tones. In 2017, **'Tres Cepas VS'** was launched. It is an ultimate expression, as the master blended and carefully tasted the oldest soleras and selected barrels with special characters and notes to make a unique blend for this Very Special Tres Cepas.

'Harveys' is the number 1 selling Sherry Wine in the world and the leader in the UK (IWSR 2020). It is a recipient of a Double Gold medal award in CWSA in 2018. The CWSA is the biggest and most prestigious wine & spirits competition in Hong Kong. It holds Royal warrant in UK which distinguishes it

as the only sherry wine that can be served to the Queen in Buckingham Palace since 1895. It is also the unique Spanish Company that supplies to the Royal Household. This brand was registered in Bristol by the Harvey family in 1886 and was the first cream Sherry to be marketed. **'Harveys Bristol Cream'** is a unique blend of sherries combining the character and body of aged olorosos with the aroma and finesse of finos and amontillados. **'Harveys Bristol Cream®'** is a proprietary blend of three sherry types: Fino, Amontillado and Oloroso, all created from the Palomino grape. "Everyday's A Holiday" with Harveys Bristol Cream®, taken alone or with fruit or used as ingredient to desserts and baking.

'Harveys Very Old Amontillado 30-Year Old V.O.R.S' was awarded with an Amontillado Trophy in 2020 by the International Wine Challenge (IWC), by bagging the "The Best Wine in the world" in 2016, while **'Harveys V.O.R.S. Palo Cortado'** was awarded by the IWC with a "Trophy Champion 2020 the Sherry". Also in 2019, the IWSC awarded as "The best Sherry in the world" to **'Harveys Rich Old Oloroso Sherry 30 Year Old V.O.R.S.'** And **'Harveys Pedro Ximenez 30 Year Old V.O.R.S.'** obtain the same year a trophy and gold medal by the IWC. Harveys launched in 2013 an ultimate expression **Signature** by Harveys which is a 12-Year Old Cream Sherry. This product was awarded the gold medal by the SFWSC in 2018.

'Harveys Aperitivo' is a sherry-infused seasonal *tipple*. Exclusive to the UK, 'Aperitivo' comes in two flavors – Pink and Orange. Harveys Orange is a delicious blend of two grape varieties – Palomino and Muscatel – with an aroma of bitter orange, tangerine and aromatic herbs while Pink is made of three grape varieties – Palomino, Muscatel and Tintilla de Rota (a local rare red wine) – and has a subtle aroma of red fruits and flowers.

'Vermut Marinero by Garvey' was launched in Spain in 2021, entering a new unexplored category. This product proposal is very different from other competitors: a red vermouth with a touch of Atlantic salt, elaborated from the most selected sherry wines and characterized by a smoothness and a flavour resulting from the Palomino Fino grape macerated with seaweed. A product totally unique and 100% suited for the aperitif moment.

From the ***Domecq brands of brandies and wines*** come these Mexican brandies, which are also distributed in USA. In Brazil, 'Domecq Brandy' is a strong brand which covers all markets in Brazil.

'Presidente' was the first Mexican brandy, launched in 1958. It is produced from a blend of the best grapes of the Hermosillo region of Mexico.

'Presidente Light' is made in Spain and boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

'Don Pedro' has been more than 50 years in the market, launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

'Azteca De Oro' has been more than 36 years in the market. These brands are also distributed in USA.

Scotch whisky is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland using *only* cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

'Distiller of the Year (Scotland)' Whyte and Mackay toasted a remarkable year in 2021.

The award-winning whisky makers' collection now features 3 Single Malt Scotch brands ranked in the top twenty worldwide, by industry authority The IWSR. Worldwide, 'Tamnavulin' and 'Jura' are the #1 and #2 Fastest Growing Single Malt Scotch brands. In the UK – the home of Scotch Whisky – Jura became the Number 1 Single Malt Brand.

'The Dalmore' continues to enjoy exceptional performance, at the pinnacle of the category. The 'Dalmore Decades' featured a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. The campaign broke records for Sotheby's Asia, achieving \$1.1M at auction. The collection secured prestigious features in Paris, Los Angeles, London, Taipei and Shanghai. The 'Dalmore Decades' set a new standard in luxury spirits marketing, with a boutique in

Hainan, elite performance on Tmall and Whyte and Mackay's first Non-Fungible Tokens (NFTs) partnership.

The Dalmore's Richard Paterson, was awarded as Officer of the Order of the British Empire (OBE) by Queen Elizabeth II celebrating his visionary contribution to the industry over the past five decades. The "Most Excellent Order of the British Empire" is an order of British Chivalry created in 1917 by King George V. Titles in the Order are awarded to members of the public for significant contributions in their field of work (Scotch Whisky Industry). The Dalmore Master Whisky Maker Gregg Glass was awarded the honor of Distiller of the Year, Scotland, by the prestigious Icons of Whisky Awards 2023 (Awarded December 2022).

WMG offers Single Malt and Blended Scotch whiskies, liqueurs and vodkas, under the following key brands:

'The Dalmore Single Malt Scotch Whisky' sits at the apex of the category in which it competes. It is positioned as a luxury brand. The Dalmore's powerful stag emblem is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying 'royalty'. The Mackenzie family ran the Dalmore distillery from the mid 1800's until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world. **'The Dalmore Principal Collection'** consists of six expressions positioned as Accessible (The 12, Port Wood Reserve, The 15, Cigar Malt Reserve, The 18, King Alexander III) and Aspirational (The 25). Positioned at the apex is **'The Dalmore Constellation Collection'** which is a rare ensemble of unique vintage single malts from the Highland distillery and the **'Dalmore Decades'**, a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. 'The Dalmore' is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store. The rare and aged collection includes The Dalmore 20 Year Old, The Dalmore 21 Year Old, The Dalmore 30 Year Old, The Dalmore 35 Year Old, The Dalmore 40 Year Old, The Dalmore 45 Year Old, The Dalmore 50 Year Old and The Dalmore 60 Year Old.

'The Dalmore Quintessence' is the first and only single malt whisky in the world with five red wine cask finish. Master Distiller Richard Paterson travelled to California to hand select the five different casks in which this exceptional whisky would be matured; Zinfandel, Pinot Noir, Syrah, Merlot and Cabernet Sauvignon, each bringing their individual nuances to create a totally unique single malt.

The Dalmore Port Wood Reserve was released in 2018 as an addition to the Core Range.

'The Dalmore 12 Year Old Sherry Cask Select' is the latest addition to The Dalmore's award-winning Principal Collection and an elegant evolution of the distillery's legendary house style. The new offering from the Highland Single Malt maker celebrates the inextricable affinity between The Dalmore and sherry. It is an exquisite union of the finest oak, and a unique blend of rare and aged sherry, born from an enduring passion to create exceptional single malts that honour the sanctity of the cask

'Jura Single Malt Scotch Whisky' is a premium Scotch whisky that is considered an accessible single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon a captivating island environment and its *"A long way from ordinary"* banner encapsulates the very special nature of this island single malt.

'Jura 12 Years' is an Asian exclusive. A modern classic aged 12 years. Reassuringly rich with sherry sweetness. Matured in American white oak ex-bourbon barrels for 12 years and finished in Oloroso Sherry casks from Jerez, Spain. This 12-year old has refined succulent tropical aromas of chocolate, walnut, and citrus fruit. **'Jura 12 Sherry Cask'** is an Asian exclusive, initially launched in Taiwan. Casks are hand selected from Jerez for the very best Sherry casks. A full finish in our Oloroso Sherry combine well with our Jura Spirit and account for 75% of the balanced flavour of our Jura Sherry Cask. It is rich, fruity, and vibrant - with notes of chocolate, almond, and ripe plum. '

'Tamnavulin Single Malt Scotch whisky' was launched in 2016, initially in the UK. The Tamnavulin Distillery was built in 1966 and was acquired by WMG in 1993. 'Tamnavulin' is the epitome of a Speyside malt; rich, smooth, elegant and refreshing. Tamnavulin is the Gaelic translation for 'Mill on the Hill,' named in part after the 16th century woollen mill which sits on the site of the distillery. This Speyside is double cask. Matured in American Oak Barrels and finished in Amoroso Oloroso Sherry

casks for a rich, full-bodied, sweet and mellow taste. EDI started distributing this product in the Philippines in 2018. **'Tamnavulin Single Malt Scotch Whisky Vintage Collection'**, a rare range with expressions from the years 2000, 1979, 1973 and 1970, together with a new Tempranillo finish was launched in 2018 for Global Travel Retail. **'Tamnavulin Sherry Cask Edition'** is matured in American Oak Barrels and enhanced by a finesse in three different sherry casks. This classic revelation from the Speyside Valley is marked with notes of vanilla pod, glazed nectarines, and hints of sticky toffee pudding.

'Fettercairn' comes from Fettercairn Distillery which was founded in 1824 and acquired by WMG in 1973. The arch and the unicorn are two symbols that are heavily associated with the long history of the Fettercairn Distillery. This distillery has huge potential and over the coming years the range and distribution will be expanded. **'Fettercairn Single Malt'** was re-launched in 2018 with a new packaging with the lead expression 12year old supported by a 28year old, a 40year old, and a 50year old, all four showcasing the iconic unicorn symbol. New expressions of 16 year old and 22 year old were successfully launched in 2020.

'Fettercairn 22 Years Old' (ABV 47%). Matured for 22 years in first fill American ex-bourbon casks, this single malt showcases the signature tropical character of pear and caramelized orange derived from the ingenious copper cooling ring distillation process unique to Fettercairn, setting it apart from other single malt distilleries by drenching the stills in crystal clear mountain water to ensure only the purest vapours rise to create the new make spirit .

'Whyte and Mackay Blended Scotch Whisky' is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, a new innovative product, **'Whyte & Mackay Light'**, was launched in the UK to allow consumers to enjoy a great whisky taste whilst consuming lower units of alcohol. At 21.5% ABV, this product was a first in the UK and received widespread acclaim for quality and for the important messaging it represents. This new lighter spirit drink has been enriched by sweet Sherry casks and freshly emptied Bourbon barrels and tastes great – smooth with a subtle hint of smoke and perfectly enjoyed straight over ice, or with your favorite mixer.

'Woodsman Blended Scotch Whisky' was launched in 2018 as a more contemporary proposition for younger consumers. It was designed to work well with mixers and with its modern bottle design, it has attracted new consumers into the Blended Scotch market.

'Shackleton' is a new Blended Malt brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte and Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic Expedition. It has hints of vanilla, ginger and licorice on the nose, with a taste of on solid sugar, manuka honey and dried pineapples, and a whisper of bonfire smoke in the finish.

John Barr, Cluny and Claymore are all blended Scotch whiskies, a combination of malt whiskies and grain whiskies from a number of different distilleries.

'Glayva', a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor.

Vendors may sell the products at higher or lower prices than EDI's suggested retail prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.



MEG

Megaworld's pioneering "live-work-play-learn" concept for integrated mixed-use communities, or commonly known as townships in the Philippines, has enabled it to launch more than 741 residential developments, 74 premier offices, 24 lifestyle malls and commercial centers and 13 homegrown hotels and resorts. "Townships" integrate lifestyle convenience of having high quality residences in close proximity to office, commercial, educational, and leisure and entertainment facilities. The strategy is to lease all commercial and retail properties and sell all residential units. In instances where residential units are not all sold out upon completion of the project, Megaworld rents out these unsold units on a lease-to-own basis or lease with an option to buy.

A description of each of the group's 30 townships follows.



1. **Eastwood City** is the first township to implement the Company's "live-work-play-learn" concept. Its 18.50-hectare community property in Libis, Quezon City is the country's first IT park and the first to be granted special economic zone status for information technology by PEZA. It has residential condominium towers, corporate office buildings, a lifestyle mall, retail and commercial centers, and the home of the homegrown hotel brand 'Richmonde' Hotel.
2. **Forbes Town Center** is located in a 5-hectare land in Bonifacio Global City, Taguig, Metro Manila adjacent to the Manila Golf Club, Manila Golf and Country Club, the prestigious Forbes Park residential subdivision and Dasmariñas Village. Forbes Town has 12 condominiums and The township's most notable feature is its retail strip along Forbestown Road, which contains around 40 restaurants and stores and is connected to Burgos Park, another Fort Bonifacio landmark. The first piece of public art to be installed in the Bonifacio Global City area is a sculpture by Reynato Paz Contreras titled The Trees, located in the park's center.
3. **McKinley Hill** is a located on approximately 50 hectares of land in Fort Bonifacio, Taguig City, Metro Manila and Megaworl's biggest township in the Fort Bonifacio area. It offers a completely integrated "live-work-play-learn" lifestyle by combining its affluent and exclusive apartments, premium-grade office buildings, and top-notch dining and recreational spaces.. It is the location of a bustling commercial district that is comprised of more than ninety different multinational firms, numerous prestigious international schools, and the embassies of a number of different countries, including the Republic of Korea, Italy, the United Arab Emirates, and the United Kingdom.
4. **Newport City** is a township located on 25 hectares of land at the Villamor Air Base, Pasay City, Metro Manila, across the NAIA Terminal 3 and adjacent to the Villamor golf course. It targets tenants and buyers who consider proximity to the NAIA Terminal 3 an advantage.. Newport city is home to **Newport World Resorts** which is a fully integrated leisure and entertainment complex renowned for its first-class gaming facilities, restaurants, world-class hotels and upscale shopping outlets. It hosts the international hotel brands such as: Manila Marriott Hotel, , Holiday Inn Express Manila Hotel, Hilton Manila, Sheraton Manila and Okura Manila under Travellers; and Belmont Luxury Hotel and Savoy Hotel which are condotel projects of Megaworld. Newport City also

features Travellers' Marriott Grand Ballroom, a meetings, incentives, conventions and exhibitions facility. Newport City is registered with PEZA as a Cyber Tourism Special Economic Zone.

5. **Uptown Bonifacio** is an approximately 15.4-hectare property in Fort Bonifacio in Taguig City, Metro Manila. Modeled after the most progressive cities around the world- Paris, London, Milan, New York and Tokyo, Uptown Bonifacio is comprised of a residential portion in the northern part of Fort Bonifacio, and a portion for mixed-use, comprising office and retail space. It currently has 3 fully constructed residential towers, with a fourth one under construction. Its sprawl includes office towers that house several multinational companies. It also houses the multi-awarded lifestyle mall, Uptown Mall, famous because of its water feature.. The township also sits at the forefront of the rapidly developing north side of Fort Bonifacio, with plans to construct the Skytrain – a monorail connecting the township to the MRT, as well as a site of one of the stations of the Mega Manila subway.
6. **McKinley West** is a township being developed on a 34.5-hectare property in Fort Bonifacio which is directly beside Forbes Park and Manila Polo Club and adjacent to McKinley Hill in Taguig, Metro Manila. The development of McKinley West is another joint venture undertaking with BCDA. McKinley West features of ultra-luxurious residential estates in its “Billionaire’s Row” with St. Moritz Private Estate, The Albany Luxury Residences and Park McKinley West, all equipped with state-of-the-art security features and first-of-its-kind luxury amenities. The township has rows of premium grade office buildings and pocket lifestyle hubs, including Mckinley Whisky Park, Asia’s first and largest outdoor whisky park, which houses drinks by Emperador. These will all be complemented by open spaces and lush greenery. Ingress and egress points of the estate are conveniently located along Lawton Avenue which connects Fort Bonifacio to Pasay City and Makati City. It is also accessible to infrastructures like NAIA and the future site of the Metro Maila Subway.
7. **The Mactan Newtown**, Megaworld’s first township venture outside Luzon, is a mixed-use development situated on a 30-hectare property near Shangri-La’s Mactan Resort and Spa in Mactan, Cebu. This has its own beachfront and combines high-end office towers, luxury condominiums, leisure amenities, retail shops, a school, and upscale hotels. It will also have its own exclusive beach club at the township’s beachfront, and sports facilities at the 11-hectare beachfront property formerly known as Portofino Beach. Inside the township, a 1.4 hectare man-made lagoon will be built, with floating boardwalks and a bridge connecting both sides of a soon-to-rise beach mall. The lagoon will also be a venue for future water sports activities such as jet skiing, wakeboarding, stand-up paddling, and boating, all within a man-made shoreline at its perimeter. It is also approximately 10-minutes away from the Mactan-Cebu International Airport, making the township ideal for residence, business or leisure.
8. **Iloilo Business Park** is a mixed-planned community in a 72-hectare property in Mandurriao, Iloilo. Upon completion, it will be a mixed-use business, tourism, commercial and residential hub with a residential community, BPO office buildings, hotels, a convention centre, retail centres and a lifestyle centre. The entire Iloilo Business Park development was registered as a special economic zone with the Government. It also features The Street of Festive Walk, a 1.1-kilometre retail strip inspired by outlet shops in America and envisioned to be one of the longest shop-and-dine streets outside of Metro Manila. Iloilo Business Park has launched five residential condominium developments to date — One Madison Place Luxury Residence, Lafayette Park Square, The Palladium, the tallest building in the region at 22 storeys high, Saint Dominique and Saint Honore. It’s also fastly becoming a major arts location, being the site of the largest convention center in Western Visayas - Iloilo Convention Center, the Iloilo Museum of Contemporary Arts (ILOMOCA) and the Brandy Museum inside Casa de Emperador. With Iloilo Business Park, Megaworld aims to transform Western Visayas into the next central district in the region.
9. **ArcoVia City** is envisioned as an environment-friendly community on the 12.3-hectare property located along the C-5 Road in Pasig City. The main “green” feature of the township is the approximately 1,000 trees that will be planted around the development. This greening feature will help provide an outdoor thermal comfort for the future residents, workers, tenants and visitors of the township. Sustainable buildings registered under Leadership in Energy and Environmental Design (LEED) are the standard of office developments in this township, with the first two to rise designed by world-renowned architectural firm Skidmore, Owings & Merrill. Other green features of ArcoVia City include a rainwater catchment facility, a network of bicycle lanes, and wide tree-lined sidewalks. Aside from office towers, the township will have residential condominiums, a lifestyle

mall, retail and commercial strips, and open parks. At its centerpiece is the 23-meter high Arco de Emperador, one of Manila's newest tourist attractions.

10. **Davao Park District** is the first township development in Mindanao. It is situated on an 11-hectare property along S.P. Dakudao Loop, Barangay San Antonio, Agdao District, Davao City, which used to be the Lanang Golf and Country Club. The township is envisioned to be Mindanao's new central business district. Also in Davao Park District are the themed residential condominiums that will be built by Suntrust Properties, a wholly-owned subsidiary of Megaworld. The township will also have a lifestyle mall, commercial and retail strips, open parks, a lagoon, and a school. The first office tower to rise is the iconic 15-storey Davao Finance Center.
11. **Suntrust Ecotown**, an ongoing project under Suntrust, will sit on a 350-hectare land in Tanza, Cavite and will be Megaworld's first mixed-use development with an industrial park in the country. The industrial park is the country's first to be accredited by PEZA with lifestyle amenities. It is also positioned to be the major hub for world-class light to medium export-oriented industries, residential, commercial, and institutional establishments in the south. At Suntrust Ecotown, 111 hectares will be allotted for the industrial park. Another 40 hectares is dedicated for the expansion of the industrial park and the integration of lifestyle amenities such as a hotel, commercial and retail hubs, driving range, mini golf course, putting greens, swimming pool, jogging path, basketball and badminton courts, and open parks, and another 200 hectares of future development that may include residential and other recreational facilities.
12. **Boracay Newcoast**, a project under GERI, is a 150-hectare mixed-use leisure and resort development envisioned to be the next world-class tourism destination in the paradise island. Inside the township are luxury and boutique hotels, including Megaworld's Homegrown Brands: Belmont, Savoy, and the Chancellor Hotel. It will have its own commercial and retail districts, upscale villas, and an exclusive residential village throughout an estate filled with lush greenery, open spaces, ocean views, and exclusive beachfront access.
13. **Twin Lakes**, an ongoing project under GERI, is a 1,200-hectare mixed-use leisure and resort community in Tagaytay, offering picturesque hill views at the one of its upcoming residential projects -. The Vineyard Residences, which spans 177-hectares of natural landscape that offers the perfect view of the famous Taal Volcano and the man-made lake within the estate. The Vineyard will have its own sports club and spa, wedding venue, and the 10-hectare vineyard that will produce real grapes that can be processed, stored, and aged in its very own chateau. The township was established as the Philippines' first vineyard resort community and Tagaytay's first master-planned integrated tourism estate.
14. **Southwoods City** is the largest and only fully-integrated township with a golf course at the south of Metro Manila. The 561-hectare property is a mixed-use development that features the Jack Nicklaus-designed Manila Southwoods Golf and Country Club, a central business district, a mall, schools, a church, and a medical facility, among others. It is conveniently accessible via the South Luzon Expressway. Within Southwoods City is Pahara, a 26-hectare residential village consisting of over 600 lots, each offering a view of the golf course and the Laguna de Bay. This residential village has a Mediterranean-inspired architectural theme with green open spaces and its own clubhouse, swimming pool, function halls, children's playground, an outdoor circuit gym, and parks.
15. **Alabang West** is a 62-hectare township located at the heart of Alabang's leisure, business and commercial district. It delivers the glitz and glamor of Beverly Hills by offering high-end shopping boutiques and world-class amenities, all in a posh neighbourhood. It is easily accessible to and from Metro Manila via the South Luzon Expressway and the Daang Hari Exit. Alabang West has a 1.3-kilometer commercial and retail row inspired by Hollywood's famous Rodeo Drive and an exclusive Alabang West Village. The village will have a clubhouse with badminton and basketball courts, function rooms, game room, a fitness centre, and an infinity pool.
16. **The Upper East** sits on a 34-hectare property in Bacolod City, Negros Occidental and is bound by Burgos Avenue on the north, Lopez Jaena Street on the west, the Circumferential Road on the east, and is just across the New Government Center. Modeled after New York City's Upper East Side district, its prime location is geared to be Bacolod's own version of an upscale lifestyle district where residential condominiums, malls and commercial centres, BPO office towers, tourism and leisure facilities as well as recreational parks and open spaces are integrated to create a "Live-Work-Play" township.

17. **Northhill Gateway** rises in the northern part of Bacolod, where the famous Sugar Road was built. Sitting on a 53-hectare property along the new Circumferential Road on the boundaries of Talisay City and Bacolod City, it has direct access to the new Bacolod-Silay Airport and will have a direct link to The Upper East via the Circumferential Road. Northhill Gateway is envisioned to be a refreshing lifestyle district that will house upscale residential villages, mixed-use office and retail developments, leisure and recreational amenities as well as institutional facilities. Megaworld is constructing a 'commercial town center' on the Bacolod side of the Northhill Gateway township, the Northhill Town Center. This will occupy around 7.5 hectares and will be a sprawling horizontal commercial development composed mostly of stand-alone two-storey structures of retail shops and dining establishments, surrounded by landscaped parks and open spaces. The town centre, which will be accessible along the Bacolod-Silay Airport Access Road, will also have a central plaza, an events venue, 'pasalubong' centres featuring local Negrense delicacies, a supermarket, and wellness and sports facilities.
18. **Sta. Barbara Heights**, a master-planned community of GERI, is a 173-hectare mixed-use development with 34 hectares allocated for residential lots overlooking nearby natural lake and hills in Sta. Barbara Iloilo. The township is adjacent to the historic Santa Barbara Church and Convent and the Iloilo Golf Course and Country Club, the oldest golf course in Asia. Sta. Barbara Heights will have a direct access to the road leading to the Iloilo International Airport via the Iloilo International Avenue, a six-lane "spine" highway featuring rows of mixed-use and commercial buildings, retail shops, restaurants, boutique hotels and institutional facilities. Half of the development is allocated for the Sta. Barbara Heights Residential Estates, a residential village with three phases offering around 1,000 lots. The village will feature a five-hectare Village Center with amenities that include a 260-meter swimming pool, tennis and basketball courts, children's park and picnic ground overlooking a lake beside the Iloilo Golf and Country Club.
19. **Capital Town** is a 35.6-hectare prime property beside the provincial capital of the City of San Fernando, Pampanga and is the first-ever township development of Megaworld in Central and Northern Luzon. It is around 20 kilometres away from Clark International Airport. Its existence then became a catalyst for the exponential growth of the city. Backed by PASUDECO's rich history, culture and heritage, the development of Capital Town will be at the forefront of business and progress as the area enters new phase of growth moving forward while preserving its values.
20. **Westside City** will be the second site of Newport World Resorts in the Philippines. The 31-hectare leisure and entertainment township at the Entertainment City in Parañaque will have international hotels, a luxury mall, and residential condominiums. The launch of Westside City marked the Company's 20th integrated urban township, the most by any developer in the country. The township will also be home to upscale residential condominiums, a luxury mall as well as international hotel brands such as The Westin Hotel of the Starwood Asia Pacific Hotels & Resorts Group, Hotel Okura Manila of the Okura Hotels & Resorts, the Genting Grand and Crockfords Tower of the Genting Group and Kingsford Hotel. These hotels will have a total of around 1,500 rooms. Westside City is envisioned to become the "Broadway of Asia" as the township highlights facilities for the performing arts and will be home to the Philippines' Grand Opera House that has a total capacity of 3,000.
21. **Maple Grove** is a 140-hectare property in General Trias, Cavite. The property is approximately 45 minutes away from Makati and other Metro Manila CBDs via Coastal Road and Cavitex, Maple Grove is at the entry point of the booming industrial and residential centre of the Cavite-Batangas corridor. The township will have an eclectic mix of residential, retail, office and institutional components.
22. **Eastland Heights**, an ongoing project under GERI, will be an 'integrated lifestyle community' in Antipolo, Rizal on a 640 hectares of land along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. The property has its own iconic 36-hole golf course and country club, which will occupy around 20% of the entire development. It is also known for its rolling terrains on the foot of the scenic Sierra Madre Mountain Range. Aside from the golf course, the community will have residential, commercial and retail, and institutional components such as a school.
23. **The Hamptons Caliraya**, the second 'integrated lifestyle community' under GERI, is located in Lumban-Cavinti, Laguna, surrounding Lake Caliraya. The development will feature leisure and

tourism developments including lakeside residential villages and villas, a town center, two 18-hole golf courses and clubhouse, and a Marina Club that offers a wide range of water sports activities such as boating, jet ski and kayaking, as well as a shophouse district and resort hotel district. The development will also be the site of The Hamptons Village, an 11-hectare lakeside residential village that will feature its own marina.

24. **Highland City** is MEG's first team up project with ELI. To be built in a 24-hectare property at the convergence of Cainta, Rizal and Pasig City, this development is envisioned to be the first-ever 'elevated city' in the Philippines. The township will have residential towers on the elevated portion, meant to "evoke a character of a city sitting on highlands". Highland Park will be the highlight of the estate which is an expansive green and open park that will house a church and some retail areas.
25. **Arden Botanical Estate** is a 251-hectare property located at the boundary of Trece Martires and the municipality of Tanza in Cavite, is a joint project of MEG with GERI. Surrounded by natural rivers, it will have several residential and leisure villages, commercial areas, sports and adventure parks, and a mixed-use district. The expansive development, which will be curated to engage and stimulate the senses, will be highlighted by flower garden and green parks. Arden Botanical Village, Megaworld's first upscale residential village in Trece Martires, sold out in June 2020, seven months after its launch.
26. **Lucky Chinatown** is located at the heart of Binondo, the world's oldest Chinatown and is strategically located near Manila's historic and cultural sites such as Intramuros, Manila City Hall, and the National Museum. This 5-hectare property will have residential condominium projects, lifestyle mall, hotel, and a museum that perfectly blends history and modernity.
27. **Paragua Coastown** is a 462-hectare 'eco-tourism township' in the laidback, charming beach town of San Vicente, Palawan. Launched in December 2021, it will be highlighted by some of the island's most beautiful natural spots and by facilities that encourage a holistic lifestyle, a cultural center, and even a mangrove reserve park. It is also poised to become a true haven for families, couples, and individuals seeking a more mindful and eco-friendly way of life.
28. **Northwin Global City** is a 85-hectare property located just 20 kilometers north of Metro Manila along NLEX and is set to become Bulacan's first-ever metropolitan hub for business and lifestyle, characterized by its own themed commercial district, high-rise residential condominiums, hotels, malls, mixed-use commercial buildings, educational institutions, and state-of-the-art office towers. Touted as the 'global business district', Northwin Global City will also carry Megaworld's iTownship features, such as the installation of solar-powered and LED streetlights, underground cabling system, fiber optic cabling, bike lands, storm water detention facility for flood prevention, intermodal transport terminal, and other sustainable infrastructure for mobility and connectivity.
29. **Winford Resort Estate** is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. Its buildings will be characterized by rich aesthetics, with intricate details of French Renaissance, Neo-Classical and Art Deco Architectures. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.
30. **Sherwood Hills** is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills Golf and Country Club. The project has been masterfully designed to blossom together with its surrounding landscape, with 40% of the entire village being allocated for green and open spaces, including verdant thematic parks.

The GERI group has a diversified real estate inventory including residential and commercial lots, residential condominium units, condominium hotel units, and golf club shares. It has eight integrated tourism developments across the country covering more than 3,300 hectares of land. Its property developments include the following:

1. **Boracay Newcoast** is the first and only tourism estate development with world-class resort offerings in the northeast side of Boracay. It sits on 150-hectare of land and will house a private residential village, specialty boutique hotels, shop houses and a massive commercial center called Newcoast Station and international hotel brands. Its Fairways & Bluewater Newcoast, a premier luxury eco-friendly vacation hotel, has over 250 well-appointed guestrooms, each with a

- spectacular view of an 18-hole par-72 golf course, the only one in the island. Fairways & Bluewater Newcoast features three private white sand beach coves. (See under Townships)
2. **Twin Lakes** is the first and only vineyard resort community in the Philippines, located in the rolling terrains of Tagaytay overlooking the world-famous Taal Lake. The master-planned integrated tourism estate that sits on a 1,200-hectare property will feature real vineyard and chateaus, residential condominiums and villages, hotels, nature park as well as commercial and retail hubs. (See under Townships)
 3. **Sta. Barbara Heights** is a vast township rising on a 173-hectare property beside the Sta. Barbara Golf Course, known as Asia's oldest golf course, located in Sta. Barbara, Iloilo. (See under Townships)
 4. **Southwoods City** is a 561-hectare mixed-use development with golf course situated on the boundaries of Biñan, Laguna and Carmona, Cavite. (See under Townships)
 5. **Alabang West** is a 62-hectare residential and commercial development in Las Piñas City. (See under Townships)
 6. **Eastland Heights** is a 640-hectare township development along Marcos Highway with some areas overlooking Metro Manila's panoramic skyline. (See under Townships)
 7. **The Hamptons Caliraya** is a 300-hectare sprawling community surrounding Lake Caliraya in Lumban-Cavinti, Laguna. The Hamptons Village is a high-end residential area with 112 lots ranging from 504-1281 sqm. (See under Townships)
 8. **Arden Botanical Estate** is a 251-hectare property in Trece and Tanza, Cavite that will be highlighted by flower farms and gardens. **The Lindgren** is a 17-hectare residential village offering lots ranging from 159sqm to 252sqm. (See under Townships)
 9. **Mountain Meadows** is 260-hectare residential subdivision in Cagayan de Oro with a 4-hectare commercial area at the entrance of the project.
 10. **Newport Hills** is a 127-hectare integrated residential and golf development in Lian, Batangas.

ELI's real estate portfolio is composed of multi-cluster mid- to high-rise condominium projects and multi-phase subdivision developments in key locations in Metro Manila and the South. ELI set the trend for transit-oriented developments ("TOD") where condominium communities are directly linked to mass-transit systems for faster and more efficient mobility in the metro. ELI's portfolio also includes ready-for-occupancy ("RFO") units available in its various high-rise development projects in Metro Manila. These include the following:

1. **Laguna BelAir** is ELI's flagship township project located outside of Metro Manila. The 156-hectare horizontal development in Sta. Rosa, Laguna is a complete community setting featuring several residential phases with American-inspired homes, commercial blocks, recreational amenity zones, a science-oriented school and a parish church. The project has spearheaded various residential and commercial developments in Santa Rosa City which is now dubbed as the "New Makati City of the South."
2. **The Sonoma** is the second township project outside Metro Manila. It is a 50-hectare horizontal development in Sta. Rosa City, Laguna that features Asian Modern-inspired homes. The community is centered by a five-star clubhouse complete with luxurious swimming pools, open courts, function rooms and other recreational facilities. Towards the main gate of the development is 1433 West Row, a retail strip that will feature high-end shops, restaurants and other establishments. The four residential land development phases, namely, Enclave, Country Club, Pavilion and Esplanade, have been completed and are now nearly sold out.
3. **The Cambridge Village** along East Bank Road in Pasig-Cainta boundary, is an 8-hectare micro-city community development. All 37 towers of 6-10 levels have been completed and are now nearly sold out.
4. **The Rochester**, a tropical-inspired urban resort community at Elisco Road, San Joaquin, Pasig City, with seven Asian Modern towers to rise on a 3-hectare property. Because of its proximity to the C5 Road and Kalayaan Avenue intersection, it is highly accessible to the Bonifacio Global City. The low-rise Garden Villas 1 and 2, mid-rise Breeze Tower and Parklane Towers, Palmridge Tower and Hillcrest Tower have been turned over. The residents of the RFO towers are currently enjoying the clubhouse with function areas, min-bar, fitness gym, 25-meter lap pool, kiddie pool and a multi-purpose court. The final tower, Bridgeview, is nearing completion with a few units left on its inventory.
5. **San Lorenzo Place** is a luxurious 4-tower high-rise development on a 1.33-hectare property along EDSA corner Chino Roces Avenue, Makati City standing on a podium with an upscale shopping mall directly linked to MRT-3 Magallanes station. The project offers an unparalleled luxurious city lifestyle in the Makati CBD with high-end amenities such as swimming pools, tennis court, fitness

gym, jogging paths, gardens, function room, daycare center and clubhouse at the sixth level. All four towers were completed and sold out.

6. **Pioneer Woodlands** is a prime 1.27-hectare development and is one of Metro Manila's highly coveted TOD addresses that offers a transit-oriented lifestyle to its residents as it is connected directly to MRT-3 Boni station. It is located along EDSA corner Pioneer Street in Mandaluyong City, providing premium mobility and accessibility to the "Big 3" CBDs of Makati, Ortigas and Bonifacio Global City. The project has 6 high-rise towers, recreational amenities at the 5th level, and a two-level retail arcade. Towers 1 to 5 are now sold out and have been turned over, while Tower 6 with few units left is nearing completion.
7. **Little Baguio Terraces** is a 4-tower TOD mid-rise condominium community on an 8,000-square meter property along Aurora Boulevard and N. Domingo Street, San Juan City. This TOD is between Gilmore and J. Ruiz station of LRT-2, offering a quick access to the University Belts in Manila and Quezon City. Amenities at the 3rd level such as lap pool, kiddie pool, jacuzzi, jogging path, playground, fitness gym, daycare center and function area are enjoyed by its residents. Its four ready-for-occupancy residential towers rise from 15 to 24 levels which are now complete and almost sold out.
8. **Kasara Urban Resort Residences** is a luxurious six-tower resort community located between Eagle Avenue and P. E. Antonio Street near C5 Road in Ugong, Pasig City, features a lake-inspired pool, infinity pools, waterfalls, bubblers and koi ponds, clubhouse with function hall and bar area, multi-purpose court, fitness gym, playground, jogging paths, and greeneries which are all dedicated to almost 60% of this 1.8-hectare property. The project is nearly sold out, with Towers 1 and 2 ready for occupancy, Towers 2 and 5 are nearing turnover and construction of Towers 4 and 6 is ongoing.
9. **Mango Tree Residences** is an exclusive two-tower high-rise community situated on a 3,000-square meter property along M. Paterno and J. Ledesma Streets in San Juan City. Decades-old natural mango trees, landscaped gardens, and hotel-type amenities will all be located at the spacious ground level as the podium parking will be standing on stilts, providing free flow of air and natural sunlight. With only 9 to 12 units per floor and a perfect mix of executive studio, 1-to-2 bedroom suites and penthouse units, residents are ensured of ultimate privacy and exclusivity. Full-swing construction is underway for both the 38-level West Residences and 34-level East Residences.
10. **Covent Garden** is a two-tower Transit-Oriented Development on a 5,036-sqm property located along Santol Street Extension in Santa Mesa, Manila walking distance to LRT-2 V. Mapa station and the Metro Skyway Stage 3 Extension, offering ultimate accessibility to the University Belts in Manila and Quezon City. South Residences has been recently completed and turnover of units to homebuyers is on-going, while construction of North Residences is in full swing. All executive studios and 1-bedroom suites have been sold out while there are a few 2-bedroom suites and bi-level units available.
11. **The Paddington Place** is a four-tower Transit-Oriented Development on a 8,700 sqm property along Shaw Boulevard, Mandaluyong City, an easy walk towards the MRT-3 Shaw Boulevard station and the Ortigas CBD across EDSA. The four towers standing up to 45 floors will be built on a podium structure that houses a two-level lifestyle mall dubbed as "The Pad" where daily conveniences such as restaurants, groceries and other retail establishments will be available. Amenities including swimming pools, garden decks, indoor playroom, function halls and fitness gyms can be enjoyed by the residents at 7th and 8th levels. The project's marketability is proven by the fast moving inventory of Towers 1, 2 and 3. Full-swing construction has also commenced and the first residential tower is scheduled to be completed within 4 to 6 years.
12. **Empire East Highland City**, ELI's largest development in scale to-date, is a 22.8-hectare elevated sustainable township along Felix Avenue at the boundary of Pasig City and Cainta, Rizal. It is accessible to LRT-2 Marikina Station and the upcoming MRT-4 Cainta Junction Station. The project features an 8,000-sqm Highland Park hosting lush greeneries, church and a 58,000-sqm Highland Mall. On the much elevated side is the 37-tower condominium complex called Highland Residences and an exclusive 6,700-sqm recreation hub called The Chartered Club. The Towers 1 to 4 of Arcadia, the first residential phase, are nearly sold out, and Empire is set to launch new towers in the second phase called Bellara. (See under Townships)
13. **South Science Park** is a 58-hectare mixed-used development in Gimalas, Balayan, Batangas in Southern Luzon region.

SPI's projects provide affordable homes in well-planned and secured community developments. Its communities feature commercial centers, clubhouses and other amenities, schools and 24-hour security. These include the following:

Cavite

1. **Cybergreens** is a one-of-a-kind community in Cavite that offers a perfect balance of modern convenience and nature. It is a community with broadband-ready garden villa and where residents can go online outdoors via Wi-Fi access. This 123,123 sqm. Community is already sold out.
2. **Cyberville** is located inside Sunrise Hills Subdivision in Brgy. Santiago General Trias, Cavite, this 20.06-hectare modern community is equipped with family-friendly amenities like flower, botanical and rock gardens, playgrounds, court and a clubhouse where residents can celebrate their intimate family affairs.
3. **The Gentry Heights** offers modern-Asian homes in a 41.33-hectare property in General Trias, Cavite, neighbored by first-rate schools, business hubs, churches and top industrial zones
4. **Governor's Hills** is a Californian-Mediterranean-style homes with choices such as Jazmine, Sophia, Ysabella, Katrina and Casa Verona that also comes with beautiful amenities. Governor's Hills also offers good education for students through its very own Governor's Hills Science School. This 89-hectare community offers nine villages, situated in Biclatan, General Trias, Cavite.
5. **Rivabella** is a 3-hectare landscape community located in Sherwood Hills beside the golf clubhouse in Trece Martirez, Cavite that makes use of an Italian concept for its spacious, well-designed homes. This is already sold out.
6. **Suntrust Verona** is located in Silang, Cavite which is inspired by its namesake, the Italian City of Verona. It is a 63-hectare enclave that is made up of three residential phases and showcases a variety of single-detached duplex homes-all exquisitely designed and embraced by lush nature spaces.
7. **Washington Place**, a 40-hectare prime property along Aguinaldo Highway in Dasmariñas, Cavite that boasts of modern-themed architectural designs with two basketball courts and serenity garden.

Laguna

8. **Suntrust Sentosa** is a two-phased residence in 21.8-hectare lot in Calamba City, Laguna that is inspired by the popular island resort in Singapore. It boasts not only one but two Merlion replicas in its community façade.
9. **Sta. Rosa Heights** is composed of Spanish –themed homes that also comes with a 20,030-square meter leisure area that includes a clubhouse named Vista del Santa Rosa, Lagoon type pool, basketball court, jogging lanes and children's playground. It is sold out.
10. **Sta. Rosa Hills**, a 7-hectare property, is sold out.
11. **The Mandara** is a 14-hectare Asian-inspired community near Tagaytay that transforms into a gateway leading to the best of Sta. Rosa, Laguna. It is already sold out.
12. **San Francisco Heights**, a 23.46-hectare Mediterranean-inspired community. Its breathtaking amenities inspired by the wonders of San Francisco, California. It is situated in Calamba, Laguna.
13. **Gran Avila** is the latest economic housing project in Calamba, Laguna. It encompasses 16.25 hectares of modern-themed development divided into five phases.

Batangas

14. **Siena Hills** is a 51-hectare Italian-themed community that's peacefully nestled in Lipa City.
15. **Avila Heights** is a townhouse community situated in 7,500 sqm property in Sto. Tomas, Batangas.

Pampanga

16. **The Arcadia** is a 22.6-hectare property located at Porac, Pampanga. Equipped with numerous nearby destinations that cater to your business, educational, or leisure needs, this residential community is ready to be Pampanga's home of the future. Marvel at the luxurious and pristine countryside living through its modern contemporary homes and resort-inspired amenities that will surely suit your lifestyle.

Negros Occ.

17. **The Fountain Grove** is a 24.52 hectare residential enclave located inside Northhill Gateway in Talisay City (see Townships). It is the perfect balance between contemporary design and lush nature.
18. **La Riviera** is a 23.55-hectare property along the Western Nautical Highway in Barangay Tinampayan, Cadiz City, Negros Occidental. The project is envisioned to be a prime mixed-used residential community.

Tagum

19. **The Palm City** is rising soon a 27.7-hectare property in Tagum. It offers carefree yet sophisticated lifestyle as if you are on a vacation all year round.

Davao City

20. **One Lakeshore Drive** is a condominium in Davao City that brings together the serenity of a lifestyle by the lake and the vitality of Mindanao's first-ever live-work-play-learn township, the Davao Park District (see Townships). Rising soon is **Two Lakeshore Drive** and **The Eastpark Residences** as well.

Baguio City

21. **Suntrust 88 Gibraltar** is Mediterranean inspired condo-homes situated in the heart of the country's Summer Capital, and is already sold out.
22. **The Mist Residence** gifted with multitude of charming and profound beauty with a scenic view on a 2,499.48 sqm lot in Bakakeng Central, Baguio City.
23. **The Sofia Terraces** is the latest project of Suntrust in Baguio City. Elevated in a sloped terrain, Sofia Terraces paints a magnificent picture of the City of Pines, with a panoramic view of the city's mesmerizing lights in the nighttime, and an awe-striking pine tree hillside in the daytime. It has a land area of 3,232 sqm specifically designed to blend in with the terrain, Sofia Terraces will be your own escape from the bustling city to a picturesque mountainside that puts you at the peak of serenity, and lets you enjoy the weather and misty air of Baguio City, right within your own community.

Metro Manila

24. **Suntrust Treetop Villas**, a 6,122-sqm low-dense community in Madaluyong City, is sold out.
25. SPI condominiums in Manila namely **Suntrust Adriatico Gardens**, **UN Gardens** and **Suntrust Parkview** are already sold out. **Suntrust Solana** which is a two-tower condominium on a 3,214-sqm lot in Ermita, Manila is a modern contemporary inspired community.
26. **Suntrust Kirana**, a four-tower "ecopolis" on 7,083-sqm property is a *beautiful ray of light* in Pasig City.
27. **Suntrust Shanata** is a 33,421-sqm project of 12-cluster towers in Novaliches, Quezon City.
28. **Suntrust Asmara** is a three-tower condominium community with a low-density design located along E. Rodriguez Avenue, Quezon City on a 8,459 sqm lot.
29. **Suntrust Amadea** is a two-tower condominium project in 4,174.35-sqm in Paligsahan, QC.
30. **Suntrust Capitol Plaza**, a 33-storey tower located in the heart of Diliman, Quezon City, is emerging as a landmark as one of the city's tallest residential structures. It is designed in the 1920s Palazzo style with a façade enlivened by cornices and corbelled arches and a lobby with a circular foyer with columns and a grand, sweeping staircase.
31. **Suntrust Ascentia** ascends you to a higher standard of quality urban living, letting you live in the middle of the renowned Sta. Ana Manila. This modern contemporary tower is envisioned to rise as a landmark that represents Sta. Ana's timeless beauty and elegant heritage Inspired by the Filipino traditional motifs of the 1970s, this 5,210 sqm condominium community showcases state-of-the-art amenities and well-crafted units designed for residents' comfort and convenience.

Travellers

Newport World Resorts ("NWR", formerly known as Resorts World Manila or RWM), Travellers' first integrated leisure and lifestyle complex, combines hospitality, entertainment, leisure, shopping and gaming in one grand arena, a one-stop non-stop destination. NWR operates gaming facilities at the Garden Wing, which includes a members-only lifestyle club (Newport Club), with a private gaming area, dining options and other fabulous lifestyle features), and at the Grand Wing and Holiday Inn Express Manila Newport City, with an aggregate area of 63,251 square meters. As of the end of 2022, NWR has 455 casino tables and 2,223 slot machines and 100 electronic gaming machines (EGMs). NWR also features the upscale **Newport Mall** (52 retail stores and food-and beverage outlets with a mix of high-end boutiques and mass market option), **Newport Cinemas**, the 1,700-seat **Newport Performing Arts Theater** (a majestic venue for concerts, plays, musicals and exclusive productions), **the Horizon Center** (which features a training academy and call centers) and hotels.

Five hotels are currently in operation at NWR – i) the five-star 570-room **Marriott Hotel Manila** opened in October 2009, ii) the five-star 357-room **Hilton Manila** opened in October 2018, iii) the five-star 386-room **Sheraton Manila Hotel** opened in January 2019, iv) the mid-range 737-room **Holiday Inn Express Manila Newport City** opened in February 2018 (formerly, Remington Hotel in November 2011) and v) the 190-room **Hotel Okura Manila** opened in December 2021. Outside Metro Manila, **Courtyard by Marriott Iloilo** located in Iloilo Business Park, Iloilo City opened in 2018 and provides an additional of 326 rooms to the Company's hotel operations.

NWR also boasts of the **Marriott Grand Ballroom**, a MICE venue with a 3,000-square meter pillar-less ballroom. It is a versatile luxury space within Metro Manila and has taken center stage as the preferred venue for conventions and social affairs including internationally acclaimed performances, making full use of the impressive high-tech column-free ballrooms. The facility holds 20 individual meeting rooms and its ballroom features 6 VIP multi-use skyboxes, offering a large array of flexibility in hosting multiple events.

RunWay Manila, a 220-meter pedestrian link bridge that connects NAIA Terminal 3 and the Newport City, which the public can use free of charge, opened in April 2017. It stands 65 meters above Andrews Avenue at Pasay City, is a fully enclosed, air-conditioned bridge with moving walkways and elevator. It is designed to accommodate up to 2,000 persons at any time, or up to 216,000 individuals per day.

Location map of the two RW sites



GADC

McDonald's is one of the world's most recognized brands. All McDonald's restaurants in the Philippines are operated either by GADC or by independent entrepreneurs or franchisees under a sub-franchise agreement or by affiliates under joint venture agreements with GADC. The McDonald's System in the USA is adopted and used in the domestic restaurant operations, with prescribed standards of quality, service and cleanliness. Compliance with these standards is intended to maintain the value and goodwill of the McDonald's brand worldwide.

McDonald's restaurants offer a range of quality products in all its restaurants at value prices, served fresh, hot and fast across all its channels by its friendly and courteous crew and managers, 24/7. The McDonald's menu includes iconic menu items like **Big Mac**, **Quarter Pounder with Cheese**, **Cheeseburger** and **World Famous Fries**, local favorites' that cater to the unique Filipino taste like **Chicken McDo**, **McSpaghetti**, **Burger McDo** and **McCafe specialty espresso-based coffee** products. The inclusion of local menu items in McDonald's Philippines' menu is designed to appeal to a broad target market across various socio-demographics and age groups.

To continue in surprising and delighting customers, new menu items are introduced either as permanent or limited time menu offers.

Over the years, McDonald's has been at the forefront of the industry in elevating the customer experience by making customer favorites accessible and more convenient to enjoy through relevant innovations in its channels, Digital, Delivery and Drive-Thru. These channels have been key in enabling McDonald's brand to connect with customers at various touchpoints, providing optimal convenience through a modernized experience. With deliberate focus and strategic investments on its channels,

McDonald's has ensured relevance with customers amidst rapid changes in customer preference, as well as market and the industry conditions. It is this commitment to consumer relevance that has allowed the company to survive and even thrive during the pandemic, while setting up the organization for recovery and growth in the future.



Pik-Nik

Pik-Nik is an all-American fresh-fried potato snack line that includes Shoestring Potatoes, cheese balls and cheese curls, potato chips and French-fried onion salty snacks manufactured and distributed internationally from USA by a wholly-owned subsidiary of AGI. Pik-Nik is the market leader in shoestring potato snack in the USA and is made with no preservatives or artificial ingredients. The products are packed in resealable, foil-lined canisters so they stay fresh and crunchy right to the bottom of the can. These canisters, along with the specialized ingredients and production process, give the products excellent shelf life. Pik-Nik has been in the market for over 80 years since it was first introduced in the USA in the 1930s in San Jose, California, and it continues to be the consumers' favorite shoestring snack in the US. Pik-Nik is being manufactured in the USA and sold both in the USA and internationally, with Philippine distribution under EDI.

b.2. Foreign Sales

EMI

EDI local products have established international distribution in at least 61 countries outside the Philippines by end-2021, and working with 70 countries by end-2022..

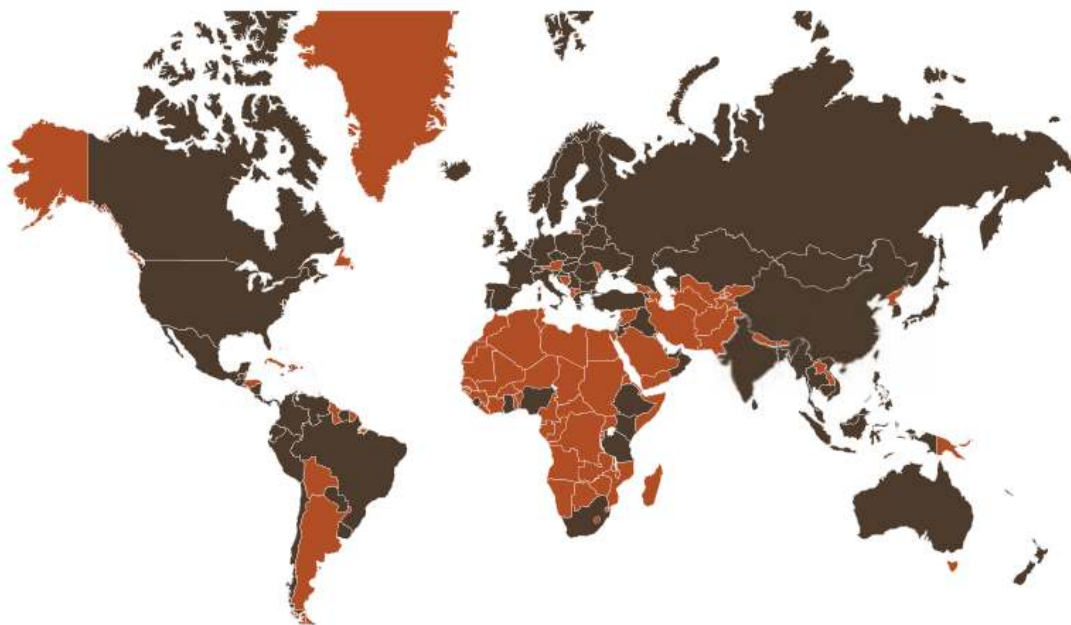
Bodegas Fundador operates as a global brandy and sherry company. The global brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and USA.

Whyte and Mackay's overriding objective is to operate as a global branded drinks company which delivers sustainable rates of growth and returns that increase overall shareholder value. The Group operates in the UK and increasingly in international markets including the Travel Retail sector. Whyte and Mackay continues to invest across the business for future growth. It maintains a strong level of Strategic Marketing support across its expanding brand portfolio and increased its commercial resources in key disciplines and geographies. Moreover, Whyte and Mackay invested in the assets of the business to improve efficiency and flexibility and has continued to invest in barrels, ensuring its spirit quality remains at the highest levels, and facilities, ensuring availability to meet the increased product demand.

The commercial activities of the beverage alcohol industry globally began reactivating in the second half of 2022 - at the cue of most geographies lifting Covid 19 restrictions. Both on- and off-trade establishments have reverted to pre-pandemic operations. Travel retail likewise has begun servicing passengers gearing for long overdue overseas trips. Though very late, Mainland China eventually followed suit in the last quarter of 2022.

The group attributes its leading position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local distribution network and, now a global reach.

Map showing EMI group's global reach:



MEG

Foreign sales of real estate products contributed approximately 20% and 15% of Megaworld's consolidated sales and revenues for 2022 and 2021. Foreign sales (see b.3. below) came from North America 53% (37% in 2021), Europe 34% (36% in 2021), Asia 3% (15% in 2021) and Middle East 10% (12% in 2021) through various brokers.

GERI has a broad market base that consists of end-users and investors. It targets the A and B markets with special niche products such as the integrated-tourism estates and integrated lifestyle communities with residential, commercial and leisure components. GERI's sales to foreign market accounted for 4% and 8% of GERI's consolidated real estate sales for the years 2022 and 2021, respectively.

ELI has minimal foreign sales.

Travellers

Based on Travellers' rated members (those members with gaming activity), the principal foreign market consistently contributing for 2021 were from Korea, China and Malaysia. In addition to these three, foreign guests in NWR hotels came from United States, China, Korea, Singapore, Thailand, Japan, Canada, Malaysia, Taiwan and Australia.

Pik-Nik

Pik-Nik products are being sold locally in USA and exported to other countries. The domestic volume in the USA increased by around 64% as compared to a decreased by 8% in 2021, which was attributed to increase in average weekly container shipments. Midwest is still the strongest market in the US, followed closely by Southeast, Texas and Southwest. Consumers continuously work from home and stay at home with their families resulting in steady increase in snack food purchases. International sales outside the USA went up by about 70% as compared to a decline of 3% in 2021 as Pik-Nik experienced a decline in export sales due to vessel capacity and equipment shortages.

b.3. Distribution Methods

EMI

EMI's products are distributed in at least 102 countries globally. Products are sold through general trade, modern trade, on-premise, self-owned stores and online platforms. Promotion strategy depends upon the brand and considers price, communication, and promotional activities.

EDI has a nationwide distribution network operated through sales offices and distribution outlets strategically located in the country that provides it with a distinct competitive advantage. EDI builds its on-premise sales operations to expand its market to hotels and restaurant businesses in the Philippines, given the expansion of its pouring brands and world class brands. Marketing has also expanded outside the traditional platforms to reach into the digital space platform. Considering the shift in purchasing behavior during the pandemic, EDI also made its products available in different e-commerce channels such as Lazada, Shopee and Panda Mart, to name a few. 'Emperador' has established international distribution to at least 70 countries outside the Philippines by end-2022.

Bodegas Fundador has a small team that sells to distributors around the world. It partners with the best players in the distribution market, having long term agreements with country and regional wine and spirit distributors in place. EDI distributes 'Fundador' products in the Philippines, while Whyte and Mackay distributes in UK and Canada. This combination assures a deep sell-out market presence around the world.

In January 2022, Asia's first-ever brandy museum opened its doors in Iloilo City. It is an immersive museum where visitors will have a unique journey of senses through a faithful recreation of the Fundador bodega in Spain. The tour is capped at the museum where guests can enjoy the barista's take on popular beverages spiked with Emperador Coffee Brandy

In December 2022, the first outdoor liquor park of its kind in Asia opened in McKinley West in Taguig City, near Forbes Park. The 4,000sqm McKinley Whisky Park is bringing a whole new whisky experience to patrons through a curated selection of whisky products and concoctions, along with a wide array of food choices, games, and entertainment that could be enjoyed in an open-air setting.

The WMG business has a strong, international Route to Market. In UK, a dedicated sales team covers all trade channels and customers. It also has a dedicated Global Travel Retail team which manages its brands in a channel that is critical for single malt whisky equity building and sales. In other markets Whyte and Mackay has established a network of distribution partners that represent the brands in each territory. The goal is to develop long term partnerships with a strong local distributor in every market, with selection based on strength and commitment in the channels offering the greatest opportunity in each market.

The Group focused on the different core positioning of each product range that have specific target consumers, using a combination of digital and traditional marketing approaches.

MEG

Property units are pre-sold prior to project completion, and often prior to start of construction, at various payment schemes, with down payment plans ranging from 50% to zero down payment. A typical payment scheme includes progressive payments over the period in advance of property construction, including a balloon payment to coincide with buyers' expected cash flows. ELI offers interest-free schemes. Postdated checks are collected to cover the entire purchase price based on an amortization schedule. Transfer of title to the property occurs only when all payments have been received.

Each project has an in-house marketing and sales division which is staffed by a trained group of property consultants who exclusively market MEG's projects. All property consultants are trained prior to selling and provided with skills enhancement program intended to further develop them into high-caliber marketing professionals. Property consultants are required to meet the set criteria. There are also outside agents who compete directly with the in-house personnel. Marketing services staff are also employed to provide auxiliary services for sales and promotional activities; they are also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division. An international marketing division based in Manila oversees a global network of sales offices which market the projects of the

group to overseas Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. Brokers based in the different overseas markets sell the projects overseas through their respective marketing networks.

GERI promotes and markets its real estate products to a wide range of clients by its in-house marketing group and marketing subsidiary, Megaworld Global-Estate, Inc. ("MGEI"). Real estate products in GEPI and GEGDI developments are sold thru third party real estate brokers.

ELI markets its residential inventories, both pre-selling and ready-for-occupancy units, through its in-house sales teams and registered real estate sales persons, licensed real estate brokers and other external sales partners. It operates showrooms and exhibit booths in shopping malls, commercial centers and selected on-site projects.

Digital materials such as e-fliers, online presentation and virtual condo tours and apps under a remote work set-up have been going on since the early pandemic year. For many years, ELI has been heavily advertising in major broadsheets and magazines, as well as out-of-home methods such as billboards and transit ads. Though these traditional media are still being strategically utilized from time to time, ELI has started to divert its efforts in digital advertising to generate leads and inquiries. It has been increasing its online visibility through its website and social media pages, and it also partnered with external parties to execute online ads and advertorials promoting its active projects. And, in these pandemic years, ELI heavily diverted its advertising efforts in online platforms. ELI is gearing up and intensifying its efforts to become the most digitally transformed real estate developer in the industry.

Travellers

NWR engages in direct relationship-based marketing, which is targeted at specific market segments. The marketing team focuses on market research, surveys, promotions and events that can drive visitations and convert them to returning guests. The sales team is responsible for sales revenues and channel performance. In addition, NWR advertises in many types of media both domestically and overseas, including television, radio, newspapers, magazines, social media and billboards to promote general market awareness.

NWR uses a mix of different channels to reach the specific targets on gaming, lifestyle, and entertainment, such as:

- Direct sales - that comprises of three levels to provide clients with full service: (i) traditional sales, (ii) a business development team and (iii) in-house VIP host services.
- Indirect sales through junkets – to source high-end players in different regions.
- Indirect sales through travel and tour operators – these accredited operators create group travel packages with discounts, to bring in guests in NWR as part of their itineraries, and in return, receive commissions.
- City shuttles - free, convenient, hassle-free shuttle transport for member-players and member-consumers to NWR. The key locations are Quezon City, Batangas, Manila and Laguna.

NWR uses a comprehensive membership management and customer database system.

NWR uses Dynamic Reporting System ("DRS"), a fully integrated real-time table games and slots monitoring system.

GADC

McDonald's products are sold through McDonald's restaurants nationwide. There are 704 restaurants nationwide as of end-2022, 53% of which are owned by GADC while 47% are franchised. Forty-five new restaurants opened in 2022 across the country; while twelve were permanently closed during the year. The highest concentration of McDonald's stores is in NCR, followed by the Southern Tagalog region. In most of its location, McDonald's products can be ordered and delivered 24 hours a day through its "McDelivery" hotline, "McDelivery" mobile app or "McDelivery" website "www.mcdelivery.com.ph" and through services from Grab Food, Food Panda and other third party food aggregator apps. More than 65% of restaurants are open 24/7 (24 hours every day).

b.4. New Products Or Services

The Group continuously looks for innovations to introduce new or to improve existing products. The Group has supported this business growth through plant/store expansions or construction and retail service amenities.

EMI

'**Charles & James Light**' was introduced to the Philippine market in August 2022. Imported from Scotland under Whyte and Mackay, Charles & James is a Light Blended Whisky that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light at 25% ABV, specifically made for the Filipino palate. Charles and James Light is a stepping stone to the world of whisky.

'**Luminary**' collection of rare, limited-edition single malts presented by exceptional talent from the worlds of whisky and architectural design, curated in partnership with V&A Dundee, Scotland's design museum was created and launched in 2022. In the same year, two limited editions were also released- '**The Dalmore 2003 Vintage**' and '**The Dalmore 2007 Vintage**'.

'**Jura 14 Year Old Rye Cask**' is a 2022 release from Jura Whisky and celebrates Jura's bright community spirit; a close-knit group of around 212 warm and welcoming individuals Matured in American White Oak ex-bourbon barrels, this spirit was then further matured in hand selected American rye whisky barrels to add depth and complexity with layered spice, aromatic, herbal and floral characteristics.

'**Tamnavulin White Wine Cask Edition**' showcases the distinctive orchard fruit character of the Speyside distillery, which complements the flavours enhanced by the white wine finish. In line with Tamnavulin's tradition of double matured whiskies, this expression began its life in American White Oak barrels, before undergoing its second maturation in Sauvignon Blanc white wine casks.

'**Fettercairn 18 Years Old**' (ABV 46.8%) was awarded Industry Production Innovation of the Year (Spirits Business), as the first release 100% finished in responsibly sourced native Scottish Oak, an industry landmark.

'**Presidente Light**' was brought in from Spain and launched in the Philippines in 2022. Presidente Light Brandy boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

MEG

Herald Parksuites is the fourth residential condominium inside The Upper East township in Bacolod City that will offer 246 units, each equipped with wireless smart home system and devices with WiFi router, video intercoms, as well as a standby power generator for a lighting fixture in the living area. It will also be highlighted by numerous green and sustainability features.

Maple Grove Park Village will be the first upscale residential village inside Maple Grove township in General Trias, Cavite. It will be highlighted by up to 10 different lush parks and communal gardens inspired by spa and wellness landscapes and activities for future residents.

Winford Resort Estate is a 3-hectare township inspired by 'Old Manila' and is set to rise within the San Lazaro Tourism and Business Par. that is near popular hospitals, the University Belt and the University of Santo Tomas. It recently saw the launch of its new residential tower in the form of One Crown Suites, slated for completion in 2028.

Sherwood Hills is a 340-hectare township located in Trece Martires City in the heart of Cavite. The latest development in the township is the 41.8-hectare Prana Garden Villas, a Zen-Balinese fusion-inspired luxury residential village with 178 lots with unrivaled access to the world-class Sherwood Hills

Golf and Country Club. About 40% of the entire village is being allocated for green and open spaces, including verdant thematic parks. It has a Jack Nicklaus signature course.

Montrose Parkview is the third residential condominium project inside Capital Town in the City of San Fernando, Pampanga. It offers a modern lifestyle and old-world Europe-inspired setting that is yet to be seen in the market. It also has its own sustainable building features such as low flow rate fixtures, occupancy sensors, energy-efficient equipment, and a rainwater harvesting facility.

Arcovia Parkplace is the third and highest residential tower inside the township of Arcovia City that stands 50-storeys high. It will be packed with generous lifestyle amenities and will also have a Garden and Lounge Areas at the Roofdeck as well as Sky Gardens. The tower also comes with green and sustainability features. All units of Arcovia Parkplace will also be equipped with wireless smart home system and devices with WiFi router.

9 Central Park is the first-ever residential condominium development inside the Northwin Global City township in the municipalities of Marilao and Bocaue in Bulacan. It will be packed with a host of lifestyle amenities and all units will come with a wireless smart home system. It will also have parkings integrated with a bike storage facility and several green and sustainable features such as sky lounges, occupancy sensors that control lighting in select areas to conserve energy, a rainwater harvesting and reuse facility, as well as Mits own material recovery facility.

Kingsford Hotel Bacolod will be strategically located between the four residential condominium towers inside The Upper East township in Bacolod City that will feature a unique and iconic design that blends its modern glass architecture with a podium showcasing neoclassical architecture. It will be packed with “first in Bacolod” amenities and features, making it a game-changer in Bacolod’s hospitality industry. Kingford Hotel Bacolod will be scheduled for opening in 2028.

Vion West is the second ‘Smart’ tower of its Vion Tower residential development in Makati. Units will be equipped with a wireless smart home system that allows residents to control lighting fixtures and smart appliances remotely using a smartphone app.

Travellers

NWR’s Phase 3 development has been completed with the opening of the 190-room Hotel Okura Manila. Additional VIP gaming areas and retail stores at the Grand Wing **Will** soon be opened which will provide unique customer experiences across a variety of gaming and non-gaming amenities.

During the year, NWR redesigned the GF retail area and its café at the Garden Wing providing a more modern look and feel as NWR continues to improve its offerings.

In July 2022, Travellers rebranded itself to Newport World Resorts “NWR” as it has grown from an integrated resort to a global community where people can stay, live, and thrive. The new brand which reflects the shift in perspective as NWR intends to present itself as one of the most innovative, dynamic, and integrated casino, hotel and entertainment complex in the country.

GADC

McDonald’s Philippines launched a number of new products and promotions that added excitement and variety to the regular menu in 2022.

The brand strengthens its value-driven initiatives through discounted offers in platforms like **McSavers Mix & Match**, McDonald’s app’s **Crave and Claim Deals**, and Mc Delivery’s **Super Treats** promos. In September, McDonald’s offered the **McSpicy Chicken Festival**, featuring the return of a crowd-favorite chicken burger, McSpicy, as well as the Spicy McNuggets and Spicy Chicken McDo, for a limited time, which resulted to a 3% upside to sales. Leveraging on the holiday season, McDonald’s launched all-new treats last November with their **McCrispy Hamonado Sandwich**, **Coffee Caramel McFlurry**, **Speculoos Cookie McFlurry** and **Speculoos Cookie Frappe**.

By leveraging on technology and focusing on operational excellence, **Drive-Thru** hit over P1.49B annual sales. McDonald’s also introduced more of its Drive-Thru configurations like the Dual Lane to cater to more customers.

McDelivery continued to innovate with the expansion of Loginext- a platform that allows McDonald's to automatically integrate their delivery operations with some of the top delivery and technology providers, making the customer experience more seamless-and launch of the new McDelivery App and Site which aimed to improve internal and external user experience.

McDonald's App its digital value app performed slightly above-plan by end of the year, making it an effective guest count driving app through its always on discount deals, making McDonald's more accessible to even more customers.

In the fourth quarter of 2022, McDonald's also ran brand programs centered on families through an integrated Christmas campaign and big events such as the relaunch of **Stripes Run** and **Grand Halloween Fun Day**. Stripes Run, in particular, drew over 3,700 runners. Proceeds of which were donated to the Ronald McDonald House Charities Philippines Read-to-Learn program, which aims to teach basic reading skills to public schools across the country.

b.5. Competition

In general, the Group believes that the high quality of all the products it sells/offers can effectively compete with other companies in their respective areas of competition.

EMI

The group competes against established spirits companies. The principal competitive factors with respect to EMI's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. EMI believes it has a track record of proven strength on these areas. Our ability to strengthen the selling power and premium image of our brands and to differentiate ourselves from our competitors affects our sales and profit margins. The Group believes it has a track record of proven strength on these areas.

The main competitors in the Philippine brandy market mainly comprise of 'Primera Brandy' manufactured by Ginebra San Miguel, Inc. (GSMI) and 'Alfonso Brandy' imported/ distributed by Montosco Inc. With respect to gin, rum and other alcohol products, it primarily competes with other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. The whisky segment in the Philippines is not well tapped at present, and EMI aims to revive this segment. EMI believes that its products are strongly positioned within their respective markets, as measured by market share and brand recognition. EMI believes its 'Emperador' brand is a status brand in the Philippines, and is associated with a certain level of success and sophistication that its potential customers aspire to. EMI believes that its range of well-established and highly recognized brands present significant barriers to new competitors, and are particularly important to its ability to both attract and maintain consumers.

The Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry businesses, among which are Osborne, Gonzales Byass and Torres. The management monitors the market and the strategies of the competitors to safeguard the overall competitive position.

WMG, on the other hand, competes in the UK market and internationally. Competitors use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. WMG can compete as they have differentiated brands in a fragmented Malt whisky market and their Blended Scotch brands are competitively priced. WMG management monitors market prices on an on-going basis and takes steps to safeguard the overall competitive position.

Pik-Nik

Pik-Nik is still the number one brand of shoestring potatoes in the US. A Philippine local brand, Oishi, has fielded string potato snacks from potato starch in the local market.

MEG

For three decades, Megaworld has made a name for itself as a game-changer in Philippine real estate. Year after year, the Company notches impressive accomplishments, further solidifying its leadership in the industry. It differentiates itself from other real estate developers through its live-work-play-learn

philosophy. This concept shaped the Megaworld's townships, an approach to real estate that it pioneered.

MEG competes with other property investment, development, leasing and property holding companies to attract buyers as well as tenants for its properties in Metro Manila. The principal bases of competition in the real estate development business are location, product, price, financing, execution and completion, quality of construction, brand and service. MEG believes it has several competitive advantages in each of these categories due to the prime locations of its properties, innovative projects and reputation for high quality designs, affordable pre-sales financing, after-sales service and a consistent track record of completion.

With respect to community township developments, MEG considers Ayala Land, Inc. ("ALI") to potentially be its only significant competitor. ALI is present in Fort Bonifacio, which is where MEG's Forbes Town Center, McKinley Hill, McKinley West and Uptown Bonifacio projects are located.

With respect to its office and retail leasing business, MEG believes that it has many competitors in the industry such as Robinsons Land Corporation ("RLC"), ALI and SM Prime Holdings, Inc. ("SMPHI").

GERI considers Ayala Land Premiere, Alveo, Filinvest Premiere, Landco and SM Prime among its significant competitors in its real estate development business. GERI competes with other developers in the acquisition of land or development rights to land in key growth areas in the country.

It aims to be the leading developer of integrated tourism and leisure estates in the Philippines. The Company's tourism projects are strategically located in Boracay and Laurel, Batangas and feature strategic master-planned communities integrated with resort amenities. GERI believes that its land bank, its real estate development experience, its innovative real estate offerings and the solid financial backing of its parent, Megaworld Corporation, are its competitive advantages. Its massive land bank in tourist destinations such as Boracay Island, Aklan; Laurel and Nasugbu, Batangas gives it a lead over its competitors and has enabled GERI to be a pioneer in master-planned integrated tourism developments.

ELI. Overall, what remain to be Empire 'ast's competitive advantages are its price and payment terms, strategic locations, and innovative development concepts. These factors keep the ELI a strong player in the dynamic property industry.

Travellers

NWR competes with both Philippine and foreign owned hotels and resorts. With respect to the gaming business, competition comes from casinos operated by government and other private companies.

In particular, there are facilities already built by three developers other than NWR that have been granted provisional licenses by PAGCOR in Entertainment City, all of which are already open to the public. These three other licensees are: Melco Resorts and Entertainment (Philippines) Corporation; Tiger Resorts, Leisure and Entertainment, Inc., Bloomberry Resorts Corporation. In addition, Westside City Integrated Resort is currently being developed in Entertainment City by the Company's co-Licensee, WCI.

While it has the first-mover advantage, NWR continues to develop other leisure and entertainment attractions to complement its gaming business expanding its hotel offerings by partnering with various international hotel brands, making it suited for a family destination.

In addition, PAGCOR operates 9 gaming facilities across the Philippines and 34 satellite gaming facilities (which are smaller casinos and slots clubs). The Philippine gaming market also includes many other private casino and gambling operations, including seven licensed private casino operators in special economic zones ("Ecozones"). The Philippine gaming market is also comprised of other gambling competitors specializing in horse racing, cock fighting, lotteries, sweepstakes, online gaming operators and other smaller-scale gaming operators.

GADC

McDonald's restaurants compete with a large and diverse group of restaurant chains and individual restaurants that range from independent local operators to well-capitalized national and international QSRs and convenience stores. GADC considers Jollibee Foods Corporation as its main competitor. 'Jollibee', a home-grown brand with more restaurants nationwide than McDonald's, offers Filipino-

influenced dishes of chicken, burgers, spaghetti, and other menu items. Another competitor is 'KFC', a global brand from USA whose most popular product is its Original Recipe fried chicken served with gravy, rice and side dishes. Other competitors include 'Popeye's', 'Mang Inasal', 'Wendy's', 'Kenny Rogers', 'Burger King', 'Shakey's' and 'Pizza Hut'. Since 2005, GADC had opened more than 500 new restaurants and initiated marketing campaigns such as new product launches, promotions, emotive advertising campaigns and value initiatives. It also embarked on digital transformation journey that aims to continuously innovate in its brick and mortar restaurants, drive thru and digital store front through McDelivery. GADC competes on the basis of taste, food quality, price, safety and cleanliness, value, convenience of location, and customer service.

b.6. Sources And Availability Of Raw Materials

EMI

The principal raw materials for the manufacture of the alcoholic beverage products are grapes from the group's vineyards and other suppliers, wine, grain and malts, distilled neutral spirit, brandy distillates (made from grapes), and water. It also requires a regular supply of glass bottles and packaging materials. Raw materials are sourced from subsidiaries and third-party suppliers. All of the water for blending in the Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported from other suppliers or sourced using recycled returned bottles. EDI sources final packing materials such as carton boxes and closures from at least three different suppliers. AWGI canvasses suppliers twice a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on a quarterly basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalized one month before existing orders terminate. At least three suppliers are maintained for major raw materials. In addition, major raw materials' suppliers typically maintain a warehouse in close proximity to the plant to cover possible delays in shipments and to prevent delivery interruptions.

For production facilities in Scotland, the UK is the major source of cereals and dry goods such as bottles, labels, closures and cartons while casks are sourced from USA (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

For production facilities in Spain, grapes come from own vineyards and from other suppliers as needed. For Mexico, grapes are sourced from various suppliers and *aguardientes* from Spain, Chile, Argentina and Australia.

EMI has not experienced and does not anticipate any significant difficulty in obtaining adequate supplies of raw materials and dry goods at satisfactory prices under its supply arrangements. There have been recent disruptions in global supply chains that extended lead times but these do not have material adverse impact on operations.

Whyte and Mackay and Bodegas Fundador have long term relationships with its suppliers to meet the current business requirements.

MEG

The MEG Group has a broad base of suppliers from where it sources its construction materials and is not, and does not plan to be, dependent on any one or a limited number of suppliers. The group has no plans on being dependent on any one or a limited number of suppliers.

Travellers

Travellers has a large base of contractors and suppliers that provide construction, engineering and consulting services, and is not dependent on any one contractor or supplier. In 2022, the ten largest suppliers – Angel Singapore Asia (PTE) Ltd., RGB (Macau) Limited, Gabrien Food Companym JC Seafoods Supply, Top Source Maintenance, Systech Lighting & Controls Inc., Empire Automation

Philippines Inc., GEO Millenium Consolidated Group, Inc., Marrione Leigh Trading Corporation and Coca Cola Beverages Philippines, Inc.- accounted for 39% of the total purchases for the year.

GADC

Suppliers for McDonald's products are engaged following the McDonald's Corporation's global supply chain, which allows the purchase of food, beverages and restaurant supplies at competitive prices and quality consistent across all McDonald's markets worldwide. McDonald's works with third-party quality assurance laboratories around the world to ensure that its standards are consistently updated and upheld. In addition, McDonald's works closely with suppliers not just for assured supply but encouraging innovation, best practices sharing and continuous improvement. GADC also contracts the services of third parties for its other food supplies. GADC procures the services of a supply distribution center that provides purchasing, warehousing, delivery and other logistical support for the requirements of all of the McDonald's restaurants in the Philippines. GADC develops product specifications and continually monitors supplies to ensure compliance with McDonald's standards.

Pik-Nik

Pik-Nik uses only fresh potatoes from California and Oregon, pure vegetable oil, the finest seasonings and never any preservatives. The suppliers of potatoes for Pik-Nik have two to seven-month contracts.

b.7. Customer Dependence

The Group's businesses are not dependent upon a single or a few customers or tenants, the loss of which would not have a material adverse effect on the Company and its subsidiaries taken as a whole. There is also no customer that accounts for, or based upon existing orders will account for, 20% or more of sales.

b.8. Transactions With and/or Dependence On Related Parties

The Company and its subsidiaries, in the ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these are entered on terms comparable to those available from unrelated third parties. Inter-company transactions between and among the Company and its subsidiaries are eliminated in consolidation and thus are no longer reflected in the consolidated financial statements. These primarily consisted of the following:

- Cash advances for financial requirements. Entities within the Group obtain advances from the parent and/or other entities and associates for working capital or investment purposes. There are also certain expenses that are paid in behalf of other entities.
- Lease of manufacturing facilities. AGI leases the glass manufacturing plant property to AWGI.
- Lease of parcels of land. GARC leases out these lots to GADC.
- Lease of office spaces. MEG leases out office and parking spaces to AGI, subsidiaries, and affiliates.
- Purchase and sale of real estate, services and rentals. Real estate properties are bought or sold based on price lists in force with non-related parties. Services are usually on a cost-plus basis allowing a margin ranging 20%-30%. Commissions for marketing services are based on prevailing market rates.
- Supply of glass bottles. AWGI supplies the new bottle requirements of EDI.
- Receivables from subsidiaries/franchisees. GADC supplies restaurant equipment, food, paper and promotional items to all franchisees, including affiliated restaurants, at normal market prices through a third party service provider.

Major related party transactions have been disclosed in Note 30 to the Audited Consolidated Financial Statements appearing in this report.

b.9. Licenses, Trademarks, Franchises

In the Philippines, certificates of registration of trademarks issued by the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine

Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

EMI

EDI owns registered trademarks which are of material importance to the success of its business since they have the effect of developing brand identification and maintaining consumer loyalty. EDI's principal trademark is 'Emperador', which it purchased from Condis in 2007, in addition to associated patents, copyrights and goodwill and bottle designs for its brandy products. Its trademark for 'Emperador' has a fresh period of ten years expiring in 2025 after its renewal in 2015 with the Philippine Intellectual Property Office ("**Philippine IPO**"). It also registered the trademark for 'The BaR' flavored alcoholic beverage products in 2008, while the trademark for 'Emperador Deluxe' was registered with the Philippine IPO in 2015 for a period of ten years. The new Andy Player trademark is registered in 2015 for a period of ten years.

EDI trademarks for its brands, Emperador Brandy, Andy Player, The BaR and Zabana, are also registered in more than 30 countries, including, the European Union, USA, Canada, Australia, Japan, Vietnam, Taiwan, Hong Kong, Indonesia, Singapore, Laos, Cambodia, and Myanmar.

Whyte and Mackay owns approximately 700 trademarks worldwide, which include trademarks for its products: 'The Dalmore', 'Isle of Jura', 'Whyte & Mackay', 'Shackleton', 'Tamnavulin', 'Vladivar', 'Glayva', 'Claymore', 'John Barr' and 'Cluny' brands.

GES owns 9 registered trademarks in Spain and BFSL around 850 registered trademarks worldwide for its brands 'Fundador', 'Tres Cepas', 'Terry Centenario' and 'Harveys'.

On January 19, 2017, GES acquired trademarks of well-known brands 'San Patricio', a dry Fino Sherry, and 'Espléndido' brandy. In 2017, DBLC acquired trademarks in two main geographies, Mexico and Spain. Registered in Mexico are trademarks for brandies 'Presidente', 'Don Pedro' and 'Azteca de Oro', wines and canes in Mexico and brandies in USA; and in Spain are trademarks for brandies 'Brandy Domecq' and 'Don Pedro' in Brazil and Colombia and sherry wine in Benelux.

Trademarks are typically renewed every 10 to 20 years cycles, depending on the validity term of the particular trademark.

MEG

Megaworld owns the registered trademark over its name and logo which was renewed in March 2015 and valid until March 2025. Megaworld has 65 registered trademarks over the names of its development projects. GERI has trademark registrations and/or applications for its corporate name and key projects. Although the brand is important, Megaworld and its subsidiaries do not believe that their operations or its subsidiaries' operations depend on any trademarks or any patent, license franchise, concession or royalty agreement.

Travellers

Travellers holds a PAGCOR license to operate casinos and engage in gaming activities in two sites – in Newport City (Site B) where NWR is situated, and in Entertainment City (Site A) where Westside City is set to rise. The term of the license is co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR charter.

On March 18, 2013, **Westside City Inc.** ("WCI", formerly Westside City Resorts World Inc.) entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of Travellers under the Provisional License and other relevant agreement with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements.

Further, on June 10, 2013, Travellers and WCI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A (Westside City) and that Travellers would have all the rights and obligations with respect to Site B (Newport City).

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying Travellers and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements. On 23 September 2014, Travellers subscribed to common and preferred shares in WCI making it the effective owner of ninety five percent (95%) of WCI.

Travellers also has a non-exclusive non-transferable right and license within Metro Manila to the use of Marriott trademarks for hotel services and other related goods and services offered in connection with the hotel.

It has registered trademarks over "Passion," "Gamezoo," "Remington Hotel Newport City," "Remington Hotel Manila," "Remington Inn," "Remington Hotel Manila with Chinese Characters," "Newport Performing Arts Theater," "Grand Opera House," "Grand Opera House Manila," "Fun Fiesta Jackpot," "Manila Millions Poker," "Noodle Works," "igrab everything I want," "igrab," "Impressions," "Café Maxims," "Mercado," "Remington Bar Lounge," "Bar 360," "Ginzadon," "Newport Performing Arts Theater Bar," "The Terrace," "Laugh Laff Fun," "Kami Naman ang Taya," "Kami Naman ang Taya Beautiful Concert for Typhoon Yolanda Victims," "Musikat Records," "Oak Tree Inn," "Regal Inn," "Hotel Gran Palacio," "El Castillo de Manila," "Castillo Manila," "The Grand Theatre of Manila," "Grand Theater Manila and Device," "Chill," "Grand Fiesta Manila," "R88," "Manila Bayshore Heritage Foundation, Inc.," "The World of Luck," "Franks Craft Beers Manila," "Westford Inn," "Full House Theater Company," "Victoria Harbour Cafe," "Bayshore City Resorts World," "Westside City," "Westside Theatre," "Herald Theatre," "Fortissimo Theatre," "Galaxy Theatre," "Excelsior Theatre," "Diamond Theatre," "Apollo Theatre," "Bohemia Theatre," "Crown Theatre," "OPPA Original Pilipino Performing Arts," "H House Manila," "Front Row Theatre Management," "Silogue All Day Pinoy Comfort Food," "The Grand Bar and Lounge," "El Calle," "El Calle Food and Music Hall," "Newport Garden Wing," "Newport Grand Wing," "Newport Resorts Manila," "Silk Road Southeast Asian Cuisine," "Children of Newport Resorts Manila Foundation," "Resorts World Philippines Cultural Heritage Foundation," "Brain Boost Coffee Energy In A Cup," "Port Bar," "Kusina Sea Kitchens," "Freestyle Pool Bar," "Vega Pool Club," "Limitless," "BOLahan," "Eats-a-wrap," "Horizon Center," "Hua Yuan Brasserie Chinoise," "Madison Lounge & Bar," "Casa Buenas," "Make Each Moment Count," "Steeg," "Steeg Records," "Top Note Records," "Matsuri: Experience Japan," "Delishvery," "Delishes," "The Live On-Request Virtual Entertainment Project," "The L.O.V.E. Project," "The L.O.V.E. Stream," "Pinas Muna Tayo," "Frontliners Month," "Staycations 2.0," "Malling 2.0," "Staycay 2.0," "Hotels 2.0," "Gaming 2.0," "Events 2.0," "Shopping 2.0," "Thrills 2.0," "Conventions 2.0," "Casino 2.0," "Buffet 2.0," "Concerts 2.0," "Theater 2.0," "Dining 2.0," "Meetings 2.0," "R Shoppe," "Garden Wing Café," "Good News Muna," "The Exclusive Store," "REV78," "78REV," "Bad Ass Delicious," "Newport Beats," "Vubble," "Ktalk," "Ktalks," "Sidekick," "Unabakuna," "Jardin Garden Club," "Newport Parklet," "Thirllmakers Marketplace," "Good Jab," "ILOVEarth," "GEO Green Earth One," "K-walks," "Newport World Resorts," "Newport Mansion," and their related devices which will expire on various dates in 2023-2031, and are renewable thereafter.

GADC

GADC has nonexclusive rights as a franchisee to use and adopt the McDonald's intellectual property in the Philippines, including trademarks, service marks, patents, copyrights, trade secrets and other proprietary information, some of which, including the trademarks for "McDonald's," the golden arches logo, Ronald McDonald and "Big Mac." The license agreement contains provisions regulating GADC's use of such trademarks in accordance with McDonald's Corporation's franchise system. GADC's license agreement with McDonald's was renewed in March 2005 for a period of 20 years. It provides for a royalty fee based on a certain percentage of gross sales from the operations of all Company's restaurants, including those operated by the franchisees. Individual sublicense arrangements granted to franchisees generally include a lease and a license to use the McDonald's System for a period of 3 to 20 years, with a co-terminus provision with the master franchise.

b.10. Government Approval Of Principal Products Or Services

EMI

Philippine local government legislations require a license to sell alcoholic beverages and prohibit the sale of alcoholic beverages to persons under 18 years of age or within a certain distance from schools and churches.

Advertising and marketing of alcoholic beverages are regulated by the **Ad Standards Council ("ASC")**, the advertising industry body in-charge of screening and regulating content of advertising materials across all medium. EMI strictly follows the alcohol advertisement regulations issued by the ASC, in advertising its products in all platforms. EMI ensures that its communications target only those

of legal drinking age and advocates to its consumers that EMI's high-quality products should be enjoyed responsibly.

Approvals from the **Food and Drug Administration** ("FDA") are required before EMI can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

The recently implemented Ease of Doing Business and Efficient Government Service Delivery Act of 2018 or RA No. 11032, will have a positive impact on the amount of time it takes to acquire Licenses to Operate, Certificates of Product Registration, and any other permits and registrations relevant to the business which it will receive from the FDA. The maximum period set by this law for all government agencies is twenty (20) working days for "applications or requests involving activities which pose danger to public health, public safety, public morals, public policy, and highly technical application" with one extension allowed, if the same is provided for in the citizen's charter of the relevant government agency.

The Group is in compliance, and not aware of any material deviation, with all applicable regulatory, environmental, health and safety regulations. All the products are registered and approved by FDA. EMI monitors compliance of all stages of its production process with pertinent hygiene practices to ensure the high quality of its finished products. The Biñan Laguna production plant has been issued with a Good Manufacturing Practice ("GMP") certificate from the FDA on June 2, 2021 (valid until October 3, 2025), while the Santa Rosa Laguna production plant received its GMP certificate on April 19, 2022 (valid until June 6, 2026).

WMG has an environmental policy which commits it to ensure that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment. Its five distilleries and associated warehouses are extensively regulated under Customs and Excise licenses and regulations, Environmental Agency regulations on water abstractions, effluent discharges, air emissions and Health and Safety legislation.

Whyte and Mackay is in compliance, and not aware of any material deviation, with all applicable regulatory, environmental, health and safety regulations.

Bodegas Fundador has a firm commitment to guarantee the transformation and care of our planet based on respect for a sustainable economy, a lasting environment and a fair society. It is aware that its raw materials come from nature and its processes can result in environmental impacts on soil, water and air. Its activities would not be feasible without the support of the environment in which it operates and therefore consider it necessary to preserve the environment for its business to be viable long term. By that, it is its main interest to take care and respect the environment as one of the pillars of its business culture.

Bodegas Fundador builds this business culture in systems of management that constitute the unifying axis from which it articulates a process of continuous improvement in key business aspects: the safety and health of employees, with the standard ISO 45001,, quality of products with the standard ISO9001, and the environment with the standard ISO14001, corporate social responsibility with IQnet SR10, food safety with three of the most demanding standards in the industry, FSSC 22000, IFS and BRC food safety management systems, providing consumers assurance that our products are made under the strictest of quality controls that guarantee safety, accumulating more than 20 years of experience in these standards.

Bodegas Fundador implements its own Lean Management program, a model of management born in Japanese automation industry, whose results have been such that the model has finished transcending the barriers of this industry to other sectors of activity with equally successful outcome. Through the implementation of Lean program, it gets continuous and sustainable improvement in (among others) aspects such as safety and health, quality, the environment, the commitment of employees, team work or the efficiency of the processes, which synergize with other management systems mentioned above.

MEG

Various government approvals need to be secured as part of the normal course of business, such as Environmental Compliance Certificate, development permits, license to sell, among others.

A barangay clearance and development permit from the local government unit ("LGU") must be secured before commencing land development works. Before the start of structural construction activities, a building permit must be secured from the LGU. A Certificate of Registration and a License to Sell, both

from the **Department of Human Settlements and Urban Development (“DHSUD”)**, must be secured before launching any selling activities. All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require prior approval of the relevant government body or agency.

Subdivision or condominium units may be sold or offered for sale only after a License to Sell has been issued by the DHSUD. As a requisite for the issuance of a License to Sell by the DHSUD, developers are required to file with the DHSUD surety bond, real estate mortgage or cash bond to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations. Real estate dealers, brokers and salesmen are also required to register with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. Real estate brokers are required by DHSUD to take licensure examinations and attend continuing professional education programs.

Project permits and Licenses to Sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as non-delivery of title to fully-paid buyers or involvement in fraudulent transactions. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the DHSUD’s rules of procedure and other applicable laws.

The MEG Group routinely applies for regulatory approvals for its projects and some approvals are pending. No existing legislation or governmental regulation, and the group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

The MEG Group complies with all regulations applicable to the development and sale of its projects.

Travellers

Travellers operates its gaming activities through the license granted by PAGCOR, a government-owned and controlled corporation, which was granted the franchise to operate and license gaming casinos, gaming clubs and other similar recreation or amusement places, gaming pools, whether on land or sea, within the Philippines. The franchise of PAGCOR is extended for another 25 years after July 11, 2008, its original term.

The activities and operations of NWR are closely monitored by PAGCOR Monitoring Team (PMT) which maintains an office inside NWR where officials are stationed 24 hours a day. Travellers is in continuous close coordination with PAGCOR regarding compliance with its gaming concession and all applicable Philippine laws. It is also required to provide periodic reports to PAGCOR.

Shopping malls are regulated by the local government unit of the city or municipality where the shopping mall is located. Retail stores in shopping malls must secure a business permit before operating and must comply with the fire safety provisions and other applicable local ordinances. Operators of restaurants and other food establishments in shopping malls must obtain a sanitary permit from the same local government unit where the shopping mall is located.

The operation of hotels during the Community Quarantine imposed by the government is sanctioned and monitored by the Department of Tourism. NWR’s hotels, Marriott Hotel Manila, Holiday Inn Express Manila Newport City, Sheraton Manila Hotel, Hilton Manila and Hotel Okura Manila, have each been granted a Certificate of Authority to Operate by the Department of Tourism.

GADC

There are no special government approvals necessary for new food products apart from the standard Department of Trade and Industry permits for customer promotions.

b.11. Effect Of Existing Or Probable Government Regulations

Value Added Tax is a business tax imposed and collected from the seller in the course of trade or business on every sale of properties (real or personal), lease of goods or properties (real or personal) or rendering of services. It is an indirect tax, thus, it can be passed on to the buyer. Current rate is 12% of net retail/sale price or service revenue.

On December 17, 2017, **Republic Act No. ("RA") 10963**, known as the **Tax Reform for Acceleration and Inclusion ("TRAIN Law")** was approved effective January 1, 2018. One of the amendments introduced is the lowering of threshold amount for VAT on sale of residential lot and sale of house and lot. Sale of residential lots with gross selling price of ₱1.5 million or less, and residential house and lots with gross selling price of ₱2.5 million or less are not subject to VAT; provided that beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers, sale of real property utilized for socialized housing as defined by RA No. 7279, sale of house and lot, and other residential dwellings with selling price of not more than P2 million.

On March 26, 2021, **Republic Act No. ("RA") 11534**, known as the **Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act")** was approved effective April 11, 2021. It introduced reforms to corporate income tax and incentives system, with significant ones retroactive to July 1, 2020. The Group considered this as a non-adjusting event and did not adjust the 2020 financial statements in accordance with the Act's provisions, but the impact was taken up in subsequent periods. The major provisions include, among others:

- Reduction in income tax rate to 25% (from 30%) effective July 1, 2020 for domestic and foreign-resident corporations;
- Reduction in income tax rate to 20% for corporations with net taxable income not exceeding P5million and with total assets not exceeding P100million, excluding land where business office, plant and equipment are situated;
- Reduction in minimum corporate income tax to 1% (from 2%) from July 1, 2020 until June 30, 2023;
- Reduction in interest expense pairing to 20% (from 33%) of interest income subjected to final tax;
- Tax exemption of dividends received from foreign corporation provided that such funds are reinvested in business operations (working capital, capital expenditures, dividend payments, investment in domestic subsidiaries, infrastructure project) of the domestic corporation in the Philippines within the next taxable year, provided further that the domestic corporation directly holds at least 20% of outstanding shares of the foreign corporation for a minimum of two years at time of dividend distribution.
- The amendments to VAT-exempt sales of real properties under Section 109(1)(P) of the NIRC was vetoed by the President of the Philippines. As such, the changes to said provision from Republic Act No. 10963 or the "Tax Reform for Acceleration and Inclusion (TRAIN)" remained. Beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business; sale of real property utilized for socialized housing as defined by Republic Act No. 7279, and sale of house and lot, and other residential dwellings with selling price, per Rev. Regs. No. 8-2021 issued on June 11, 2021, of not more than Php3,199,200.

EMI

Philippine local government legislations require a license to sell alcoholic beverages and prohibit the sale of alcoholic beverages to person under 18 years of age or within a certain distance from schools and churches. In addition, approvals from the FDA are required before the Company can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

In addition to VAT, the alcohol products which are manufactured in the Philippines for domestic sales or consumption, including imported items, are subject to excise taxes. The brandy products which are produced from locally processed distilled spirits from the juice, syrup or sugar of the cane are levied an excise tax on per proof liter. [A proof liter is a liter of proof spirits, which are liquors containing one-half of their volume of alcohol with a specific gravity of 0.7939 at 15°C].

RA No. 10351, known as the Sin Tax Reform

Act of 2012, imposed on distilled spirits a 15% ad valorem tax based on net retail price per proof plus ₱20.00 per proof liter for the years 2013-2014, with the ad valorem tax rate increasing to 20% thereafter

while the P20.00 specific tax by 4% every year from beginning of 2016. A new law was enacted to increase excise taxes on alcohol and e-cigarettes in 2020.

RA No. 11467 was signed into law on January 22, 2020 and takes effect on January 1, 2020. Pursuant to R.A. No. 11467, excise taxes on distilled spirits shall be levied, assessed and collected as follows:

- a. 1. Effective on January 1, 2020:
 - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
 - In addition to the ad valorem tax, a specific tax of P42.00 per proof li.
- b. 2. Effective on January 1, 2021:
 - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
 - In addition to the ad valorem tax, a specific tax of P47.00 per proof li.
- c. 3. Effective January 1, 2022:
 - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
 - In addition to the ad valorem tax, a specific tax of P52.00 per proof li.
- d. 4. Effective January 1, 2023
 - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and In addition to the ad valorem tax, a specific tax of P59.00 per proof liter.
5. Effective January 1, 2024
 - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
 - In addition to the ad valorem tax, a specific tax of P66.00 per proof li.
- e. 6. Effective January 1, 2025, the specific tax of P66.00 per proof liter shall be increased by six percent (6%) every year thereafter, while the ad valorem tax shall remain the same.

Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, are subject to the same tax as the chief ingredient.

The tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process..

The net retail price shall mean the price at which the distilled spirits is sold on retail in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For distilled spirits which are marketed outside Metro Manila, the net retail price shall mean the price at which the distilled spirits is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue (BIR) through a price survey. The net retail price shall be determined by the BIR through a biannual price survey under oath.

The suggested net retail price means the net retail price (excluding excise tax and value-added tax) at which locally manufactured or imported distilled spirits are intended by the manufacturer or importer to be sold in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three months from the product launch, the BIR will validate the suggested net retail price of the new brand against the net retail price and determine the correct tax on a newly introduced distilled spirits. After the end of nine months from such

validation, the BIR shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax on a newly introduced distilled spirits.

Understatement of the suggested net retail price by as much as 15.0% of the actual net retail price results in the manufacturer's or importer's liability for additional excise tax equivalent to the tax due and the difference between the understated suggested net retail price and the actual net retail price.

Wines are levied, assessed and collected an excise tax of P50 per liter effective January 1, 2020, increasing by 6% every year thereafter. [Previously, specific tax rate increased by 4% every year from January 1, 2014.]

Republic Act 10963 or the **Tax Reform for Acceleration and Inclusion ("TRAIN") Law**, which amends certain provisions in the Philippine Tax Code, took effect on January 1, 2018. Section 47 of the TRAIN Law, imposes an excise tax on sweetened beverages.

On July 25, 2018, **Revenue Regulations (RR) No. 20-2018** provided for the implementing rules and guidelines on the imposition of new taxes on sugar-sweetened beverages. Under RR 20-2018, sweetened beverages are defined as "non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration standards that contain caloric and/or non-caloric sweeteners added by the manufacturers." For sweetened beverages that use purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners, the tax rate per liter of volume capacity was P6. As for sweetened drinks using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener, the specific tax was P12 per liter.

The particular products covered by the new excise tax were the following: sweetened juice drinks; sweetened tea; all carbonated beverages; flavored water; energy and sports drinks; other powdered drinks not classified as milk, juice, tea, and coffee; cereal and grain beverages; as well as other non-alcoholic beverages that contain added sugar, while products using purely coconut sap sugar and purely steviol glycosides were exempt from the excise tax, as long as these "comply with the specifications as stated in the Philippine National Standard/Bureau of Agricultural and Fisheries Products Standards 76:2010 ICS 67.180 or latest updated standards.

EMI's sweetened non-alcoholic products, Club Mix Lime Juice and Club Mix Apple Tea, are covered.

EDI currently substantially passed on to consumers and form part of the sales prices.

Brandy de Jerez Regulations

In Spain, the Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated June 28, 2018, which contains the new *Technical File* regarding the Geographical Indication of "Brandy de Jerez", replacing the former Order dated February 9, 2015. This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name. On the other hand, the new *Operational Regulation of the Regulatory Board of "Brandy de Jerez"* has been approved by an Order dated February 16, 2018 issued by the Andalusian Regional Department of Agriculture, Fisheries and Rural Development, replacing the former Order dated June 13, 2005. The Geographic Indication "Brandy de Jerez" is protected in the European Union, in accordance with its registration as a protected geographical indication, as per regulation (EU) no. 2019/787 relating to the definition, description, presentation, labelling and protection of the geographic indication of spirit drinks.

The following EU Regulations amending Regulation (EU) 2019/787 have been adopted in 2021:

COMMISSION DELEGATED REGULATION (EU) 2021/1334 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards allusions to legal names of spirit drinks or geographical indications for spirit drinks in the description, presentation and labelling of other spirit drinks

COMMISSION DELEGATED REGULATION (EU) 2021/1335 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the labelling of spirit drinks resulting from the combination of a spirit drink with one or more foodstuffs.

COMMISSION DELEGATED REGULATION (EU) 2021/1465 of July 6, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of allusions to legal names of spirit drinks or geographical indications for spirit drinks and their use in the description, presentation and labelling of spirit drinks other than the spirit drinks to which allusion is made

In order to be considered a Brandy de Jerez, it must be made according to the methods set down by the Regulating Council. The area of production and ageing of Brandy de Jerez must be exclusively within the Sherry triangle, which is defined by the boundaries of Jerez de la Frontera, Sanlúcar de Barrameda and El Puerto de Santa María, and bottling must be carried out exclusively in the wineries that are registered and authorized by the Regulating Council. Its production process is based on the solera system (seulo or floor) in oak butts previously seasoned with sherry. Different types of sherry give the brandy a different flavor. The traditional ageing system of criaderas (nurseries) and soleras (suelo or floor) must be used.

In Jerez, it is possible to use wine spirits of a higher degree of alcoholic content provided that the distillate or holandas does not exceed a maximum of the 50% of the alcoholic content of the finished product. The holandas must always represent 50% minimum of the final brandy. Brandy de Jerez can be classified into three categories as per its period of ageing:

1. Brandy de Jerez Solera – ageing for more than six months expressed in UBEs (Basic Ageing Unit)
 2. Brandy de Jerez Solera Reserva - ageing for more than one year expressed in UBEs.
- Brandy de Jerez Gran Reserva - ageing for more than three years expressed in UBEs.

Spanish Royal Decree 164/2014, of March 14, which establishes complementary rules for the production, designation, presentation and labeling of certain spirits.

Sherry Regulations

The Protected Designation of Origin Jerez-Xeres-Sherry is protected in the European Union, in accordance with its registration as a Protected Designation of Origin, as per *regulation (EU) no 1308/2013* relating to establishing a common organization of the markets in agricultural products.

The *Delegated Regulation (EU) 2019/33* of the Commission, of 17 October 2018, which completes *Regulation (EU) No. 1308/2013* of the European Parliament and the Council, regulates applications for protection of appellations of origin, geographical indications and traditional terms of the wine sector, the opposition procedure, restrictions on use, amendments to the specifications, cancellation of protection, as well as labeling and presentation. It has replaced former Commission Regulation (EC) N. 607/2009 of 14 July 2009, which established certain provisions for the application of Council Regulation (EC) No 479/2008, which regulated and protected designations of origin and geographical indications, traditional terms, the labeling and presentation of certain wine products.

The new *Delegated Regulation (UE) 2019/934* of 12 March 2019 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards wine-growing areas where the alcoholic strength may be increased, authorized oenological practices and restrictions applicable to the production and conservation of grapevine products, the minimum percentage of alcohol for by-products and their disposal, and publication of OIV files.

The Andalusian Regional Department of Agriculture, Fisheries and Rural Development has approved the Order dated August 2, 2013, which contains the Product Specification regarding the Protected Designation of Origin “Jerez-Xérès-Sherry”. This regulation contains the technical specifications of the products, compliance with which, must be verified to enable use of the protected name.

The Andalusian Regional Department of Agriculture, Fisheries, Water and Rural Development has approved by Order of 4 October 2022, the applications for ordinary amendments to the specifications of the Protected Designation of Origin 'Jerez-Xérès-Sherry'.

On December 8, 2023, the new European wine labelling regulation comes into force in accordance with Regulation (EU) 2021/2117 which amends the CMO (Regulation (EU) 1308/2013). It establishes as compulsory mentions the nutritional information on the physical and electronic label (except for the energy value, which must always be on the physical label) and the list of allergens, which must always be on the physical label.

Spanish excise duty

Total duty and excise tax payment made up about 60% of the average price of a bottle of brandy (which are in the range of more than 36° alcoholic degrees). For Spirits (less than 36° alcoholic degrees), taxes represent about 50% of the average price of a bottle. For Sherry Wines, we are in two ranges again, less than 15° alcoholic degrees on 20% of the final prices and higher on 23% of a final price of a bottle of Sherry Wine. These ratios were updated at the end of 2016 by the Spanish Government, at a 5% increase from 2015 Spanish duty and excise tax rates were updated at the end of 2016 by the Spanish Government at a 5% increase from 2015.

The regulations governing special taxes are *Law 38/1992*, of December 28, on Special Taxes and *Royal Decree 1165/1995*, of July 7, which approves the Regulation on Special Taxes.

By order *HAC / 998 / 2019*, of September 23, 2019, the Spanish Ministry of Finance has modified the accounting of products subject to Special Manufacturing Taxes, whose entry into force was on January 1, 2020 with extension until 31st December 31, 2020.

On the other hand, Order *HAC/626/2020*, of 6 July 6, 2020, has modified the Order *HAC / 1271/2019*, of December 9, 2019, has approved the rules of development of the provisions of article 26 of the Regulation of Special Taxes, approved by Royal Decree 1165/1995, of July 7, on the new fiscal seals planned for derived beverages (Brandy and Spirits), whose entry into force has been on January 1, 2020.

Finally, Royal Decree 399/2021, of June 8 amends in its First Final Provision the Regulation on Excise Duties, approved by Royal Decree 1165/1995, of July 7. The first paragraph of letter a) of section 2 and section 11 are amended, and section 12 and the last paragraph of section 13 of article 26 of the Regulation of Excise Duties, approved by Royal Decree 1165/1995 are repealed: Placement of the seals in any visible place on the container in such a way that they cannot be reused and allowing the reading of the electronic security code that they incorporate, as well as the request for the electronic cancellation of the security codes for the deactivation of tax marks.

Amendment of the Food Chain Law

Amendment of the Food Chain Law

In 2021 the Spanish Food Chain Law has been amended by Law 16/2021 of December 14, in order to include the provisions of an EU Directive on unfair commercial practices in relations between companies in the agricultural and food supply chain. Among others, it requires from now onwards that the agreed price of the sale of products always covers production costs, to sign written contracts with regard to commercial transactions of more than 2,500 euros, broadens the catalog of prohibited unfair commercial practices and reinforces the sanctioning procedure.

Scotch Whisky Regulations 2009

In UK, the *Scotch Whisky Regulations 2009* ("SWR") came into force on November 23, 2009, replacing the Scotch Whisky Act 1988 and the Scotch Whisky Order 1990. Whereas the previous legislation had only governed the way in which Scotch Whisky must be produced, the SWR also set out rules on how Scotch Whiskies must be labelled, packaged and advertised, as well as requiring Single Malt Scotch Whisky to be bottled in Scotland, labelled for retail sale, from November 23, 2012. The SWR made clear that Scotch Whisky must be wholly matured in Scotland (i.e., it may not be matured in any country other than Scotland). They also require that all maturation must take place in an excise warehouse or in another permitted place regulated by Her Majesty's Revenue and Customs ("HMRC"). HMRC is appointed by the SWR as the competent authority for verification of Scotch Whisky.

Permitted place is defined in Regulation 4 of the SWR and includes any place to which spirits in an excise warehouse are moved for:

- Re-warehousing in another excise warehouse;
- Such temporary purposes and periods as HMRC allow;
- Scientific research and testing;
- Storage at other premises where under the Customs and Excise Acts goods of the same class or description may be kept without payment of excise duty; and

- Such other purpose as HMRC may permit.

It is only if all maturation of Scotch Whisky takes place under some form of HMRC control that they will be able to certify that the spirit is Scotch Whisky and, if any age is claimed, that the Scotch Whisky has been matured in the permitted size of oak casks for the period claimed.

The SWR also provide that the only type of whisky that may be manufactured in Scotland is Scotch Whisky. This is to prevent the existence of two “grades” of whisky in Scotland - one “Scotch Whisky” and the other “Whisky – product of Scotland”. This is to ensure protection of “Scotch Whisky” as a distinctive product.

Regulation 3(2) defines five categories of Scotch Whisky which must appear clearly and prominently on every bottle of Scotch Whisky sold:

1. Single Malt Scotch Whisky – a Scotch Whisky distilled at a single distillery (i) from water and malted barley without the addition of any other cereals, and (ii) by batch distillation in pot stills. From 23 November 2012, Single Malt Scotch Whisky must be bottled in Scotland.
2. Single Grain Scotch–Whisky - a Scotch Whisky distilled at a single distillery (i) from water and malted barley with or without whole grains of other malted or unmalted cereals, and (ii) which does not comply with the definition of Single Malt Scotch Whisky.
3. Blended Scotch–Whisky - a blend of one or more Single Malt Scotch Whiskies with one or more Single Grain Scotch Whiskies.
4. Blended Malt Scotch–Whisky - a blend of Single Malt Scotch Whiskies, which have been distilled at more than one distillery.
5. Blended Grain Scotch–Whisky - a blend of Single Grain Scotch Whiskies, which have been distilled at more than one distillery.

Regulation 8 of the SWR makes it compulsory for every Scotch Whisky to bear on the front of the bottle and on any individual packaging the category to which the Scotch Whisky belongs. The category must appear as prominently as other description of the Scotch Whisky.

It is an offence to promote a Scotch Whisky as belonging to a category to which it does not belong. Regulation 6 of the SWR makes it illegal to label, package, sell or advertise any drink as “Scotch Whisky” or “Scotch” in such a way to suggest indirectly that the drink is Scotch Whisky when it does not qualify as such.

Regulation 7 of the SWR also makes it illegal to export any type of Scotch Whisky in an oak or other wooden cask. It is permitted to continue to export Scotch Whisky in bulk using inert containers such as appropriate plastic drums or steel containers.

However Regulation 7 of the SWR also makes it illegal for Single Malt Scotch Whisky to be exported from Scotland other than in a bottle labelled for retail sale.

SWR provided added legal protection for the traditional regional names with Scotch Whisky production, i.e. ‘Highland’, ‘Lowland’, ‘Speyside’, ‘Campbeltown’, and ‘Islay’. These names can only appear on whiskies wholly distilled in those regions. A distillery name must not be used as a brand name on any Scotch Whisky which has not been wholly distilled in the named distillery. Labelling must not by any other means mislead consumers as to where the Scotch Whisky has been distilled. It is permissible to use other Scottish locality or regional names provided the Scotch Whisky has been entirely distilled in that place.

SWR maintain the long-standing rule on the use of age statements, i.e. the only age which may be stated is the age of the youngest Scotch Whisky in the product. When distillation or vintage year will be used, then only one year may be mentioned together with the year of bottling or age statement which must appear in the same field of vision as the year of distillation or vintage, and all of the whisky in the product must have been distilled in that vintage year.

There are a range of enforcement measures available for breach of the SWR from warning notices to criminal prosecutions. Provisions are also included for civil enforcement by interested parties.

UK excise duty

Total duty and excise tax payment in UK makes up about 70% of the average price of a bottle of whisky. The rate is £28.74 of Spirit Duty per litre of pure alcohol and so the Spirit Duty you pay on a 1

litre bottle of 40% ABV is 40% of £28.74, or £11.50. The freeze on spirits duty remains until August 2023.

The Scottish Government has implemented a minimum price per unit of alcohol on product sold in Scotland, which resulted in a significant increase to the price of a standard blended Scotch Whisky. The minimum is 50p per unit of alcohol which means the minimum retail selling price (“RSP”) for a 1L bottle of 40% ABV whisky is £20. A similar policy has been introduced in Wales; but nothing has progressed in England yet. The Scotch Whisky Association continues to call for a review of the alcohol duty system to deliver fairness for Scotch Whisky which is a unique UK product.

USA Tariffs

On October 18, 2019, the U.S. began to impose additional tariffs on certain products imported from the European Union (including the UK). In particular, Single Malt Scotch Whisky imported into the U.S. had to pay an import tariff in addition to the existing ones of 25% ad valorem, that is, 25% of the value of the product declared in customs.

In October 2020, the WTO allowed the EU to impose also additional (retaliatory) tariffs to products from the US.

The US suspended tariffs on UK goods, including Scotch whisky, for four months starting March 4, 2021. In June 2021, a UK-U.S. deal on future aerospace subsidies was agreed which suspended the 25% tariff on single malt Scotch Whisky for a further five years. If the 25% tariff were re-imposed, we expect that its impact on our financial results would be limited and we would work with our importers and distributors to minimize disruption to our business.

Commercial and Cooperation Agreement between the European Union and the European Atomic Energy Community, on the one side, and the United Kingdom of Great Britain and Northern Ireland, on the other side

The EU and the UK signed a commercial and cooperation agreement on December 24, 2020 (the “**Commercial and Cooperation Agreement**”), in force on January 1, 2021, in order to regulate their relationships due to the Brexit, with regard to trade of goods and services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fishing, coordination of social security, judicial cooperation and police in criminal matters, thematic cooperation and participation in European Union programs.

As of January 1, 2021, the UK leaves the Single Market and the Customs Union of the EU. As a result, it no longer benefits from the principle of the free movement of goods. Even with the new agreement in place, companies will face new trade barriers, which will lead to increased costs, new controls and will require adjustments to integrate supply chains from the EU and UK.

Both Parties have agreed to create an ambitious free trade area without tariffs or quotas applied to products, with regulatory and customs cooperation mechanisms, as well as provisions to guarantee a level playing field for open and fair competition, as part of a larger partnership economical. The provisions set out in the Agreement do not govern trade of goods between the EU and Northern Ireland, since these will be governed by the Protocol on Ireland and Northern Ireland included in the Exit Agreement of the UK (*Brexit*).

In particular with regard to Bodegas Fundador pending applications for registered trademarks in the EU, as a result of Brexit, no corresponding UK rights will be automatically created from EU trademark applications, so it will be necessary to file a UK application.

MEG

Presidential Decree (“PD”) 957, RA 4726 and Batas Pambansa (“BP”) 220 are the principal statutes that regulate the development and sale of real property as part of a condominium project or subdivision projects for residential, commercial, industrial and recreational purposes. The DHSUD is the administrative agency which, together with LGU, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with the DHSUD and the pertinent LGU of the area in which the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of

the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit.

The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the DHSUD locational clearance, Department of Environment and Natural Resources (“DENR”) permits and Department of Agrarian Reform (“DAR”) conversion or exemption orders, as discussed below. A bond equivalent to 10% of the total project cost is required to be posted by the project developer to ensure commencement of the project within one year from the issuance of the development permit.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the DHSUD. Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD.

Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyers. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB’s rules of procedure and other applicable laws.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the HLURB before they can sell lots or units in a registered subdivision or condominium project. On June 29, 2009, **RA No. 9646 or the Real Estate Service Act of the Philippines** was signed into law. RA No. 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs.

Further, **RA No. 7279 (“Urban Development Housing Act”)**, as amended by **RA No. 10884 (“Balanced Housing Development Program Amendments”)**, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost and at least five (5%) of condominium area or project cost, at the option of the developer; within the same or adjacent regions, whenever feasible, and in accordance with the standards set by the HLURB (now DHSUD). Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with either the LGU or any of the housing agencies in socialized housing development.

RA 6552, or the Maceda Law, was promulgated to protect real estate buyers on installment basis (including residential condominium units but excluding industrial and commercial lots) by giving the buyers a total of at least 60-day grace period within which to pay any unpaid installments without any interest. RA No. 6552 also requires the sellers of real estate to give the buyers a refund of at least 50% of total payments made should the sale be cancelled provided the buyers have paid at least two years of installments. RA No. 6552 covers the business of the Company as it applies to all transactions or contracts involving the sale or financing of real estate through installment payments.

Pursuant to the **Anti-Money Laundering Act of 2001 (“AMLA”)**, as recently amended by **Republic Act No. 11521**, which took effect on January 30, 2021, real estate developers (“REDs”) are now covered institutions. Thus, REDs are now required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. For REDs, a covered transaction involves a single cash transaction involving an amount in excess of Php7,500,000.00 or its equivalent in any other currency. Suspicious transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations. REDs are required to file with the AMLC a Covered Transaction Report (“CTR”) within five (5) working days from occurrence thereof, and a Suspicious Transaction Report (“STR”) within the next working day from occurrence thereof.

Shopping malls are regulated by the local government unit of the city or municipality where the shopping mall is located. Shopping mall operators must secure a mayor's permit or municipal license before operating. Shopping mall operators must also comply with the provisions of **RA No. 9514 or the Fire Code**, and other applicable local ordinances. Shopping malls that have restaurants and other food establishments as tenants must obtain a sanitary permit from the Department of Health. Shopping malls that discharge commercial wastewater must apply for a wastewater discharge permit from the DENR. As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism ("DOT"). A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT.

Hotels and resorts follow national accreditation standards as promulgated by the DOT under **Memorandum Circular No. 2012-02** in May 2012, pursuant to the Tourism Act of 2009. The Memorandum Circular adopts the star grading system, with five levels of accommodation standards which are equivalent to one to five stars. For instance, a one-star rating will be granted to hotels which achieve 251 to 400 points (25% to 40% of the standards) and a five-star rating will be granted to hotels which achieve 851 to 1,000 points (85% to 100%) of the standards. Once an application for accreditation is filed, the DOT sends an inspection team to conduct an audit of the establishment and determine compliance its classification. The Certificate of Accreditation issued by the DOT is valid for two years, unless sooner revoked. The rights over the accreditation are non-transferable.

Certain investment properties are registered with *PEZA*, and this provides significant benefits to tenants. PEZA requirements for registration of an IT park or building differ depending on whether it is located in or outside Metro Manila. These requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR. The PEZA is a government corporation that operates, administers, and manages designated special economic zones ("Ecozones") around the country. Ecozones are selected areas with highly developed or which has the potential to be developed into agro-industrial, commercial, banking, tourist/recreational, investment and financial centers. An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. There are several activities eligible for PEZA registration and incentives including, but not limited to, IT services, Tourism and Retirement activities. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials. Retirement Ecozone developers/ operators and retirement Ecozone facilities enterprises are entitled to fiscal and non-fiscal incentives.

The Group routinely secures the required government approvals for its projects during the planning and construction and marketing stages of project development, including operations of its malls and leased properties. The MEG Group is not aware of any pending government regulation that is expected to materially affect its business. The MEG Group believes it has obtained the required government approvals relevant for each project at its current state of development.

Travellers

Republic Act No. 10927 was passed and became effective in July 2017 designating casinos as covered persons under **Republic Act No. 9160 ("Anti Money Laundering Act")**, as amended. The Casino Implementing Rules and Regulations was issued by the Anti-Money Laundering Council ("AMLC") and Appropriate Government Agencies ("AGA") in October 2017. Casinos shall report to the AMLC all suspicious transactions as defined by law and single casino cash transaction (i.e., receipt or pay out of cash by and of a casino, paid or received by or on behalf of a customer, or such other cash transactions that may be determined by AMLC and the AGA) involving an amount in excess of Five Million Pesos (Php5,000,000.00) or its equivalent in any other currencies within five (5) working days, unless the AMLC prescribes a different period not exceeding fifteen (15) working days, from the occurrence thereof. In August 2018, casinos were required to submit covered and suspicious transactions to the AMLC following the effectivity of AMLC's Registration and Reporting Guidelines for Casinos. Casinos are likewise required to conduct customer due diligence (CDD) in accordance with **PAGCOR's CDD Guidelines for Land-Based Casinos** effective November 2018.

Travellers is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. Although the Bureau of Internal Revenue (BIR) issued *Revenue Memorandum Circular No. 33-2013* declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended, the Supreme Court, on August 10, 2016, in *Bloomberry Resorts and Hotel, Inc. vs. Bureau of Internal Revenue*, confirmed the

legality of the aforesaid provision of the Provisional License subjecting NWR to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, when it affirmed that “exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to corporation(s), association(s), agency(ies), or individual(s) with whom the PAGCOR or operator has any contractual relationship in connection with the operations of the casino(s) authorized to be conducted under this Franchise, so it must be that all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall likewise be exempted from all other taxes, including corporate income tax realized from the operation of casinos.” This Decision has been affirmed with finality in the Supreme Court Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of the Supreme Court, last June 2018, PAGCOR advises that the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extend to all PAGCOR contractees and licensees.

Travellers is registered with PEZA as a Tourism Economic Zone. Its PEZA-registered activities include the former Maxims Hotel, Newport Entertainment and Commercial Center, Marriott Hotel Manila, Holiday Inn Express Manila Newport City (formerly Remington Hotel), Marriott Grand Ballroom, Marriott West Wing, and Hotel Okura Manila (formerly, Maxims II) and the Courtyard by Marriott Iloilo. As such, it is entitled to certain tax incentives. Hilton Manila and Sheraton Manila Hotel, through NWR’s subsidiaries, are also included in Travellers’ PEZA-registered activities.

GADC

RA 10963, known as the Tax Reform for Acceleration and Inclusion (“TRAIN”), the first package of the comprehensive tax reform program (“CTRP”) envisioned by Pres. Duterte’s administration, seeks to correct a number of deficiencies in the tax system to make it simpler, fairer and more efficient. It took effect on January 1, 2018. Among its provisions is the imposition of excise tax on sugar-sweetened beverages (“SSB”), a measure meant to encourage consumption of healthier products to help promote a healthier Philippines. The products covered by the SSB excise tax under TRAIN are sweetened juice drinks, sweetened tea, all carbonated or non-alcoholic beverages with added sugar, including those with caloric and non-caloric sweeteners, flavored water, energy drinks, sports drinks, other powdered drinks not classified as milk. This additional per liter cost of volume capacity for soft drinks and juice drinks prompted GADC to reevaluate pricing of certain products. Changes in consumer spending and further pricing re-alignments remain as possibilities going forward. GADC will continue to prioritize its value strategy.

Also, based on RR13-2018, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: Provided, that in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.

Others

Republic Act No. 10667, otherwise known as the **Philippine Competition Act** was passed into law on July 21, 2015 and took effect on August 8, 2015. It is the first antitrust statute in the Philippines, enacted to attain a more equitable distribution of opportunities, income and wealth by enhancing economic efficiency; promoting free and fair competition in trade, industry and all commercial economic activities; preventing economic concentration and penalizing all forms of anti-competitive agreements. The law applies to any person or entity engaged in any trade, industry or commercial economic activity in the Philippines. Moreover, the law applies to international trade activities which have direct, substantial and reasonably foreseeable effects on the trade, industry or commerce in the Philippines. On March 21, 2016, the **Implementing Rules and Regulations (“IRR”)** of RA No. 10667 was issued to set forth the guidelines for the implementation of the said law.

The Group takes into account the provisions of RA No. 10667 and ensures that its business decisions and operations are within the parameters set forth by the Philippine Competition Act and that its business objectives are aligned with the constitutional goals for the national economy.

RA No. 10173, or the Data Privacy Act, was enacted in 2012 to protect personal information in the information and communications systems in both the government and private sectors. It aims to protect the right to privacy while promoting free flow of information for growth and innovation. This law is intended to provide parameters for the collection, processing, retention and disposal of personal data. The law also provided for the creation of the National Privacy Commission (NPC), the government agency mandated to administer and implement RA No. 10173 and to monitor and ensure the country's compliance with the international standards of data protection. In September 9, 2016, the Implementing Rules and Regulations (IRR) for RA No. 10173 was issued.

The law mandates that processing of personal data should, in all cases, adhere to the general data privacy principles of transparency, legitimate purpose and proportionality. Violation of the provisions of the law is subject to civil and criminal penalties, which may range from P500 thousand to P5.0 million in fines and eighteen months to six years imprisonment term. Personal data refers to both personal information and sensitive personal information. Personal information refers to any information that can identify or ascertain the identity of an individual, including name and image of the individual. Sensitive personal information refers to information which has material impact on the well-being of the individual, including personal information about an individual's race, ethnic origin, marital status, age, color, religious and political affiliations, health, education, genetic, sexual life, information related to any court proceeding involving the individual, information issued by the government agencies peculiar to the individual and other information which may be specifically established by a law to be classified.

On March 1, 2021, the National Privacy Commission (NPC) announced that the validity of existing Data Protection Officer (DPO) registrations of Personal Information Controllers (PICs) and Personal Information Processors (PIPs) is extended to June 30, 2021. The validity of existing registrations was previously extended from March 8, 2020 to August 31, 2020, and thereafter to March 7, 2021.

The Group is already compliant with RA No. 10173. It published its privacy policy and has implemented the necessary security measures to ensure the protection of the personal data that it is collecting and processing from its various stakeholders. Moreover, it is continuously working internally to monitor its compliance with RA 10173 and the rules, regulations and issuances of the NPC.

Republic Act (RA) No. 11595, otherwise known as **An Act amending Republic Act No. 8762 or the Retail Trade Liberalization Act of 2000 or RTLA** which took effect on 21 January 2022. On 9 March 2022, the Department of Trade and Industry (DTI), in coordination with National Economic and Development Authority (NEDA) and the Securities and Exchange Commission (SEC), issued the Implementing Rules and Regulations (IRR) to RA 11595. The new law lowers the required paid-up capital for foreign retail enterprises and eases restrictions on foreign retailers to engage in retail trade in the country. Foreign retailer means a foreign national, partnership, association, or corporation of which more than forty percent (40%) of the capital stock outstanding and entitled to vote is owned and held by such foreign national, engaged in retail trade.

Some of the salient provisions introduced by RA 11595 are:

- It removed the categories under the RTLA and lowered the minimum paid-up capital requirements for foreign retailers. The minimum paid-up capital required of a foreign retailer is Twenty-Five Million Pesos (Php25,000,000.00). Further, the foreign retailer's country of origin must provide reciprocity to Filipinos.
- For foreign retailers having more than one (1) physical store, the new law decreased the minimum investment per store to Ten Million Pesos (Php10,000,000.00)
- Foreign retailers that prequalified prior to the effectivity of the new law whose foreign ownership exceeds eighty percent (80%) are no longer required to publicly offer thirty percent (30%) of their shares of stocks in the Philippines.
- Foreign retailers should determine the nonavailability of a competent, able, and willing Filipino citizen before engaging the services of a foreign national. Foreign retailers are also encouraged to have a stock inventory of products that are made in the Philippines.

Republic Act No. 11058 or the **Occupational Safety and Health Standards Law** was signed into law on August 17, 2018. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency. An employer,

contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

RA No. 9367, otherwise known as the **Biofuels Act of 2006**, provides for the mandatory use of biofuels. RA No. 9367 mandates that there shall be a minimum 1% biodiesel blend and 5% bioethanol blend by volume in all diesel and gasoline fuels, being distributed and sold in the country, provided that the biodiesel and bioethanol blends conform to the standards set forth under the Philippine National Standards. In order to encourage investments in the biofuels industry, the government, in addition to applicable incentives and benefits under the existing laws, rules and regulations, provided for an incentive scheme which includes 0% specific tax on local and imported biofuels component per liter of volume, VAT exemption on the sale of raw material used in the production of biofuels, exemption from wastewater charges for water effluents for the production of biofuels and potential financial assistance from government financial institutions.

At present, the government, through the Sugar Regulatory Administration, Department of Energy, Bureau of Internal Revenue and Bureau of Customs, is working hand in hand with the private sector to further develop the biofuels industry, with the vision of producing enough biofuels for local and international distribution.

b.12. Research And Development

The regular research and development activities of the Group for the past three years have not amounted to a significant percentage of revenues. There are no new products or design being developed that would require a significant amount of the Group's resources.

b.13. Compliance With Environmental Laws

All Philippine development projects, installations and activities located in areas surrounding the Laguna Lake are subject to regulatory and monitoring powers of the Laguna Lake Development Authority ("LLDA"). Since the glass plant and the brandy manufacturing complex are located in this area, permits to operate are being renewed with LLDA on a yearly basis.

Development projects that are classified by Philippine law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The Department of Environment and Natural Resources ("DENR") through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Republic Act No. 11898 or the Extended Producer Responsibility (EPR) Act of 2022 lapsed into law on July 23, 2022, and amended Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000. It is an Act institutionalizing the extended producer responsibility on plastic packaging waste. Through EPR, "obliged enterprises," or through their Producer Responsibility Organizations, will have to recover or offset their generated plastic product footprint by 20 percent (20%) in 2023 to 80 percent (80%) by 2028. The EPR Law covers plastic packaging such as single or multi-layered plastics such as sachets, rigid plastic packaging products like food and drink containers, single use plastic bags, and polystyrene. Penalties for the non-compliance of EPR duties range from P5 million to P20 million, or "twice the cost of recovery and diversion of the footprint or its shortfall, whichever is higher".

In Scotland, WMG has an environmental policy which commits it to ensure that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment. In Spain, Grupo Emperador considers it necessary to preserve the environment for its business to be viable long term and it is its main interest to take care and respect the environment as one of the pillars of its business culture.

The Company and its subsidiaries have not incurred material costs to comply with environmental laws.

b.14. Number Of Employees

As of December 31, 2022, the Group has a total workforce of 48,654 personnel categorized by business segment as follows:

	End-2022	Anticipated Hiring in 2023
GADC	33,890	11,650
Travellers	5,843	2,044
Megaworld -including Global One	4,013	
GERI	840	
Empire East.	572	103
Suntrust	471	84
Emperador	3,013	
Emperador UK.....	658	
Emperador Spain.....	193	
Domecq Mexico.	118	
Others	12	
Total	48,654	13,881

The Group intends to hire additional employees in accordance with operational requirements.

Except for AWG and WML, none of the Company's or its subsidiaries' employees are formally covered by a collective bargaining agreement and represented by a labor union.

AWG has a renewed five-year collective bargaining agreement with its production employees covering the period up to January 15, 2025, while Progreen entered into a five-year collective bargaining agreement with its rank-and-file employees assigned in the Balayan production plant covering the period up to October 31, 2025. The employees also agree to follow certain grievance procedures and to refrain from strikes during the term of the agreement. WML has wage agreements with both UNITE and GMB trade unions generally for a 3-year period. The most recent 3-year deal took effect on January 1, 2021. Bodegas Fundador, along with the rest of the companies in Jerez region, has a Collective Labor Agreement with the members of the union board and employees. In October 2022, an agreement was reached for a new Collective Labor Agreement up to 2023. At the end of 2023, negotiations for another agreement, valid for the coming years, will commence.

Megaworld, EDI and WML maintain each a funded, tax-qualified, non-contributory retirement plan that is being administered by a trustee bank covering all regular full-time employees. GADC has a funded, defined benefit contribution retirement plan covering all regular full-time employees wherein employees are allowed to make voluntary contribution. GERI has an unfunded, non-contributory defined benefit plan covering all regular employees. Travellers is in the process of registering its non-contributory retirement plan with the Bureau of Internal Revenue. The rest in the Group have no established corporate retirement plans. (See Note 28.2 to the Consolidated Financial Statements)

Employees of sub-franchisees do not form part of GADC's workforce except for certain members of the sub-franchisee management staff. Regular employees of GADC are beneficiaries of a bonus program, determined by, among others, the level of profits, performance appraisals and the employee's position and salary level.

The Group has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Group's relationship with its employees in general is satisfactory.

b.15. Major Business Risks and Management

Risks are integral part of business. Opportunity for advancement cannot be achieved without taking risks. This is why the Company and its subsidiaries adopted a policy whereby risks are identified before they cause significant trouble for the business. They carefully prepare structured/strategic plans to anticipate the inherent risks in their activities and set up methods to mitigate the effects of these risks. Risks are prioritized based on their impact to business, and probability of occurrence. There is a monitoring system that keeps track of the indicators and the actions/corrections undertaken. Feedbacks, both internal and external, are important for current and emerging risks.

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes.

The major risks that the present business faces include:

1. *Hazards and natural or other catastrophes.* The Group's assets are always exposed to losses or impairment through fire and natural or man-made disasters and accidents that may materially disrupt operations and result in losses. In particular, damage to project structures resulting from such natural catastrophes could also give rise to claims from third parties or for physical injuries or loss of property. EDI, Whyte and Mackay, Bodegas Fundador, Pik-Nik and GADC also run the risk of contamination through tampering of ingredients, bottles or products that could result in product recall or food poisoning which in turn could create negative publicity that could adversely affect sales. Safety precautionary measures have been undertaken and installed within the operating system. Adequate insurance policies are likewise taken to cover from these risks or mitigate effect of uninsured losses.
2. *Regulatory developments.* The Group operates in highly regulated business environment. For example, in the property development and integrated tourism industries, it is required that a number of permits and approvals be obtained for development plans at both the national and local levels. Travellers is subject to gaming regulations for its casino operations. In the alcohol industry, there are restrictions on advertising, marketing and sales of alcoholic beverages to consumers and restrictions governing the operation of manufacturing facilities. In the QSR industry, GADC is subject to retail trade and other industry specific regulations.

The Group's results of operations could be affected by the nature and extent of any new legislation, interpretation or regulations, including the relative time and cost involved in procuring approvals for projects. If the group fails to meet safety, health and environmental requirements, it may also be subject to administrative, civil and criminal proceedings initiated by the Government, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the Group, as well as orders that could limit or halt its operations. The Group, thus, keeps abreast of current happenings and immediately institute measures to contain any adverse effect on the group.

3. *Money laundering and cheating at gaming areas.* Casino and gaming activities are cash intensive and involve significant amounts of revenue daily. Customers may seek to influence their gaming returns through cheating or other fraudulent methods. Fraudulent activities, including collusion and automated play, could cause Travellers and its customers to experience losses, harm its reputation and ability to attract customers, and materially and adversely affect its business, goodwill, financial condition and results of operations. Travellers takes numerous preventive and mitigating measures for the handling of chips, cash and gaming equipment. It uses special technologies to prevent and detect potential fraudulent and counterfeiting activities as well as high value and suspicious transactions.

In 2017, casino operators have been included in the coverage of the Anti-Money Laundering Act ("AMLA"). Any violation of the AMLA, as amended, which designated casinos as covered persons or the Casino Implementing Rules and Regulations may result to the imposition of penalties and could have an adverse effect on Travellers' reputation. In 2021, real estate developers became covered institutions under the AMLA. They are required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and

regulations. A 'covered' transaction involves a single cash transaction involving an amount in excess of P7.5 million or its equivalent in any other currency. 'Suspicious' transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations.

Travellers and the Megaworld group have taken appropriate steps to fully comply with the law. Internal control policies and procedures, employee training, and compliance programs are also continuously being implemented

4. *Supply of raw materials and packaging materials.* Materials used in production demand high quality and specialty. The raw materials that GADC and EMP Group use, such as distilled neutral spirit, brandy distillates, chicken, beef and paper, are largely commodities and are subject to price volatility caused by changes in supply and demand, weather conditions, fuel costs for transportation and production, agricultural uncertainty and government controls. Megaworld, GERI and Travellers source construction materials such as lumber, steel and cement for its ongoing projects, and may also experience shortages or increases in prices. Rising price changes will result in unexpected increases in production or construction costs and decreases in gross margins if such increased costs cannot be passed on to consumers or buyers. If these costs are passed on, any increase in prices could materially affect demand for and the relative affordability of such products. Purchasing, therefore, keeps posted about supply sufficiency in the market and always looks out for new potential sources.
5. *Consumer tastes, trends and preferences.* Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends, leisure activity patterns and a downturn in economic conditions, which may reduce customers' willingness to purchase premium branded products or properties. In addition, concerns about health effects due to negative publicity regarding alcohol or fast food consumption, negative dietary effects, project location, regulatory action or any litigation or customer complaint against companies in the industry may have an adverse effect on results of operations. Any significant changes in consumer preferences and failure to anticipate and react to such changes could result in reduced demand for consumer products or projects and erosion of its competitive and financial position. Likewise, the launch and ongoing success of new products is uncertain as is their appeal to customers. Product innovation and responsiveness to changing consumer tastes and trends, therefore, have been important aspects of the Group's ability to sell their products.
6. *Competition.* Each of the Company's primary business operations is subject to intense competition. Some competitors may have substantially greater financial and other resources than EMP, MEG, GERI, Travellers or GADC, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets and in consumer preferences. In addition, the entry of new competitors into any of the Company's primary business segments may reduce the Company's sales and profit margins. Product innovation and premiumization have been the Group's key response to competition.
7. *Interests of joint development partners.* Megaworld and GERI obtain a significant portion of its land bank through joint development agreements with landowners, as part of its overall land acquisition strategy and intends to continue to do so. A joint venture involves special risks where the venture partner may have economic or business interests or goals inconsistent with or different from those of the Group.
8. *Global economic, political, and social environment.* Portion of the Group's revenue comes primarily from foreign countries. Any global economic disruption or contractions could impact the number of foreign customers who visit our property or the amount of which they may be willing to spend. Changes brought about by fears of war and future acts of terrorism may severely disrupt international travel, reduce demand for luxury amenities and leisure activities and may have significant impact in our operational results. Demand for hotel, trade shows, conventions, and other entertainment activities that the Group offers are sensitive to swings in the global economy, which impacts discretionary spending

The current COVID-19 pandemic (still lingering though situation has improved) has caused economic and social disruptions due to the lockdown measures and safety protocols implemented by the governments to restrict mobility of people in order to limit interaction that can cause

transmission of infection, and these affected the conduct of Group's businesses. The Group has conducted its businesses during this time in compliance with the safety protocols and guidelines/regulations issued by the governments. It equips its employees with the necessary protection (face masks, face shields, protective equipment, alcohol, Vitamin C) and service (transport service). It has also rolled out a vaccination program for its employees. The higher-than-expected global inflations towards the second semester of 2022, and logistics and supply chain disruptions during the year, have caused increased input costs which called for immediate actions from the Group's affected entities. These did not cause significant impact to the Group as a going concern and the global situation has been improving.

9. *Cyber security.* The Group relies on information technology and other systems to maintain and transmit large volumes of customer information and transactions, employee information and information concerning the Group's operations. The systems and processes that have been implemented to protect this information are subject to the ever changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees or employees of third-party vendors. The Group is continuously working towards developing a proactive approach in dealing with potential and emerging security threats to prevent any untoward incidents from happening. This includes strict implementation of, and adherence to, information security policies such as firewall security and data privacy policies, and timely software or system upgrades.

A further discussion on financial risk management objectives and policies is presented in the Notes to the consolidated financial statements.

2. PRINCIPAL PROPERTIES

The following are the principal properties owned or leased by the Group, including those reserved for future developments as of December 31, 2022:

Description	Location	Owned/Limitations on Ownership
Lots & Facilities		
Brandy manufacturing facility	Santa Rosa, Laguna	Owned
Brandy manufacturing facility-Annex	Biñan, Laguna	Owned
Land	Biñan, Laguna	Owned
Land	Centro Baybay, Legazpi	Owned
Land	Davao City	Owned
Land	Tanza, Cavite	Owned
Land	Mandaue, Cebu	Owned
Land	Mandurriao, Iloilo City	Owned
Alcohol distillery plants	Nasugbu and Balayan, Batangas	Owned
Glass manufacturing plant	Canlubang Industrial Estate, Calamba, Laguna	Owned
Warehouse Town – a warehouse complex	Caloocan City	Owned
Vineyard estates	Spain	Owned
Bottling centers, wineries, Complex, distillery, warehouses	Spain	Owned
Industrial facilities	Spain	Owned by Joint venture
Real estate properties	Spain	Owned
Malt distilleries (4), grain distillery (1)	Scotland, UK	Owned
Bottling facility	Scotland, UK	Owned
Warehouses	Scotland, UK	Owned; leased
Winery	Mexico	Owned
Several parcels for McDonald's use	Various locations	Owned
Lot – Citiwood Heights	EDSA, Quezon City	Owned
Condominium Units and Subdivision Lots Under Development – Megaworld		
Uptown Parksuites Residence	Fort Bonifacio, Taguig City	Joint Venture
The Albany Luxury Residences- Kingsley	McKinley West, Fort Bonifacio	Joint Venture
One Eastwood Avenue 2	Eastwood City, Quezon City	Owned
Lafayette Park Square	Iloilo City	Owned

Description	Location	Owned/Limitations on Ownership
The Palladium	Iloilo City	Owned
The Ellis	Makati City	Owned
Eastwood Global Plaza Luxury Residence	Eastwood, Quezon City	Owned
San Antonio Residences East and West	Gil Puyat Ave., Makati City	Owned
Forbes Hill	Northhill Gateway, Bacolod	Joint Venture
Saint Dominique	Iloilo City	Owned
Saint Honore	Iloilo City	Owned
Maple Grove Commercial District	General Trias, Cavite	Joint Venture
Vion Tower	Pasong Tamo, Makati City	Joint Venture
La Victoria Global Residences	Mactan Newtown, Cebu	Owned
One Regis	The Upper East, Bacolod City	Owned
Park McKinley West	McKinley West, Fort Bonifacio	Joint Venture
Uptown Arts	Uptown Bonifacio, Taguig	Joint Venture
18 Avenue de Triomphe	Arcovia City, Pasig City	Owned
The Verdin at Maple Grove	General Trias, Cavite	Owned
Two Regis	The Upper East, Bacolod City	Owned
Manhattan Plaza Tower 2	Quezon City	Joint Venture
St. Mark Residences	McKinley Hill	Owned
The Albany Luxury Residences- Yorkshire	McKinley Hill	Joint Venture
Arcovia Palazzo-Altea	Arcovia City, Pasig City	Owned
Arcovia Palazzo-Benissa	Arcovia City, Pasig City	Owned
Arcovia Palazzo- Cantabria	Arcovia City, Pasig City	Owned
Arden Botanical Village	Trece Martires City	Joint Venture
Kingsquare Residence	Sta. Cruz, Manila	Owned
La Cassia Residences	General Trias, Cavite	Owned
The Pinnacle	Iloilo City	Owned
The Pearl Global Residences	Mactan Newtown, Cebu	Owned
One Manhattan	The Upper East, Bacolod City	Owned
Condominium Units in Completed Projects–		
Megaworld	Makati City	Owned
One Central	Makati City	Owned
Greenbelt Madison	Makati City	Owned
Greenbelt Chancellor	Makati City	Joint Venture
Greenbelt Radisson	Makati City	Owned
Greenbelt Excelsior	Makati City	Owned
Greenbelt Hamilton 1 & 2	Makati City	Owned
Paseo Parkview Suites 1,2	Makati City	Owned
Two Central	Makati City	Owned
Paseo Heights	Makati City	Joint Venture
Three Central	McKinley Hill	Owned
The Manhattan Square	McKinley Hill	Joint Venture
Viceroy 1-4	McKinley Hill	Joint Venture
115 Upper McKinley	McKinley Hill	Joint Venture
McKinley Hill Garden Villas	McKinley Hill	Owned
Tuscany Private Estate	McKinley Hill	Owned
Stamford Executive Residences		
Morgan Suites Executive Residences	McKinley Hill	Owned
The Venice Luxury Residences - Alessandro	McKinley Hill	Owned
The Venice Luxury Residences – Bellini	McKinley Hill	Owned
The Venice Luxury Residences – Carusso	McKinley Hill	Owned
The Venice Luxury Residences – Domenico	Fort Bonifacio	Joint Venture
The Venice Luxury Residences – Emanuele	Fort Bonifacio	Joint Venture
The Bellagio 1,2,3	Fort Bonifacio	Joint Venture
Forbeswood Heights	Mactan Newtown, Cebu City	Owned
Forbeswood Parklane 1 & 2	Mactan Newtown, Cebu City	Owned
8 Forbestown Road	Newport City	Joint Venture
One Uptown Residence	Newport City	Joint Venture
8 Newtown Boulevard	Newport City	Joint Venture
One Pacific Residence	Newport City	Joint Venture
150 Newport Boulevard	Eastwood City	Owned

Description	Location	Owned/Limitations on Ownership
The Parkside Villas	Eastwood City	Owned
The Residential Resort at Newport	Newport, Pasay City	Joint Venture
Palm Tree Villas -1 & 2	Newport, Pasay City	Joint Venture
Eastwood Le Grand 1 - 3	Eastwood City, Quezon City	Owned
Eastwood Parkview 1 & 2	Eastwood City	Owned
81 Newport Boulevard	Eastwood City	Owned
101 Newport Boulevard	Eastwood City	Owned
One Eastwood Avenue 1	Eastwood City	Owned
Grand Eastwood Palazzo	Eastwood City	Owned
One Central Park	Makati City	Owned
One Orchard Road 1 - 3	Makati City	Owned
The Eastwood Excelsior	Manila City	Owned
The Eastwood Lafayette 1,2,3	San Juan City	Joint Venture
One Lafayette Square	Quezon City	Owned
Two Lafayette Square	Quezon City	Joint Venture
Marina Square Suites	Quezon City	Joint Venture
Greenhills Heights	Quezon City	Joint Venture
Golfhill Gardens	Quezon City	Joint Venture
Manhattan Parkway 1-3	Old Balara, Quezon City	Joint Venture
Manhattan Heights- Tower A - D	Cubao, Quezon City	Owned
Manhattan Parkview 1-3	Cubao, Quezon City	Owned
Manhattan Parkview Garden	McKinley West, Taguig City	Joint Venture
Golf Hills Terraces	Mactan Newtown, Cebu City	Owned
Kentwood Heights		
Narra Heights		
Mckinley West Subdivision		
Savoy Hotel Mactan Newtown		
El Jardin Del Presidente 1,2	Quezon City	Owned
8 Wack Wack Road	Mandaluyong City	Owned
Wack Wack Heights	Mandaluyong City	Owned
Cityplace Binondo A&B	Manila City	Owned
One Beverly Place	San Juan	Joint Venture
Iloilo Boutique Hotel	Iloilo City	Owned
One Madison Place 1-3	Iloilo City	Owned
The Venice Luxury Residences - Fiorenzo	Fort Bonifacio	Owned
Greenbelt Parkplace	Makati City	Owned
Belmont Luxury Hotel	Newport, Pasay City	Joint Venture
Savoy Hotel	Newport, Pasay City	Joint Venture
Brentwood Heights	Parañaque City	Owned
Sherwood Heights	Parañaque City	Owned
Uptown Ritz Residence	Fort Bonifacio, Taguig City	Joint Venture
St. Moritz Private Estate 1 & 2	McKinley West, Fort Bonifacio	Joint Venture
Manhattan Plaza Tower 1	Quezon City	Joint Venture
One Manchester Place 1 & 2	Mactan Newtown, Cebu	Owned
Salcedo SkySuites	Makati City	Owned
Noble Place	Binondo, Manila City	Joint Venture
The Florence 1-3	McKinley Hill	Owned
Rental Properties - Megaworld⁽¹⁾		
Paseo Center	Makati City	Owned
The World Centre	Makati City	Owned
California Garden Square Retail	Mandaluyong City	Owned
City Place Retail Mall	Manila City	Owned
Lucky Chinatown Mall	Manila City	Owned
One Beverly Place Retail	San Juan	Owned
Corinthian Hills Retail	Quezon City	Owned
Global One	Eastwood City	Owned
Techno Plaza 1	Eastwood City	Owned
Techno Plaza 2 Units	Eastwood City	Joint Venture
1800 Eastwood Avenue	Eastwood City	Owned
1880 Eastwood Avenue	Eastwood City	Owned
Cyber One Units	Eastwood City	Owned
IBM Plaza	Eastwood City	Owned
ICITE	Eastwood City	Owned
Eastwood Citywalk	Eastwood City	Owned
Eastwood Mall	Eastwood City	Owned
Cyber Mall	Eastwood City	Owned

Description	Location	Owned/Limitations on Ownership
E-Commerce Plaza	Eastwood City	Owned
Eastwood Global Plaza Corporate Center	Eastwood City	Owned
Commerce and Industry Plaza	McKinley Hill	Ground Lease
One Campus Place	McKinley Hill	Ground Lease
8 Campus Place	McKinley Hill	Ground Lease
8 Upper McKinley	McKinley Hill	Owned
Science Hub Towers	McKinley Hill	Ground Lease
The Venice Piazza	McKinley Hill	Ground Lease
Three World Square	McKinley Hill	Owned
Two World Square	McKinley Hill	Owned
One World Square	McKinley Hill	Owned
McKinley Parking building	McKinley Hill	Owned
Venice Corporate Center	McKinley Hill	Ground Lease
The Venice Canal Mall	McKinley Hill	Ground Lease
Woodridge Residences	McKinley Hill	Joint Venture
Tuscany Retail	McKinley Hill	Joint Venture
Southeast Asian Campus	McKinley Hill	Ground Lease
Burgos Circle	Fort Bonifacio, Taguig City	Joint Venture
Uptown Parade	Uptown Bonifacio, Taguig City	Joint Venture
Uptown Place Mall	Uptown Bonifacio, Taguig City	Joint Venture
One World Center	Mactan Newtown, Cebu	Owned
Two World Center	Mactan Newtown, Cebu	Owned
Richmonde Tower	Iloilo Business Park, Iloilo City	Owned
One Global Center	Iloilo Business Park, Iloilo City	Owned
Emperador Steel Parking Building	Fort Bonifacio, Taguig City	Ground Lease
Uptown Place Towers	Uptown Bonifacio, Taguig City	Joint Venture
8 Newtown Boulevard	Mactan Newtown, Cebu	Owned
One Techno Place	Iloilo Business Park, Iloilo City	Owned
Two Global Center	Iloilo Business Park, Iloilo City	Owned
Festive Walk Mall Annex	Iloilo Business Park, Iloilo City	Owned
Festive Walk Office Tower	Iloilo Business Park, Iloilo City	Owned
Festive Walk Mall	Iloilo Business Park, Iloilo City	Owned
Festive Walk Parade 2B	Iloilo Business Park, Iloilo City	Owned
Mactan Alfresco	Mactan Newtown, Cebu	Owned
Tower One Plaza Magellan	Mactan Newtown, Cebu	Owned
McKinley Hill (Phase 3) Lots	McKinley Hill	Ground Lease
One West Campus	McKinley West, Taguig City	Joint Venture
Two West Campus	McKinley West, Taguig City	Joint Venture
Three West Campus	McKinley West, Taguig City	Joint Venture
Five West Campus	McKinley West, Taguig City	Joint Venture
Six West Campus	McKinley West, Taguig City	Joint Venture
Eight West Campus	McKinley West, Taguig City	Joint Venture
Ten West Campus	McKinley West, Taguig City	Joint Venture
McKinley West Steel Deck Parking	McKinley West, Taguig City	Joint venture
331 Building	Makati City	Owned
Three Techno Place	Iloilo Business Park, Iloilo City	Owned
81 Newport Square	Newport City, Pasay City	Joint Venture
Davao Finance Center	Davao Park District, Davao City	Owned
Arcovia Parade Retail 1 & 2	Arcovia City, Pasig City	Owned
Two Techno Place	Iloilo Business Park, Iloilo City	Owned
Pacific World Tower	Mactan Newtown, Cebu	Owned
The Newtown School of Excellence	Mactan Newtown, Cebu	Owned
World Commerce Place 1-3	Uptown Bonifacio, Taguig City	Joint Venture
One Fintech Place	Iloilo City	Owned
Two Fintech Place	Iloilo City	Owned
One Le Grand Tower	McKinley West, Taguig City	Joint Venture
Hotels		
The Richmonde Hotel ⁽²⁾	Mandaluyong City	Owned
Eastwood Richmode Hotel ⁽²⁾	Quezon City	Owned
Belmont Luxury Hotel	Newport City, Pasay City	Joint Venture
Richmonde Hotel Iloilo	Iloilo Business Park, Iloilo City	Owned
Hotel Lucky Chinatown	Manila City	Owned
Condoteles under development		
Belmont Hotel Mactan Newtown	Mactan Newtown, Cebu	Owned
Belmont Hotel Iloilo	Iloilo Business Park, Iloilo City	Owned

Description	Location	Owned/Limitations on Ownership
Completed Projects – Empire East		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Gilmore Heights	Gilmore Ave. cor N.Domingo, Quezon City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	DM Guevarra Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
San Lorenzo Place	Makati City	Joint Venture
The Sonoma	Sta. Rosa City	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
Ongoing Projects- Empire East		
Pioneer Woodlands	Mandaluyong City	Joint Venture
The Paddington Place	Mandaluyong City	Owned
The Rochester	Pasig City	Owned
Covent Gardens	Sta. Mesa, Manila	Owned
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Southpoint Science Park	Gimalas, Balayan, Batangas	Owned
Mango Tree Residences	San Juan City	Owned
Subdivisions, condominiums, condotels, townhouses and leisure development projects - GERI:		
8 Sto. Domingo Place	Quezon City	Joint Venture
Cairaya Springs	Cavinti, Laguna	Joint Venture
Cathedral Heights	Quezon City	Joint Venture
Capitol Plaza	Quezon City	Co-development
Fairways & Bluewater	Boracay, Aklan	Owned
Eastland Heights (Forest Hills)	Antipolo City	Joint Venture
Goldridge Estate	Guiguinto, Bulacan	Joint Venture
Holiday Homes	Gen. Trias, Cavite	Joint Venture
Lakefront Esplanade	Cavinti, Laguna	Joint Venture
Magnificat Executive Village	Lipa, Batangas	Joint Venture
Mango Orchard Plantation	Naic, Cavite	Joint Venture
Manila Southwoods	Carmona & GMA Cavite	Joint Venture
Monte Cielo De Naga	Naga City	Joint Venture
Monte Cielo De Peñafrancia	Naga City	Joint Venture
Mountain Meadows	Cagayan De Oro	Joint Venture
Newcoast Village	Malay, Aklan	Owned
Newcoast Shophouse District	Malay, Aklan	Joint Venture
Newcoast Boutique Hotel	Malay, Aklan	Joint Venture
Newport Hills	Lian, Batangas	Joint Venture
Nasugbu Harbour Town	Nasugbu, Batangas	Joint Venture
Pahara at Southwoods	GMA, Cavite	Joint Venture
Palmridge Point	Talisay, Batangas	Joint Venture
Alabang West	Las Piñas City	Joint Venture
Plaridel Heights	Plaridel, Bulacan	Joint Venture
Puerto Del Mar	Lucena City	Joint Venture
Residencia Lipa	Lipa, Batangas	Joint Venture
Riverina	San Pablo City	Joint Venture
Savoy Hotel Boracay	Malay, Aklan	Owned
Sta. Barbara Heights Residential Estate	Sta. Barbara, Iloilo	Joint Venture
Sta. Barbara Heights Shophouse District	Sta. Barbara, Iloilo	Joint Venture
Domaine Le Jardin	Laurel, Batangas	Owned

Description	Location	Owned/Limitations on Ownership
Windsor Heights	Tagaytay	Joint Venture
Vineyard Residences	Laurel, Batangas	Owned
Villa Maria*	Fairways&Bluewater,Boracay	Owned
Villa Margarita*	Fairways&Bluewater,Boracay	Owned
Villa Michaela*	Fairways&Bluewater,Boracay	Owned
Villa Lucia*	Fairways&Bluewater,Boracay	Owned
Villa Catalina*	Fairways&Bluewater,Boracay	Owned
Villa Vittoria*	Fairways&Bluewater,Boracay	Owned
Villa Muligan*	Fairways&Bluewater,Boracay	Owned
Holland Park	Biñan, Laguna	Joint Venture
Tulip Gardens	Biñan, Laguna	Joint Venture
Oceanway Residences	Malay, Aklan	Owned
Belmont Hotel Boracay*	Malay, Aklan	Owned
Chancellor Hotel Boracay*	Malay, Aklan	Owned
Ocean Garden Villas	Malay, Aklan	Owned
Lucerne at Domaine Le Jardin	Laurel, Batangas	Owned
The Belvedere	Laurel, Batangas	Owned
Vineyard Manor	Laurel, Batangas	Owned
Twin Lakes Hotel*	Laurel, Batangas	Owned
The Hamptons Village	Cavinti, Laguna	Joint Venture
The Fifth	Pasig City	Joint Venture
The Lindgren at Arden Botanical Estate	Trece Martires City, Cavite	Joint Venture
The Upland Estates	GMA, Cavite	Joint Venture
Rental Properties- GERI		
Southwoods Mall	Biñan, Laguna	Owned
Southwoods Office Towers	Biñan, Laguna	Owned
Twin Lakes Shopping Village	Laurel, Batangas	Owned
Renaissance 1000 (Office Tower)	Pasig City	Owned
Alabang West Parade	Las Piñas City	Owned
Hotels under Travellers		
Marriott Hotel Manila	Newport City	Owned
Former Maxims Hotel, currently closed	Newport City	Owned
Holiday Inn Express Manila Newport City	Newport City	Owned
Hilton Manila	Newport City	Owned
Sheraton Manila Hotel	Newport City	Owned
Hotel Okura Manila	Newport City	Owned
Courtyard by Marriott Iloilo	Iloilo City	Owned

Notes:

(1) Lease terms and rental rates vary depending on the property and the lessee.

(2) The Richmond Hotel and Eastwood Richmond Hotel are operated by a subsidiary of Megaworld.

* Hotel operations under GERI.

In addition, there are various operating lease agreements for McDonald's restaurant sites, offices and other facilities. These non-cancelable lease agreements are for initial terms of 5-40 years and, in most cases, provide for rental escalations, additional rentals based on certain percentages of sales and renewal options for additional periods of 5-25 years.

The following site map details the principal properties owned or leased by Travellers, including those reserved for future developments as of December 31, 2022.



While the Group has sufficient land for future development, it continuously seeks opportunities to acquire and develop land in prime locations through purchase, joint venture arrangements or otherwise.

3. LEGAL PROCEEDINGS

There are no material litigations or claims pending or, to the best knowledge of the Company, threatened against the Company or any of its subsidiaries or associates or any of their properties that would adversely affect the business or financial position of the Company or any of its subsidiaries or associates.

4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There are no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

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PART II - OPERATIONAL AND FINANCIAL INFTION

5. MARKET PRICE AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDERTTERS

a. Market Information

The Company's common shares are traded on the Philippine Stock Exchange under the symbol of AGI. The closing price of the said shares on March 30, 2023 is P12.50. The trading prices of the said shares for each quarter within the last two years and subsequent interim period are set forth below (Source: PSE Research Dept):

	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
High	11.08	11.50	11.12	12.50	13.30	12.50	10.80	11.96	13.14
Low	9.14	9.79	9.00	10.02	11.20	8.80	8.21	7.68	11.36

b. Shareholders

As of February 28, 2023, the Company has 1,183 stockholders, including nominees, holding 9,103,689,779 common shares and the Top Twenty Stockholders were as follows:

<i>Rank</i>	<i>Stockholder</i>	<i>No. of Shares Held</i>	<i>Per Cent to Total</i>
1	The Andresons Group, Incorporated	4,718,779,094	51.834
2	PCD Nominee Corporation (Non-Filipino) ¹	1,519,029,513	16.686
3	PCD Nominee Corporation (Filipino)	1,377,873,803	15.135
4	Altavision Resources, Inc.	887,678,334	9.751
5	Yorkshire Holdings, Inc.	255,773,508	2.810
6	California Orchard Growers Investments, Inc.	120,000,000	1.318
7	Eastwood Property Holdings, Inc.	112,600,000	1.237
8	Andrew L. Tan	63,684,349	0.700
9	Andresons Global, Inc.	30,088,596	0.331
10	Megaworld Cebu Properties, Inc.	10,000,000	0.110
11	Kingson Uy Siok Sian	5,001,100	0.055
12	Lucio W. Yan &/or Clara Y. Yan	1,000,000	0.011
13	First Centro, Inc.	364,200	0.004
14	Jianhua Su	202,500	0.002
15	American Wire & Cable Co., Inc.	200,000	0.002
16	Ramon Garcia	100,000	0.001
17	Rupesh S. Narvekar	100,000	0.001
18	Pacifico B. Tacub	88,000	0.001
19	Sang Won Lee	52,500	0.001
20	Victoriano G. Sy, Jr.	32,749	0.000

Please refer to Item 11 on page 91 for stockholders holding 5% or more.

¹PCD Nominee Corporations (Non-Filipino and Filipino) is comprised of several nominees and the participants with 5% or more are indicated in Security Ownership on p90.

c. Dividends in the Two Most Recent Years And Subsequent Interim Period

It is the Company's policy to periodically declare a portion of its unrestricted retained earnings as dividend usually in the third quarter of each year. The declaration of dividends depends upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends out of its unrestricted retained earnings only. Unrestricted retained earnings represent the net accumulated earnings of the Company, with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Cash dividends are subject to the approval by the Board of Directors ("BOD"). Stock dividends are subject to the approval by both the BOD and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

On December 1, 2021, the Company declared cash dividends of Php0.07 per share payable on January 12, 2022 to all stockholders of record as of December 17, 2021. On November 15, 2022, the Company declared cash dividends of Php0.12 per share payable on December 22, 2022 to all stockholders of record as of December 1, 2022.

d. Recent Sales or Issuance of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction, Within the Past Three Years

The Company does not have any recent sales or issuance of unregistered or exempt securities, including issuance of securities constituting an exempt transaction in the past three years.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis must be read in conjunction with the submitted audited consolidated financial statements and the related notes to the consolidated financial statements.

a. Key Performance Indicators – Top Five

In Million Pesos	2022	2021	2020	2019	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
REVENUES AND OTHER INCOME	183,612	152,793	128,790	179,989	30,820	20.2%	24,003	18.6%	(51,199)	(28.4%)
NET PROFIT ["NP"]	25,189	23,789	10,260	27,100	1,400	5.9%	13,529	131.9%	(16,840)	(62.1%)
NET PROFIT TO OWNERS ["NPO"]	16,108	16,944	8,829	17,722	(836)	(4.9%)	8,115	91.9%	(8,892)	(50.2%)
Revenues and Other Income Normalized*	183,612	146,943	128,790	179,229	36,669	25.0%	18,153	14.1%	(50,439)	(28.1%)
NP Normalized*	25,189	19,910	10,260	26,360	5,279	26.5%	9,651	94.1%	(16,101)	(61.1%)
NPO Normalized*	16,108	15,027	8,829	17,233	1,081	7.2%	6,198	70.2%	(8,404)	(48.8%)
NP rate ["NPR"]	13.72%	15.57%	7.97%	15.06%						
NPO rate ["NPOR"]	8.77%	11.09%	6.86%	9.85%						
NPR Normalized*	13.72%	13.55%	7.97%	14.71%						
NPOR Normalized*	8.77%	10.23%	6.86%	9.62%						
EBITDA Margin Normalized*	27.85%	28.93%	25.30%	28.83%						
Return on investment/assets [NP/TA]	3.37%	3.38%	1.53%	4.20%						
	2022	2021	2020	2019	YoY	%	YoY	%	YoY 2020	YoY %
TOTAL ASSETS	748,020	703,960	668,493	644,476	44,060	6.3%	35,467	5.3%	24,016	3.7%
CURRENT ASSETS	375,183	352,380	316,397	301,176	22,803	6.5%	35,983	11.4%	15,220	5.1%
CURRENT LIABILITIES	158,523	172,459	155,833	130,699	(13,936)	(8.1%)	16,626	10.7%	25,134	19.2%
Current ratio	2.37x	2.04x	2.03x	2.30x						
Quick ratio	1.09x	0.98x	0.94x	1.05x						
	2022	2021	2020	2019	YoY	%	YoY	%	YoY 2020	YoY %
Profit before tax and interest	39,833	35,316	21,746	42,163	4,517	12.8%	13,570	62.4%	(20,416)	(48.4%)
Interest expense	8,517	7,240	6,841	6,293	1,278	17.6%	399	5.8%	548	8.7%
Interest coverage rate	4.68	4.88	3.18	6.70						

In 2021, a one-time income of P5.8 billion was booked by a subsidiary of Travellers. There was also impairment losses of P2.0 billion recognized for certain hotels due to reduction in operating capacity. Net effect to NP was P3.9 billion and to NPO was P1.9 billion.

- Revenue growth – measures the percentage change in revenues over a designated period of time. Performance is measured both in terms of amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a period of time.
- Net profit rate – computed as percentage of net profit to–revenues – measures the operating efficiency and success of maintaining satisfactory control of costs.
- Return on asset investment [or capital employed] – the ratio of net profit to tot–l assets – measures the degree of efficiency in the use of resources to generate net income.
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.

b. Discussion and Analysis of Operations

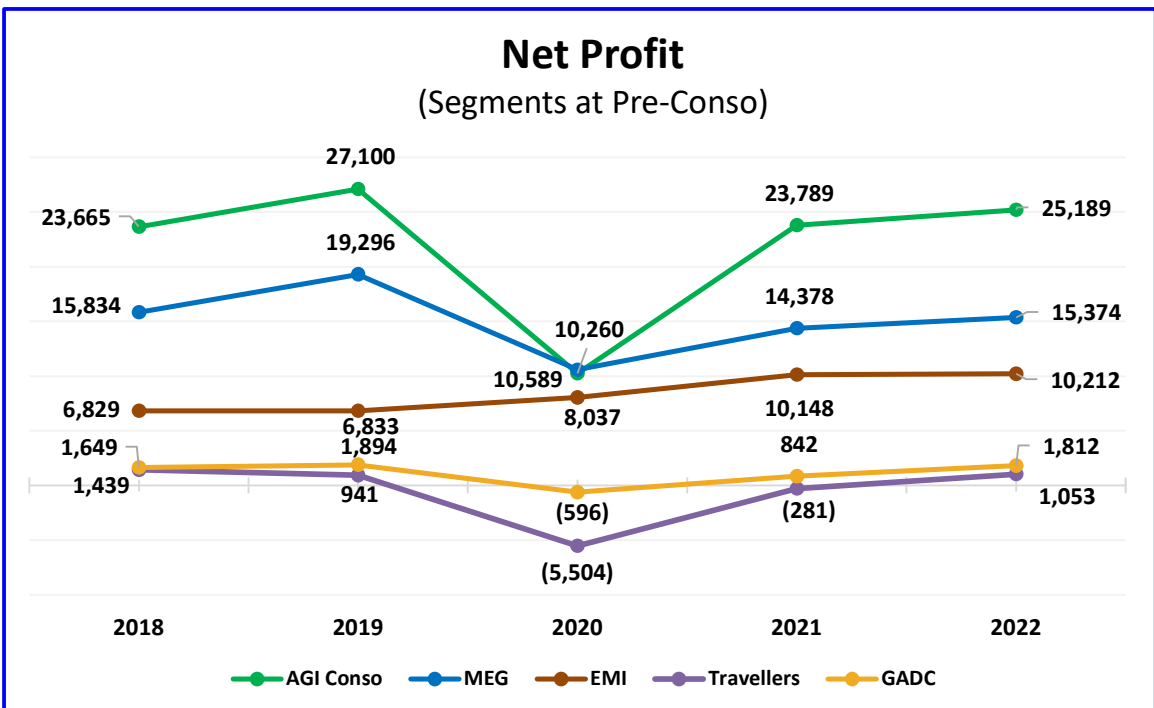
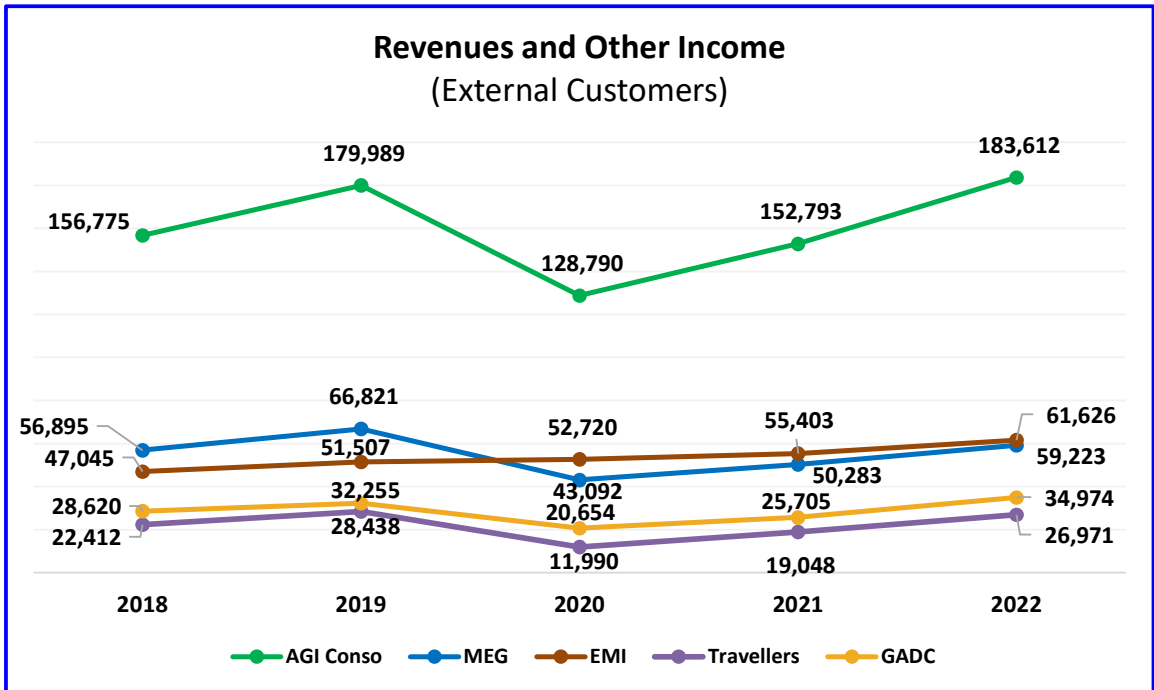
b.1. Results Of Operations for the Last Three Years

The COVID-19 pandemic lingers, but the global situation is improving with infections already declining. About 90% of world population has acquired some form of immunity through vaccination or infection. By the second quarter of 2022, more economies were reopening and travel and tourism rebounding as a result of the easement and removal of COVID-19 mobility restrictions.

The challenges brought about by the pandemic since it started in March 2020, and still continuing as of date of this report, have significant impact on global economy as pandemic-related restrictions weaken economic conditions in many markets. As the situation improves, these health protocols and safety measures are loosened to permit economic recovery. From a 3.3% contraction in 2020, global economy rebounded to 5.8% in 2021 and 3.2% in 2022. The global economic recovery in 2022 was slowed down by the disruptions in global supply chains and in availability of key commodities resulting in inflationary

uptrends [attributed to the full-scale unprovoked invasion of Ukraine in February 2022 and the trade sanctions imposed against Russia]. Global inflation rose to 8.8% in full year 2022 from 3.5% in 2021 and 1.9% in 2020. Meanwhile, the Philippine economy had grown at a faster pace of 7.6% in 2022 from 5.7% in 2021 after it slid down 9.6% in 2020, while inflation soared to 8.1% in December from just 3% in January, averaging 5.8% in full year 2022.

The Group has conducted business operations in compliance with government directives and protocols. The Group’s diversified businesses, by product/service types and geographic locations, helped it navigate the challenges and remain strong. The Group had rebounded sharply in 2021 and this growth trajectory continued in 2022 as all business segments have turned over better results amidst the inflationary pressures, rising costs and supply chain disruptions.



The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR, and GADC or McDonald's, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (i.e. real estate development and leasing, manufacture of distilled spirits, leisure-tourism-entertainment and gaming, and quick-service restaurant operations). Below is the consolidated results of operations of the Group by its segments.

In Million Pesos	Contribution	2022 Pre Conso	2022 Conso	2021 Pre Conso	2021 Conso	2020 Pre Conso	2020 Conso	2019 Pre Conso	2019 Conso	YoY % 2022 Conso	YoY % 2021 Conso	YoY % 2020 Conso
Revenues and other income (external cust.)	100%	193,868	183,612	158,306	152,793	138,958	128,790	185,337	179,989	20.2%	18.6%	(28.4%)
Megaworld	32%	59,527	59,223	50,617	50,283	43,471	43,092	67,313	66,821	17.8%	16.7%	(35.5%)
Emperador	34%	61,662	61,626	55,424	55,403	52,741	52,720	51,547	51,507	11.2%	5.1%	2.4%
Travellers	15%	26,974	26,971	19,052	19,048	12,292	11,990	29,062	28,438	41.6%	58.9%	(57.8%)
Golden Arches	19%	34,900	34,974	25,575	25,705	20,715	20,654	32,255	32,255	36.1%	24.5%	(36.0%)
Others	0%	10,805	818	7,638	2,353	9,739	334	5,160	968	(65.2%)	604.3%	(65.5%)
Cost and expenses	100%	152,643	152,297	124,853	124,717	114,680	113,884	145,124	144,119	22.1%	9.5%	(21.0%)
Megaworld	27%	40,385	40,385	35,674	35,784	29,535	29,506	41,935	41,905	12.9%	21.3%	(29.6%)
Emperador	32%	49,952	49,250	42,529	42,397	43,305	42,872	43,067	42,433	16.2%	(1.1%)	1.0%
Travellers	17%	25,885	26,179	19,299	19,218	17,770	17,569	28,031	27,808	36.2%	9.4%	(36.8%)
Golden Arches	21%	32,369	32,358	23,893	23,900	21,457	21,343	29,450	29,346	35.4%	12.0%	(27.3%)
Others	3%	4,051	4,125	3,458	3,418	2,614	2,594	2,641	2,627	20.7%	31.7%	(1.3%)
Tax expense	100%	6,126	6,126	4,287	4,287	4,646	4,646	8,770	8,770	42.9%	(7.7%)	(47.0%)
Megaworld	61%	3,768	3,768	565	565	3,348	3,348	6,082	6,082	566.9%	(83.1%)	(45.0%)
Emperador	24%	1,498	1,498	2,747	2,747	1,399	1,399	1,647	1,647	(45.4%)	96.3%	(15.1%)
Travellers	1%	35	35	34	34	26	26	91	91	4.1%	27.6%	(70.9%)
Golden Arches	12%	718	718	840	840	(145)	(145)	911	911	(14.5%)	677.9%	(115.9%)
Others	2%	107	107	102	102	18	18	39	39	4.8%	476.5%	(54.9%)
Net profit	100%	35,099	25,189	29,167	23,789	19,633	10,260	31,443	27,100	5.9%	131.9%	(62.1%)
Megaworld	60%	15,374	15,070	14,378	13,934	10,589	10,238	19,296	18,834	8.2%	36.1%	(45.6%)
Emperador	43%	10,212	10,878	10,148	10,259	8,037	8,449	6,833	7,427	6.0%	21.4%	13.8%
Travellers	3%	1,053	757	(281)	(203)	(5,504)	(5,605)	941	540	473.0%	96.4%	(1137.3%)
Golden Arches	8%	1,812	1,898	842	965	(596)	(544)	1,894	1,998	96.6%	277.6%	(127.2%)
Others	-14%	6,648	(3,414)	4,079	(1,167)	7,108	(2,278)	2,479	(1,699)	(192.6%)	48.8%	(34.1%)
Net profit to owners	100%	33,051	16,108	27,785	16,944	18,881	8,829	29,971	17,722	(4.9%)	91.9%	(50.2%)
Megaworld	58%	13,455	9,419	13,434	9,097	9,886	7,016	17,931	12,031	3.5%	29.7%	(41.7%)
Emperador	55%	10,061	8,787	9,971	8,668	7,967	7,141	6,726	6,312	1.4%	21.4%	13.1%
Travellers	2%	1,057	334	(569)	(203)	(5,500)	(2,818)	945	65	264.5%	92.8%	(4437.7%)
Golden Arches	6%	1,829	982	869	549	(580)	(232)	1,889	1,030	78.8%	336.9%	(122.5%)
Others	-21%	6,648	(3,414)	4,079	(1,167)	7,108	(2,278)	2,480	(1,716)	(192.6%)	48.8%	32.7%

Note: Numbers may not add up due to rounding.

"Pre-conso" refers to numbers at subsidiary level; Revenues and other income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers, i.e. after elimination of transactions and balances among consolidated entities and consolidation adjustments.

These are further reflected in the profit and loss accounts, as follows:

In Million Pesos	2022	2021	2020	2019	YoY % 2022	YoY % 2021	YoY % 2020
REVENUES AND OTHER INCOME							
Sale of goods	98,235	88,036	77,015	93,520	11.6%	14.3%	(17.6%)
Consumer goods	61,385	56,906	52,156	50,916	7.9%	9.1%	2.4%
Revenue from real estate (RE) sales	36,850	31,129	24,859	42,604	18.4%	25.2%	(41.7%)
Rendering of services	80,513	54,910	47,541	81,043	46.6%	15.5%	(41.3%)
Gaming	31,830	16,725	13,291	27,645	90.3%	25.8%	(51.9%)
Less: Promotional allowance	(10,227)	(6,395)	(3,893)	(6,099)	59.9%	64.3%	(36.2%)
Net Gaming	21,603	10,330	9,398	21,546	109.1%	9.9%	(56.4%)
Sales by company-operated quick-service restaurants	31,305	22,745	18,045	28,769	37.6%	26.0%	(37.3%)
Franchise revenues	3,141	2,192	1,764	3,195	43.3%	24.3%	(44.8%)
Rental Income	15,946	13,781	13,170	17,326	15.7%	4.6%	(24.0%)

In Million Pesos	2022	2021	2020	2019	YoY % 2022	YoY % 2021	YoY % 2020
Others	8,517	5,862	5,163	10,207	45.3%	13.5%	(49.4%)
Hotel operations	6,730	4,246	3,581	7,546	58.5%	18.5%	(52.5%)
Other services	1,787	1,616	1,581	2,661	10.6%	2.2%	(40.6%)
Share in net profits of associated and joint ventures	-	-	115	180	#DIV/0!	(100.0%)	(36.1%)
Finance and other income	4,864	9,846	4,119	5,246	(50.6%)	139.0%	(21.5%)
TOTAL	183,612	152,793	128,790	179,989	20.2%	18.6%	(28.4%)
COST AND EXPENSES							
Cost of goods sold	60,598	53,188	49,668	57,085	13.9%	7.1%	(13.0%)
Consumer goods sold	42,043	36,313	35,877	33,705	15.8%	1.2%	6.4%
RE sales	18,555	16,874	13,791	23,380	10.0%	22.4%	(41.0%)
Cost of services	42,934	30,020	27,289	41,261	43.0%	10.0%	(33.9%)
Gaming	9,432	5,765	5,562	11,127	63.6%	3.7%	(50.0%)
Services	33,501	24,255	21,728	30,134	38.1%	11.6%	(27.9%)
Other operating expenses	37,922	32,043	29,277	38,653	18.3%	9.4%	(24.3%)
Selling and marketing	12,723	10,462	10,056	16,167	21.6%	4.0%	(37.8%)
General and administrative	25,200	21,581	19,222	22,486	16.8%	12.3%	(14.5%)
Share in net losses of associates and joint ventures	41	15	-	-	181.3%	n/m	
Finance cost and other charges	10,801	9,451	7,650	7,120	14.3%	23.5%	7.4%
TOTAL	152,297	124,717	113,884	144,119	22.1%	9.5%	(21.0%)
TAX EXPENSE	6,126	4,287	4,646	8,770	42.9%	(7.7%)	(47.0%)
NET PROFIT	25,189	23,789	10,260	27,100	5.9%	131.9%	(62.1%)
NET PROFIT TO OWNERS	16,108	16,944	8,829	17,722	(4.9%)	91.9%	(50.2%)
NET PROFIT- NORMALIZED	25,189	19,910	10,260	26,360	26.5%	94.1%	(61.1%)
NET PROFIT TO OWNERS- NORMALIZED	16,108	15,027	8,829	17,233	7.2%	70.2%	(48.8%)

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

For the Year Ended December 31, 2022 vs. 2021

Domestic economic activity has gained stronger traction from the easing of alert levels and removal of tourism restrictions, in spite of set back from the Omicron-driven surge in Covid-19 cases in January and a weak surge in June. For Metro Manila and other key areas, operating capacity for business and activities eased to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under the most lenient Alert Level 1. By June, while the rest of the country was under Alert Level 2, about 85% of the economy was put under Alert Level 1 already. As of end-December, only 31 provinces were still under Alert Level 2.

The Group benefited from the more open business environment with revenues and other income reaching a record-high of P183.6 billion, soaring 20% year-on-year (“YoY”) from P152.8 billion a year ago, and surpassing the P180.0 billion reported in pre-pandemic 2019. All business segments contributed double-digit YoY growths during the year. Although gross profit grew 26% faster YoY, operating expenses and finance and other charges increased YoY as the Group ramped up business activities with increased mobility. Consequently, net profit (“NP”) and net profit to owners (“NPO”) were reported at P25.2 billion and P16.1 billion, respectively reflecting a 6% rise and 5% fall from the P23.8 billion and P16.9 billion in 2021. NPO was affected by the decline in ownership percentages at both the ultimate parent (AGI) and immediate parent (subsidiary) levels in favor of minority. NP rate (“NPR”) and NPO rate (“NPOR”) reached 14% and 9% in current year, respectively, as against 16% and 11% a year ago.

A one-time P5.9 billion gain on co-development and P2.0 billion impairment loss on hotels booked by Travellers in 2021 boosted last year’s other income, NP, and NPO and affected the Group’s YOY comparisons for other income, NP and NPO this year.

Taking out these one-time items (interchangeably referred to as “Normalized” hereon), normalized revenues and other income grew 25% (+P36.7 billion) YoY with normalized NP growing 27% (+P5.3 billion) and normalized NPO by 7% (+P1.1 billion) YoY. Normalized NPR and normalized POR in 2021 were 14% and 10%, respectively

Megaworld, the country's pioneer township developer, ended the year with pre-conso revenues and income of P59.5 billion and NP of P15.4 billion that exceeded last year's results by 17% and 7%, respectively, driven by 18% YoY growth in real estate sales, 51% expansion in rentals of Megaworld Lifestyle Malls, 35% jump in Megaworld Hotels & Resorts and 11% rise in Megaworld Premier Offices. With the resurgence of economic activity and mobility, costs and expenses increased 13% YoY, largely from higher marketing expenditures, interest costs and forex losses. Its reported NPO remained stable at P13.5 billion. NPR for 2022 and 2021 stood at 26% and 28%, respectively.

Real estate sales, which comprised 62% of Megaworld's main revenue streams for the year, delivered an 18% YoY growth as a result of increased construction activities and higher completion rate. The group attained a current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI brands of 65%-16%-10%-9% share [64%-12%-12%-12% in 2021]. The brands sold well in Quezon City, Pasig City, Pasay, and Taguig which constitute 50% of real estate sales this year. Residential pre-sales surged 49% YoY to P118.9 billion. Two new townships – Winford Resort Estate in Manila and Sherwood Hills in Cavite – and several vertical developments were launched in 2022.

Megaworld Premier Offices turned over a robust 11% growth in rental revenues from increasing transactions from both traditional and BPO tenants, as well as emerging businesses, as it captured up to 18% of the reported new leases in the market, and thereby achieving 92% occupancy rate for the year. Megaworld Lifestyle Malls hefty 51% revenue growth was mainly driven by increased spending and higher mall traffic as the malls had gradually resumed operations almost during the year. New tenant concepts have been major highlight.

Megaworld Hotels & Resorts' significant 35% in revenues is reflective of the sharp pick-up in domestic tourism and MICE activities. Megaworld Hotels & Resorts also exceeded its pre-pandemic hotel revenues of P2.5 billion in 2019. Hotels in Metro Manila attained 64% occupancy rate for the year as compared to 61% in 2021.

Megaworld group's operating results brought in 32%, 60% and 58% of AGI's consolidated revenues and income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest producer of Scotch whisky in the world by capacity (Source: Scotch Whisky Industry Review, 2021), ended the year 2022 with revenues and other income growing 12% YoY to record-high of P62.8 billion, driven by its group's diversified product portfolio and international reach. With higher-than-expected inflations, supply chain disruptions and logistics issues, the group realized a marginal increase of 1% YoY in both NP and NPO reaching P10.2 billion and P10.1 billion, respectively. The group kept its gross profit rate ("GPR") level at 32% with net profit rates at 16%.

The Brandy segment grew its revenues and other income from external customers by 9% YoY to P40.7 billion, attributable to a strong fourth quarter growth of 11% YoY and 54% quarter-on-quarter ("QoQ"). The easing of pandemic restrictions and resumption of travel from the second quarter helped improve sales results which remained strong in the Philippines, Mexico, Spain and North America. Higher costs, however, dampened the segment's GPR to 25%. With increased operating expenses and reduced tax expense, the segment realized NP and NPO of P5.7 billion and P5.5 billion, respectively, with NPR and NPOR of 14% and 13%, respectively, as compared to profit rates of 20% a year ago.

The Scotch Whisky segment grew revenues and other income from external customers by 18% YoY to P22.1 billion, propelled by the high-margin single malt whiskies across most of its markets worldwide particularly in Europe, Asia and North America, following the easing of pandemic restrictions in most regions and opening of global travel retail trade. Supply chain challenges affected the segment's markets yet demand remained high as GPR reached 42%. With increased operating expenses, largely promotional spends, and lower tax expense, the segment realized NP of P4.5 billion for NPR of 20%, as compared to 14% a year ago.

EMP Group accounted for 34% of AGI's consolidated revenues and income, 43% of consolidated NP and 55% of consolidated NPO.

Travellers, the owner and operator of Newport World Resorts ("NWR") (formerly, Resorts World Manila), an integrated-tourism resort, performed remarkably stronger YoY in all quarters of the year as it benefitted from the easing of mobility restrictions under Alert Level 1 and is now operating at full

capacity. Its full year core revenues soared 104% YoY to P26.9 billion with fourth quarter revenues jumping 164% YoY to P8.6 billion. NP and NPO recovered to P1.1 billion, an almost 5times rebound from last year.

Gross gaming revenues surged 90% YoY to P31.8 billion, with fourth quarter revenues surging 133% YoY, as overall drops across all gaming segments improved. With the resumption of promotional activities to drive foot traffic, promotional allowance expanded to P10.2 billion, up 60% YoY. Net gaming revenues soared 109% to P21.6 billion.

Non-gaming core revenues (hotel, food, beverage, others) improved 86% YoY to P5.3 billion, primarily due to the recovery of average room rates, the return of corporate events, and various MICE activities. Blended hotel occupancy rates for all hotels in NWR averaged 66%. Courtyard by Marriott in Iloilo registered an occupancy rate of 28%. Improvement in foot traffic and resumption of live entertainment over the course of the year also contributed to the said increase. Tenant count from retail and food and beverage was 84 as of end-2022 as compared to 77 as of end-2021.

Travellers contributed 15% to AGI's consolidated revenues and 3% to AGI's consolidated NP and 2% to consolidated NPO.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, hit a record-high core revenues totalling P34.4 billion, up 38% YoY, as restaurant traffic outperformed expectations. NP and NPO doubled YoY, both closing at P1.8 billion at end of 2022.

Same-store sales grew 31% YoY and system-wide sales went up 38% YoY, boosted by resurgence of dine-in consumption, continuing rise of drive-thru and delivery businesses, a bolstered line-up of value offers, and successful promotional campaigns. Together with aggressive number of new store openings, GADC also made technological investments that includes refreshed store design, self-ordering kiosks, modernized menu boards and cashless payments that greatly contributed to its positive results. In this period of high inflation, GADC strengthened its value-driven initiatives through platforms like 'McSavers Mix & Match', McDonald's app's Crave and Claim Deals and 'McDelivery's Super Treat' promos. It also relaunched its in-store Birthday Parties. A total of 45 stores were opened while 12 less-performing ones were closed during the year, to end the year with 704 stores as compared to 671 stores at the beginning of the year. Convenience through its delivery and drive-thru channels significantly contributed to the escalated growth in sales, accounting for almost half of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales – with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

These operating results translated into 19%, 8% and 6% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

Revenues and income, as a result of the foregoing, hit record-high P183.6 billion in 2022, jumping 20% (+P31 billion) YoY, surpassing pre-pandemic 2019 level.. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P98.2 billion in 2022, up 12% (+P10 billion) as both real estate and consumer goods showed strong sales growths of 18% and 8%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) leaped 47% (+P25.6 billion) YoY to P80.5 billion due to easement of COVID-19 restrictions in most part of the year. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 109% (+P11.3 billion), 38% (+P8.6 billion), 43% (+0.9 billion), 16% (+2.2 billion) and 59% (+2.5 billion), respectively.

Finance and other income shrank by 51% (-P5.0 billion) YoY to P4.9 billion, mainly due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project in 2021, impact of which is tempered by the higher interest income in 2022.

Cost and expenses escalated to P152.3 billion in 2022, 22% (+P27.6 billion) YoY. **Cost of goods sold** went up 14% (+P7.4 billion) YoY and **cost of services** went up 43% (+P12.9 billion) YoY to P42.9 billion, respectively, due to increase in sales/services, and the rising costs of consumer products and

construction costs. **Other operating expenses** expanded 18% (+P5.9 billion) YoY to P37.9 billion due to resumption of business activities and promotions as well as other corporate expenses.

Finance costs and other charges went up 14% (+P1.3 billion) YoY to P10.8 billion mainly from higher interest expenses of MEG and Travellers further attributed to their new borrowings, and foreign currency losses of MEG during the year.

Tax expense jumped 43% (+P1.8 billion) YoY to P6.1 billion, mainly due to the effect of 2021 tax adjustment (reducing tax expense) taken up by the Group's Philippine corporations in 2021 totalling P1.8 billion, and prospective tax adjustment (increasing tax expense) taken up by UK corporation particularly on intangibles in the same year, and the rise in regular tax for current year.

Net Profit amounted to P25.2 billion, up 6% (+P1.4 billion) YoY, with **net profit to owners** down 5% (-P0.8 billion) YoY to P16.1 billion. **Normalized NP** hiked 27% (+P5.3 billion) to P25.2 billion while **Normalized NPO** was up 7% (+P1.1 billion) YoY to P16.1 billion. NPO seemingly went down due to decrease in ownership at both the ultimate parent (AGI) and immediate parent (subsidiary) levels.

For the Year Ended December 31, 2021 vs. 2020

The Philippine economy grew 5.6% year-on-year ("YoY") in 2021, a turnaround from the 9.6% contraction in 2020, with YoY recovery recorded in second to fourth quarters of 2021, in spite of the spiking COVID cases in April and August when Alpha Beta and Delta variants swept the country. Restrictions loosened up towards mid-November to December, in time for the Christmas season, as the entire Philippines was put under Alert Level 2 in December, where operating capacity for business and activities were increased up to 50% indoor and 70% outdoor and age mobility restrictions more relaxed.

The Group ended the year 2021 strongly with P23.8 billion **net profit** ("**NP**"), out of which P16.9 billion was **attributable to owners** ("**NPO**"), respectively rebounding 132% and 92% YoY, on the back of a 19% growth in **revenues and income**. This hefty performance was attributed to AGI's diversified portfolio and continuous drive for operating efficiencies. **Net profit rate** ("**NPR**") was registered at 16% while **net-profit-to-owners rate** ("**NPOR**") was at 11%, both surpassing 2020 rates of 8% and 7% and 2019 rates of 15% and 10%, respectively.

The Group grew revenues and other income, net profit and net profit attributable to owners by 15%, 65% and 64% YoY, respectively, in the fourth quarter, ascribing respectively 10%, 41% and 40% upticks quarter-on-quarter ("QoQ").

Megaworld, one of the country's property giants, reported revenues and income of P50.8 billion, NP of P14.4 billion and NPO of P13.4 billion that exceeded 2020's results by 17% and 36%, respectively, due to less restrictive business activities. NPR improved to 28% as compared to 24% in 2020 and 29% in 2019.

Real estate sales went up 25% YoY to P31.1 billion from P24.9 billion a year ago as quarantine restrictions eased which allowed mobility that improved construction activities. Sales reservations amounted to P80.0 billion during the year, with around P28.0 billion worth of new project launches particularly in Maple Grove, Eastland Heights, Arden Westpark, Alabang West, The Lindgren, Park McKinley West, Northwin Main Street and Paragua Coasttown. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 64-12-12-12 share [52-15-17-16 in 2020] of real estate sales. The brands sold well in Quezon City, Pasig City, Makati City, San Juan, Mandaluyong and Taguig which constitute 51% of real estate sales in 2021.

Rental income grew 3% YoY to P13.3 billion from P12.9 billion as occupancy rates of offices remained stable at 90%, supported by overall resilient outsourcing sector. Rentals from its office leasing arm, Megaworld Premier Offices amounted to P11.0 billion, up 6% YoY. Around 108-thousand sqm of office spaces were new leases while 128-thousand sqm were renewals of various company tenants during the year. Total leasable office inventory is 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.3B rentals due to a still low foot traffic.

Revenues from the hotel business jumped 30% to P1.9 billion from P1.5 billion in 2020, with occupancy rate of 84%, due to increasing mobility of people and easing of gathering restriction. Hotel revenues in last quarter soared 108% YoY and 18% QoQ.

Megaworld group's operating results brought in 33%, 59% and 54% of AGI's consolidated revenues and income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), performed better in 2021 amidst a still volatile environment², anchored on the strength of its diversified portfolio and international operations. NP for the year surged 26% YoY to a record-high of P10.1 billion, as revenues and income jumped 6% YoY to P55.9 billion. NPO accelerated to P10.0 billion, up 25% YoY. Gross profit rate ("**GPR**") improved to 36% from 31% a year ago, and NPR and NPOR higher at 18% this year as compared to 15% a year ago.

The Brandy segment realized NP of P7.6 billion during the year 2021, up 31% YoY, as it turned over P37.2 billion revenues and income from external customers, up 1% YoY. Brandy sales grew YoY at both the Philippine and international markets, particularly in Mexico, Spain and USA where restrictions on on-trade business have loosened up. 'Emperador', 'Fundador', 'Presidente', and 'Terry' remained as the top-selling brandy brands, with sales increases registered during the year. Sales of 'Harveys Bristol Cream' also rose as it sold well in UK. Gross profit expanded 24% YoY to P12.6 billion with GPR improving to 34% from 28% of a year ago as more of high-margin products were sold in 2021. The higher GP and lower operating costs lifted both NP and NPO to P7.6 billion and P7.4 billion, respectively, with NPR and NPOR of 20% in the current year as compared to 15% a year ago.

The Scotch Whisky segment ended 2021 with P18.7 billion revenues and income from external customers, a 17% jump YoY, with NP [also its NPO] growing at 14% YoY to P2.6 billion buoyed by its single malt products. Single malts 'Dalmore', 'Jura', 'Tamnavulin' and 'Fettercairn' continued to post double-digit YoY growths in net sales. There were large increases in Asia, UK, Europe, USA, Travel Retail, and practically all regions as economies began to bounce back against the pandemic although some countries were re-imposing restrictions in response to new COVID variants. UK off-trade and e-commerce continued to grow as demands remained high. Gross profit expanded 28% YoY to P7.4 billion with GPR improving to 40% from 36% last year as sales grew faster than cost of goods sold due mainly to product sales mix (sales of high-priced/ high-margin products increased). As markets opened up and sales grew, operating expenses increased. The segment ended with NPR of 14% and normalized NPR of 17% as compared to 14% of last year.

EMI Group accounted for 36% of AGI's consolidated revenues and income, 43% of consolidated NP and 51% of consolidated NPO.

Travellers, the owner and operator of Newport World Resorts, an integrated-tourism resort, had shown improved NP and NPO growths of 95% and 90% YoY as revenues and income grew 55% to P19.1 billion, which were still short to support costs and expenses. Tourism was hit hard by the pandemic restrictions that have not allowed entry of foreign nationals, except those fully vaccinated and with existing valid visas already, for almost two years already [note: reopening to international tourists started on February 10, 2022]. Mobility restrictions, however, loosened up at varying degrees during the year, more loosely towards the Christmas season.

Gross gaming revenues picked up 26% YoY to P16.7 billion from P13.3 billion. Casino drops rose to 66% YoY driven by the 82% increase from the VIP segment and 2% increase from the non-VIP segment. Blended win rate was at 4% as compared to 5% last year. Average daily property visitation decreased 12% in 2021.

Non-gaming revenues (hotel, food, beverage, others) increased 10% YoY to P2.3 billion as NWR hotels' blended occupancy rate picked up to an average of 70% this year from 51% a year ago with the resurgence of staycations. Total room keys at NWR were 2,054 at end-2021. The Courtyard by Marriott Hotel in Iloilo registered an occupancy rate of 9% in 2021. Other revenues shrank 22% to P0.5 billion due to restrictions affecting theater, cinemas and mall operations.

Travellers contributed 12% to AGI's consolidated revenues and -1% to AGI's consolidated NP and to consolidated NPO.

² The COVID-19 pandemic, as declared by WHO on March 11, 2020, is continuing globally. Several variants are sprouting and causing spikes in certain areas globally. However, death tolls are not as high as before because many people are vaccinated and boosted already.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, ended the year 2021 with core revenues jumping 26% YoY to P24.9 billion and NPO soaring 250% YoY to P0.9 billion. Same-store sales grew 27% year-on-year while system-wide sales went up 30% from a year ago. Being in the food service, which is an essential business, McDonald's restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 98% have re-opened as allowed by the local governments where the restaurants are located. A total of thirty-six (36) stores were opened while twenty (20) less-performing ones were closed during the year, to end 2021 with 671 stores as compared to 655 stores at 2020.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for about 60% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald's promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of 2021 with net profit of P0.7 billion realized in the fourth quarter, a 404% increase quarter-on-quarter, as core revenues increased 21% quarter-on-quarter. System-wide sales in the fourth quarter grew 23% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 17%, 4% and 3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively.

Revenues and income, as a result of the foregoing, reached P152.8 billion in 2021, growing 19% or P24 billion over P128.8 billion in 2020. **Sale of goods** (real estate, alcoholic beverages, snack products) totaled P88.0 billion in 2021, recovering 14% or P11 billion YoY from P77.0 billion in 2020 as both real estate and consumer goods showed strong sales growths of 25% and 9%, respectively, from a year ago, attributed to opening up of economy. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) accelerated 16% or P7.4 billion YoY to P54.9 billion from P47.5 billion due to easement of COVID-19 restrictions in most part of the year. **Share in net profits of associates and joint ventures** reversed mainly from losses incurred by MEG's associates that offset profits shared from other associates this year.

Finance and other income shot up 139% or P5.7 billion YoY to P9.8 billion, due to P5.8 billion income recognized by a foreign subsidiary of Travellers in relation to the Westside City project.

Cost and expenses scaled up to P124.7 billion in 2021, 10% or P10.8 billion YoY from P113.9 in 2020, providing good profit margins. **Cost of goods sold** went up 7% or P3.5 billion YoY to P53.2 billion and **cost of services** went up 10% or P2.7 billion YoY to P30.0 billion, both due to increases in revenues, yet at a slower pace. **Other operating expenses** expanded 9% or P2.8 billion YoY to P32.0 billion as business activities increased.

Finance costs and other charges went up 24% or P1.8 billion YoY to P9.4 billion in 2021 from P7.6 billion in 2020 mainly from higher interest expense of MEG attributed to their new borrowings during the year and of EMI due to higher interest paid on ELS, and foreign currency losses of MEG.

Tax expense went down 8% or P0.4 billion YoY to P4.3 billion in 2021 from P4.6 billion in 2020, mainly from the recording in 2021 of the P1.9 billion tax benefit adjustment due to lower tax rates under CREATE on 2020 taxes, offset by the deferred tax adjustment due to higher tax rates under UK taxation effective 2023. Taking out these items, tax expense increased due to increase in taxable income.

Net Profit totaled P23.8 billion in 2021, up P13.5 billion or 132% YoY from P10.3 billion in 2020, with **net profit to owners** growing to P16.9 billion, 92% or P8.1 billion YoY over P8.8 billion in 2020.

For the Year Ended December 31, 2020 vs. 2019

The year 2020 was an unusual year as it brings unprecedented challenges due to COVID-19 pandemic. The pandemic, which put the Philippines in a state of calamity from March 17, 2020, is still sweeping globally as of date of this report. To curb the spread of this novel coronavirus, the governments across the world have implemented safety protocols, stay-at-home orders and varying degrees of lockdown [called community quarantine (“CQ”)³ in the Philippines]. At the onset, the entire Luzon, its associated islands, and practically the whole country were under ECQ for two months, which paralyzed all non-essential activities and public transportation. By the end of the year 2020, most of the country was already under the more relaxed MGCQ while Metro Manila, Batangas, and the cities of Iloilo, Davao and Tacloban continued to be under GCQ.

The Group has conducted business operations in compliance with government directives and protocols amidst complex challenges brought by the localized CQ measures which include non-essential business suspensions, limited public transportation and public gathering restrictions. In all allowed activities and public/work places, the minimum public health standards are followed at all times and contactless connections are promoted. Prolonged physical meetings are discouraged, online interactions are encouraged, and alternative work arrangements such as shifts, rotation, skeletal force and work-from-home are implemented when necessary. Transport service and health and safety guards (face masks, face shields, alcohol, vitamin C and personal protective equipment) are provided to employees and workers. By the end of the year 2020, public transportation, dine-in services and mass gatherings were still limited at about 50% capacity; curfew is still in effect; and only hotels with accreditation from the Department of Tourism are allowed to accommodate guests and clients.

The Group has diversified revenue streams, either by type of products or by geographic locations, that helped mitigate the impact of the pandemic-related lockdown restrictions. The complex challenges of the CQ measures resulted in a downturn in the Group’s growth trajectory with revenues and income, net profit, and net profit to owners sliding by 28%, 62% and 50%, respectively, as compared to a year ago, to end the year 2020 with P128.8 billion **revenues and income**, P10.3 billion **net profit** and P8.8 billion **net profit to owners**. Net losses were reported by Travellers and GADC that further pulled down the consolidated bottom line. Nevertheless, **net profit rate** was registered at 8% as compared to 15% in 2019, while **net-profit-to-owners rate** was at 7% versus 10% in 2019.

The Group saw 22%, 77% and 48% growths quarter-on-quarter in revenues and income, net profit and net profit to owners in fourth quarter of 2020, respectively, as the COVID-19 restrictions gradually eased towards the Christmas season.

Megaworld, one of the country’s property giants, reported year-on-year declines in its revenues and income, net profit and net profit to owners for the year 2020 of 35%, 45% and 45%, respectively, which reportedly amounted to P43.5 billion, P10.6 billion and P9.9 billion, respectively, due to curtailment in activities brought by the pandemic restrictions. Net profit rate remained healthy at 24% as compared to 29% in 2019. Through continuous innovation and strengthened relationships with customers and retail partners, the group was able to preserve profitability.

Real estate sales amounted to P24.9 billion, down 42% from P42.6 billion a year ago due to fewer reservations, limited selling activities and restricted construction activities. Megaworld implemented more flexible payment terms during the lockdown period. Sales reservations amounted to P68.1 billion during the year 2020, with around P7.8 billion worth of new project launches particularly in The Upper East Bacolod, Iloilo Business Park, Capital Town Pampanga and Hamptons Caliraya Laguna. The Megaworld-GERI-Empire East-Suntrust/SLI brands turned over 52-15-17-16 of real estate sales. The brands sold well in Quezon City, Pasig City, Pasay City and Taguig which constitute 53% of real estate sales.

Rental income slid 23% to P12.9 billion primarily due to temporary closure of malls, rent concessions and lower foot traffic on reopening. Rentals from its office leasing arm, Megaworld Premier Offices

³ *Community Quarantine (CQ) restricts movement of individuals within, into or out of an area to reduce the likelihood of transmission of infection. There are four stages depending on the infection cases in a certain community: i) beginning with the most stringent Enhanced CQ (ECQ), which in effect is a total lockdown, followed by ii) Modified ECQ (MECQ), iii) General CQ (GCQ), and iv) Modified GCQ (MGCQ) before it finally goes to the new normal. Under ECQ, which is effectively a total lockdown, all individuals (except front liners) were ordered to stay at home as public transportation was suspended and only essential businesses were allowed to operate. The restrictions ease out through the stages. Safety and health protocols are standard in all stages – 1-meter physical distance, face masks and face shields, and frequent washing with soap or alcohol.*

amounted to P10.4 billion, at about the same level as 2019. Around 135-thousand sqm of fresh office spaces were leased out in Iloilo, Quezon City and Fort Bonifacio, mainly for expansion programs of existing office partners and the rest from new clients. Around 145-thousand sqm of offices spaces were also renewed by various company tenants during the year. Around 87-thousand sqm of office spaces were completed during the year, bringing the total leasable office inventory to 1.4 million sqm. Megaworld Lifestyle Malls brought in P2.5B rentals. Megaworld offered deferment of monthly rent without penalty until the end of 2020 and waived certain rental charges of mall tenants and retail partners affected by the lockdown when non-essential shops were temporarily closed.

Revenues from the hotel business shrank 42% to P1.5 billion due to temporary closure of hotels, travel bans and limited hotel operations allowed under CQ guidelines for the tourism and hospitality industry. Since dine-in is still restricted, Megaworld hotels began offering curated gourmet meals available for pick-up, take-out and delivery.

In the last quarter of 2020, however, remarkable signs of recovery were seen as real estate grew 22%, lifestyle malls 24% and hotels 25%, quarter-on-quarter as the quarantine measures eased for the holiday season.

Megaworld group's operating results in 2020 brought in 33%, 100% and 79% of AGI's consolidated revenues and income, net profit and net profit to owners, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest producer of Scotch whisky in the world by capacity (*Source: Scotch Whisky Industry Review, 2020*), exhibited strong results during the year 2020 amidst the pandemic challenges. Net profit to owners soared 18% year-on-year to a record-high of P8.0 billion while revenues went up 2% year-on-year to reported P52.8 billion, attesting to the strength of the Group's diversified portfolio and global operations. While on-trade and global travel retail had been affected by the lockdowns and liquor bans, EMI group took advantage of the buoyant off-trade and e-commerce channels as well as new open markets to increase sales. Emperador was able to navigate through the challenges, adapting to the new consumption trends and streamlining efficiencies. Gross profit margin remained healthy at 31% while net profit to owners margin was higher at 15% as compared to 13% a year ago.

The Brandy segment realized a 20% soar in net profit to owners to P5.7 billion in 2020 from P4.8 billion in 2019 as it turned over P36.9 billion revenues from external customers, down 2% year-on-year. The business was affected by the two-month hard lockdown from mid-March up to mid-May, when local production and distribution were completely suspended in compliance with government directive, and the liquor bans imposed in most localities. While Bodegas Fundador was able to continue its regular production and distribution in Jerez, on-trade sales was affected but off-trade and e-commerce were strong and international market resilient. When borders began opening up in June, sales picked up in Europe, Asia and Americas. 'Terry Centenario' remained as the fastest growing brandy and market leader in Spain cornering about one-fourth of the market. 'Emperador' garnered a leading 37% share of the market volume of the top three local manufacturers in the Philippines. The segment's gross profit margin slightly moved to 28% due to product mix and spike of cost inputs from abroad. The segment's net profit to owners' rate improved to 15% as the group observed prudence in its operating expenditures.

The Scotch Whisky segment ended the year 2020 with P16.0 billion revenues to external customers, a 14% surge year-on-year, with net profit to owners growing at the same 14% pace year-on-year to P2.3 billion. Business in UK accelerated in 2020 as consumers sought out our brands in the off-trade and e-commerce channels while on-trade was effectively shut March-July and restrictions reimposed (so that not all premises were open) from November. Single malts 'Jura' and 'Tarnavulin' captured the first and fifth positions of fastest-growing malt brands in UK while blended 'Whyte & Mackay' captured the fastest-growing blended whisky brand, as their sales soared to double-digit growths in UK. Similarly, sales of 'Harveys' had increased in UK. As markets opened up, exports to Asia picked up from second quarter continuing through the rest of the year. While markets from Europe, Latin America, Africa and Middle East had been affected by the varying stages and degrees of lockdown, good growths were seen for the single malts in North America, developing markets and Europe. Global Travel Retail was the most challenged channel as most airports have remained closed and restricted. The segment's gross profit margin was registered at 36% primarily due to shift in product mix. Tight control on strategic marketing and other operating expenses (normally associated with on-trade and Travel Retail) boosted net profit and net profit rates.

Gross profit margins (“GPM”) on consolidated level remained healthy at 31% in 2020 and 34% in 2019. The slight swing was attributed to product mix, spike of inputs abroad and promotional bundling, especially towards the last quarter of the year in time for the Christmas season. The GPMs of the Brandy and Scotch Whisky segments were respectively posted at 28% and 36% in 2020 as compared to 30% and 40% in 2019.

EMI Group accounted for 41% of AGI’s consolidated revenues and income, 82% of consolidated net profit and 81% of consolidated net profit to owners in 2020.

Travellers, the owner and operator of NWR, among all the business segments, was hit the hardest by the pandemic-related measures imposed by the government that restricted foot traffic, local and international travel and tourism and the accommodation and dining services in 2020. These disruptions resulted in 57% decline in net revenues reported for the year 2020 to P12.2 billion, not enough to support the cost and expenses that pulled the bottom line 7times down from P0.9 billion to P5.5 billion in the red.

Gross gaming revenues plunged 52% to P13.3 billion. Casino drops fell 49% year-on-year and blended win rate was at 5%. Average daily property visitation decreased 73% in 2020. The casino layout was rearranged to maximize capacity while strictly adhering to the minimum health protocols.

Non-gaming revenues from hotel accommodations downscaled 58% to P2.1 billion due to check-in decline. Hotel blended occupancy rate averaged 51%. Hotel rooms were converted as temporary quarantine room facilities for Overseas Filipino Workers. New service offerings were tapped to improve occupancy rates, including WFH (Work from Hotel) packages, special staycation packages for frontliners and locally stranded individuals, and virtual meeting packages plus the E-Concierge mobile app. Other revenues shrank 60% to P0.7 billion due to restrictions affecting theater, cinemas and mall operations.

In the last quarter of 2020, revenues picked up 43% quarter-on-quarter (gaming 44%, non-gaming 40%) while net profit improved 28times quarter-on-quarter.

Travellers contributed 9%, -55% and -32% to AGI’s consolidated revenues and income, consolidated net profit, and consolidated net profit to owners, respectively, in 2020.

GADC, the master franchise holder of McDonald’s in the Philippines which is a strategic partnership with the George Yang group, ended the year 2020 with core revenues reaching P19.8 billion and net profit sliding to P0.6 billion in the red, which were 38% and 131% behind last year, respectively. Same-store sales contracted 41% year-on-year while system-wide sales went down 38% from a year ago. The low results were the effects of the long-standing CQ restrictions (in different phases) nationwide that cut foot traffic in the stores and put constraints in operations and customer spending. Being in the food service, which is an essential business, McDonald’s restaurants operated for delivery, drive-through and take-out orders, with no or limited dine-in (depending on CQ stage in the locality, up to 50% capacity allowed) at limited hours (due to curfew) and menu (due to available ingredients) from mid-March. Initially, when dine-in and large gatherings were not allowed, about 38% of stores remained operational; and, as the restrictions gradually eased, more stores resumed operations that by year-end 95% have re-opened as allowed by the local governments where the restaurants are located. A total of sixteen (16) stores were opened while thirty (30) non-performing ones were closed during the year, to end the year 2020 with 655 stores as compared to 669 stores at the beginning of the year.

Convenience through its delivery and drive-thru channels significantly contributed to sales recovery, accounting for 19% and 29% of system-wide sales for the year. Within McDelivery, innovation played a critical role as digital sales comprise bulk of total delivery sales - with aggressive expansion and programs with food aggregators like Grab Food and Food Panda, and continued push for the McDelivery app. As delivery boosted growth, McDonald’s promoted bundles or group meals for in-home consumption and free delivery for a minimum purchase amount.

Business was already improving in the second half of the year with net profit of P0.4 billion realized in the fourth quarter, a 246% increase quarter-on-quarter, as core revenues increased 25% quarter-on-quarter. System-wide sales in the fourth quarter grew 31% quarter-on-quarter.

The group has maintained positive cash flows from operations during the year and secured funding from local banks, thereby sustaining strong financial position at year-end.

These operating results translated into 16%, -5% and -3% of the consolidated revenues and income, net profit and net profit to owners of AGI and subsidiaries, respectively, in 2020.

Revenues and other income, as a result of the foregoing, reached P128.8 billion in 2020, a 28% or P51.2 billion drop from P180.0 billion in 2019. **Sale of goods** (real estate, alcoholic beverages, snack products) went down 18% or P16.5 billion to P77.0 billion from P93.5 billion a year ago, due to the 42% decline in real estate sales. **Service revenues** (QSR, gaming, rentals, hotels, cinemas) decelerated 41% or P33.5 billion to P47.5 billion from P81.0 billion a year ago, due to reduction in all revenues under this account. **Share in net profits of associates and joint ventures** decreased by 36% or P65 million, mainly from losses incurred by MEG's associates this year.

Finance and other income went down 21% or P1.1 billion, due to lower interest income and foreign currency gains in 2020. There were also gains related to finance lease (P0.4 billion) and to sale and dilution of investments (P0.3 billion) in 2019 but none in 2020.

Cost and expenses shrank 21% or P30.2 billion to P113.9 billion from P144.1 billion in 2019. **Cost of goods sold** decreased 13% or P7.4 billion to P49.7 billion in 2020 mainly due to contraction in real estate sales resulting in contraction in related costs. **Cost of services** decreased 34% or P14.0 billion to P27.3 billion for the year due to decline in business activities in gaming and company-owned QSR. **Other operating expenses** also dipped 24% or P9.4 billion to P29.3 billion due to reduced business activities.

Finance costs and other charges went up 7% or P0.5 billion to P7.6 billion in 2020 mainly from higher interest expense of Travellers, GADC and MEG attributed to their new borrowings during the year.

Tax expense went down 47% or P4.1 billion to P4.6 billion due to lower taxable income of Megaworld, GADC and EMI attributable to reduced business activities during the year.

Net Profit totaled P10.3 billion in 2020, 62% down year-on-year from P27.1 billion in 2019, with **net profit to owners** down 50% to P8.8 billion.

Financial Condition

December 31, 2022 vs 2021

Consolidated total assets reached P748.0 billion at end of the year from P704.0 billion at beginning of the year, reflecting a 6% growth (+P44.1 billion) YoY. The Group is liquid with **current assets** exceeding **current liabilities** 2.4 times at the end of the year from 2.0 times at the beginning of the year. Current assets amounted to P375.2 billion while current liabilities amounted to P158.5 billion at the end of the year. The Group's borrowing-to-equity ratio had gone down to 58% at the end of the year from 64% at the start of the year. Total liabilities amounted to P382.0 billion while total equity totaled P366.0 billion at year-end for a liabilities-to-equity ratio of 1.04:1.00.

For most of the balance sheet accounts, there is a corresponding note found in the audited consolidated financial statements where details, breakdown or composition of the accounts are presented. Please refer to those notes accompanying the consolidated financial statements. In summary, for **accounts with at least +/-5% changes YoY**:

Cash and cash equivalents decreased 3% (-P2.3 billion) to end the year with P79.9 billion as compared to P82.3 billion at the beginning of the year primarily cash spent for capital expenditures and laying of inventories as business activities continued to ramp up from opening of economies in the current year.

Current trade and other receivables increased 8% (+P5.7 billion) to P78.4 billion, mainly from real estate sales and rental transactions (reflective of robust business) and from alcoholic products sales (in the lead up to the Christmas holidays), and advances to contractors and suppliers. **Non-current trade and other receivables** spiked 57% (+P8.0 billion) to P22.0 billion from increased real estate sales and rental transactions.

Contract assets, which represent the reclassified portion of RE trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 14% (+P1.6 billion) to P13.6 billion for the **currently** maturing assets while **non-currently** maturing assets depleted 24% (-P1.9 billion) to P6.0 billion.

Financial assets at fair value through profit or loss increased 11% (+P1.4 billion) to P15.0 billion, attributed to translation adjustment of marketable securities in US dollar currency at end of the year.

Inventories jumped 10% (+P15.3 billion) to P168.2 billion from real estate related accounts as construction activities pumped up completion, from continuous laying of Scotch whisky liquids for ageing, advanced production to ensure continuity of dispatch and purchases of raw materials to ensure continuity of supply.

Other current assets expanded 6% (+P1.0 billion) to P19.2 billion due to increase in deferred commission, input vat and other prepayments, generally due to timing of payments.

Advances to landowners and joint operators climbed 10% (+P0.7 billion) to P7.9 billion mainly from MEG's additional advances to land owners and co-venturers.

Financial assets at fair value through other comprehensive income contracted 19% (-P0.08 billion) to P0.3 billion mainly from disposals and marked-to-market valuation during the year.

Investments in associates and joint ventures went down 5% (-P0.4 billion) to P6.4 billion due to dividend received from a joint venture and share in net losses of associates during the year.

Property, plant and equipment went up nearly 5% (+P6.6 billion) to P148.5 billion and **investment properties** up 7% (+P8.8 billion) to P129.4 billion due to higher capital expenditures this year as from a year ago due to resumption of business and construction activities in a more open environment.

Other non-current assets shrank 10% (-P0.7 billion) to P6.6 billion due to reversal of property mortgage receivable upon EMI's acquisition of the subject property and decrease in MEG's deferred commission and reduced partly by Travellers' additional advances for future investment.

Trade and other payables jumped 31% (+P20.0 billion) to P84.6 billion from increased business activities, timing of purchases for production and accruals of expenses, payables to contractors and suppliers of construction materials, liability for unredeemed gaming points and unredeemed gaming chips and gaming license fees

Current interest-bearing loans slid 60% (-P47.8 billion) while **non-current interest-bearing loans** soared 46% (+P43.2 billion) for a net decline of P4.6 billion, due to principal repayments, exceeding additional loans, drawdowns and refinancing during the period.

Current bonds payable swelled P14.0 billion while **non-current bonds payable** shrank by P10.8 billion, for a net increase of 7.8% or P3.3 billion primarily due to strong dollar rates. These bonds are all issued by Megaworld.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion increasing 39% (+P0.9 billion) and **non-current** portion depleting 2% (-P0.1 billion) during the year.

Lease liabilities were accounts brought about by the adoption of PFRS 16- Leases. The current and non-current portions amounted to P1.4 billion and P16.4 billion, respectively at the end of 2022, up 4% (+P0.05 billion) and 7% (+P1.1 billion), respectively, due to additional recognitions, interest accretion, and some foreign exchange losses during the year.

Income tax payable escalated 10% (+P0.2 billion) to P2.3 billion primarily from higher income taxes by the Group at the current year-end which is further attributed to higher taxable profit.

Advances from related parties and joint operator partners fell 34% (-P0.8 billion) to P1.6 billion from Megaworld accounts.

Current redeemable preferred shares amounting to P0.3 billion at the beginning of the year were TLC preferred shares which matured and redeemed in full during the year while the **non-current redeemable preferred shares** went up 13% (+0.2 billion) to P1.5 billion from accretion of interest expense on GADC's preferred shares.

Retirement benefit obligation depleted 23% (-P0.2 billion) to P0.8 billion from changes in financial assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperador.

Deferred tax liabilities increased 6% (+P1.2 billion) to P19.3 billion primarily due to the tax effects of capitalized interest, right-of-use assets and retirement benefit obligations.

Other non-current liabilities sank 35% (-P7.2 billion) to P13.2 billion from withdrawals in deposits from NWR patrons, and decrease in deferred rent and retentions in Megaworld group.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 11% (+P22.8 billion) mainly from consolidated net profit during the year plus Megaworld's consolidation reserves during the year, reduced by acquisition of treasury shares; while non-controlling interest increased 6% (+P7.9 billion) mainly from net profit during the year reduced by dividend paid by investee. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

December 31, 2021 vs 2020

Consolidated total assets amounted to P704.0 billion at end of 2021 from P668.5 at beginning of year. The Group is strongly liquid with **current assets** exceeding **current liabilities** 2.0 times. Current assets amounted to P352.4 billion while current liabilities amounted to P172.5 billion at end of 2021.

Here in summary are the following **accounts with at least +/-5% changes YoY**. Please refer to the relevant notes accompanying the consolidated financial statements.

Cash and cash equivalents increased 18% or P12.6 billion to end the year with P82.3 billion from P69.7 billion at the beginning of the year, primarily from net cash flows generated from operating activities exceeding cash used in financing and investing activities during the year as shown in more detail in the consolidated statements of cash flows.

Current trade and other receivables went up 8% or P5.3 billion mainly from real estate trade receivables (reflective of robust sales) and advances to contractors and suppliers. **Non-current trade and other receivables**, on the other hand, went down by 13% or P2.1 billion primarily from the reduction in advances to contractors and suppliers related to real estate projects that gets completed, offset by the increase in real estate trade receivables.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went down 10% or P1.3 billion for the **currently** maturing assets while **non-currently** maturing assets went up 30% or P1.8 billion.

Financial assets at fair value through profit or loss increased 38% or P3.7 billion from acquisitions during the year and change in market valuation.

Inventories increased 9% or P12.8 billion mainly from real estate related accounts (real estate for sale, property development costs, raw land) as project development pumped up during the year due to less restrictive protocols, and work-in-process account as the Group builds up on aging its distilled spirits inventory.

Other current assets jumped 11% or P1.8 billion mainly due to increases in MEG's creditable withholding taxes, and prepaid rent and other prepayments.

Advances to landowners and joint operators slid 5% or P0.4 billion as real estate business activities improved.

Financial assets at fair value through other comprehensive income went up 6% or P0.02 billion from marked-to-market valuation loss offset by foreign currency gains.

Deferred tax assets dipped 22% or P1.4 billion significantly from deferred tax assets of GADC, attributed to timing differences mainly on their lease liabilities.

Other non-current assets dropped 7% or P0.6 billion from the P1.2 billion deposit made by Megaworld in 2020 for the on-market purchase of its perpetual securities, and such was fully utilized in 2021. This was offset by the increases in Megaworld' deferred commissions and in Travellers' advances for future investments made to PAGCOR during the year.

Non-current assets held for sale were reduced by 81% or P4.0 billion as the sale pertaining to Travellers' assets was completed in 2021.

Current trade and other payables depleted 11% or P7.6 billion mainly due to the application of advance deposits received in relation to the Westside project since conditions specified in the co-development agreement have been completed offset by the increase in trade payables mainly due to timing of purchases for production.

Current interest-bearing loans soared 62% or P30.8 billion while **non-current interest-bearing loans** dipped 25% or P31.3 billion, for a net decrease of 0.3% or P0.5 billion, mainly from Megaworld's new loans as offset by loan repayments.

Current and Non-current lease liabilities were accounts brought about by the adoption of PFRS 16- Leases beginning January 1, 2019. These amounted to P1.3 billion and P15.3 billion, respectively, at the end of 2021, decreasing by 8% or P0.1 billion and 3% or P0.5 billion, respectively, from the beginning of the year balances.

Contract liabilities represent MEG's excess of collection over the progress of work under MEG, with **current** portion decreasing 8% or P0.2 billion and **non-current** portion increasing 55% or P1.8 billion.

Income tax payable increased 16% or P0.3 billion, mainly from higher taxable liabilities sitting at EMP and GADC.

Advances from related parties and joint operator partners went up 13% or P0.3 billion due to cash advances granted during the year.

Other current liabilities were down 26% or P6.8 billion primarily due to decreases in Megaworld's deferred rental, commissions payable, advances from customers, and derivative liability; and reclassification of Emperor's equity-linked securities to equity. On the other hand, **Other non-current liabilities** increased by 78% or P8.9 billion mainly from deposits from Travellers' patrons offset by the decrease in Megaworld's customer deposits.

Retirement benefit obligation decreased 60% or P1.4 billion from higher fair value of the plan assets this year as compared to last year, as a result of remeasurement gains arising from return on plan assets, foreign exchange adjustment and contributions into the plan.

Non-current redeemable preferred shares dipped 7% or P0.1 billion due to the redemption of preferred shares of TLC.

The **changes in equity components** are presented in detail in the consolidated statements of changes in equity. The equity attributable to owners increased 15% or P26.6 billion mainly due to consolidated net profit during the year and Megaworld's consolidation reserves during the year while non-controlling interest increased 11% or P12.8 billion due to net profit during the year and deposit for future stock subscription on ELS shares. Treasury shares pertain to the acquisition cost of the shares that have been brought back from the market pursuant to the AGI's ongoing buyback program.

b.2. Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.4times, 2.0times, and 2.0times, at end of 2022, 2021, and 2020, respectively. Total-liabilities-to-equity ratios were at 1.0:1, 1.1:1, and 1.3:1 at end 2022, 2021, and 2020, while interest-bearing-debt-to-total-equity ratios were correspondingly at 58%, 64%, and 74%. Assets exceeded liabilities 2times and equity 2times as well at end-2022, 2021, and 2020.

In general, working capital was sourced internally from operations and bank loans during the year. In the ensuing year, the Group expects to meet its working capital and investment requirements from operating cash flows and debt. It may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	2022	2021	2020	2019
Cash and cash equivalents	79,929	82,278	69,698	51,271
FVTPL/ FVOCI financial assets	15,305	13,934	10,185	12,462
Total Available	95,235	96,212	79,883	63,732
Interest-bearing debt- current	32,504	80,304	49,546	40,870
Interest-bearing debt noncurrent	136,288	93,109	124,371	138,283
Bonds payable- current	14,026	-	-	-
Bonds payable- noncurrent	31,213	41,982	40,283	24,624
Equity-linked securities*	-	-	3,444	5,280
Total Debt	214,031	215,395	217,644	209,057
Net cash (debt)	(118,796)	(119,183)	(137,761)	(145,325)
Available cash and financial assets to debt	44.50%	44.67%	36.70%	30.49%
Total debt to total equity	58.48%	64.25%	73.57%	70.36%
Net debt to total equity	32.46%	35.55%	46.57%	48.91%

	2022	2021	2020	2019	YoY 2022	%	YoY 2021	%	YoY 2020	YoY %
Profit before tax and interest	39,833	35,316	21,746	42,163	4,517	12.8%	13,570	62.4%	(20,416)	(48.4%)
Interest expense	8,517	7,240	6,841	6,293	1,278	17.6%	399	5.8%	548	8.7%
Interest coverage rate	4.68	4.88	3.18	6.70						

b.3. Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brand equity, firm market positioning, focused strategies and overall financial strength. It is mindful of the current challenges in global and domestic economies.

AGI has a proven track record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall resilience and adaptability. Innovation, especially on digital technology, will remain to be at the core of its different business operations. The Group will continue to use technology to give the Group an added advantage.

b.4. Others

There are no other known material events subsequent to the end of the year that would have a material impact on the current year.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Group does not have nor anticipate having any cash flow or liquidity problems within the next twelve months. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

7. FINANCIAL STATEMENTS

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS), on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

The consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

a. External Audit Fees And Services

a.1. Audit and audit-related services

Punongbayan & Araullo ("P&A") has been appointed as the principal auditors since 2003. In compliance with Revised Securities Regulation Code Rule 68, Part I, 3(B)(ix), *Rotation of External Auditors*, which adopted the provisions on long association of external auditors (including partner rotation) with public-interest-entity audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines, and as adopted by the Company, the engagement partners are rotated or changed every seven years ('time-on' period). The lead engagement partner for 2017-2022 is Mr. Romualdo V. Murcia III.

The fees, excluding out-of-pocket expenses and vat, for each of the last two fiscal years totaled P3.00 million and P2.85 million for the audits of 2022 and 2021 annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

a.2. Tax fees and all other fees

There were no separate tax fees billed and no other products and services provided by P&A to AGI for the last two fiscal years.

a.3. Audit Committee's approval

All the above services have been approved by the Audit Committee through the internal policies and procedures of approval. The Audit Committee is composed of Anthony T. Robles as Chairman, and Enrique M. Soriano III and Andrew L. Tan as members. The appointments were endorsed to and approved by the Board of Directors, and then by the stockholders at the annual stockholders' meetings.

b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

P&A, as principal auditors, issued an unqualified opinion on the consolidated financial statements. As such, there had been no disagreements with them on any accounting principles or practices, financial disclosures, and auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

9. DIRECTORS AND EXECUTIVE OFFICERS

a. Directors And Executive Officers

Directors are elected annually by the stockholders to serve until the election and qualification of their successors. All of the directors, including the three independent directors, Messrs. Jesli A. Lapus, Anthony T. Robles and Enrique M. Soriano III were elected in the last annual stockholders' meeting on June 16, 2022.

The table below sets forth each member of the Company's Board as of December 31, 2022:

Name	Age	Citizenship	Position
Andrew L. Tan	73	Filipino	Chairman
Kevin Andrew L. Tan	43	Filipino	Vice-Chairman
Kingson U. Sian	61	Filipino	Director
Katherine L. Tan	71	Filipino	Director
Jesli A. Lapus	72	Filipino	Independent Director
Anthony T. Robles	68	Filipino	Independent Director
Enrique M. Soriano III	55	Filipino	Independent Director

The table below sets forth the Company's executive officers as of December 31, 2022.

Name	Age	Citizenship	Position
Kevin Andrew L. Tan	43	Filipino	Chief Executive Officer
Katherine L. Tan	71	Filipino	Treasurer
Kingson U. Sian	61	Filipino	President
Dina D.R. Inting	63	Filipino	Chief Financial Officer
Alan B. Quintana	54	Filipino	Corporate Secretary
Nelilleen S. Baxa	44	Filipino	Assistant Corporate Secretary

Andrew L. Tan Chairman of the Board

Dr. Tan has served as Chairman of the Board since September 2006. He has also served as the Chief Executive Officer from September 2006 to June 2018 and as Vice-Chairman of the Board from August 2003 to September 2006. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Chairman	Aug 2013	May 2022	9
Megaworld Corporation	Chairman & President	Aug 1989	June 2022	33
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman	January 2011	June 2022	11
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2022	28

He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Dr. Tan is concurrently

the Chairman of the Board and President of Megaworld Globus Asia, Inc., Megaworld Newport Property Holdings, Inc., Megaworld Land, Inc., Mactan Oceanview Properties and Holdings, Inc., Richmond Hotel Group International Limited, Twin Lakes Corporation, The Bar Beverage, Inc., Yorkshire Holdings, Inc. and Manila Bayshore Property Holdings, Inc. He is also Chairman of Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Consolidated Distillers of the Far East, Inc., Megaworld Foundation, Inc., Townsquare Development Inc., Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc., Southwoods Mall, Inc., Eastwood Cyber One Corporation, and Emperador Distillers, Inc. He is the Chairman and Treasurer of The Andresons Group, Inc. and sits in the boards of Alliance Global-Infracorp Development, Inc., Megaworld Cayman Islands, Inc., Megaworld Cebu Properties, Inc., Travellers International Hotel Group, Inc. He is also the Vice-Chairman and Treasurer of Golden Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Dr. Tan graduated Magna Cum Laude with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) from the University of the East.

Kevin Andrew L. Tan
CEO and Vice-Chairman

Mr. Tan has been elected as Chief Executive Officer since June 2018 and Vice-Chairman since September 2018. He has served as Director since April 20, 2012. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/
Emperador Inc.	Director	Oct 2017	May 2022	5
Empire East Land Holdings, Inc.	Director	June 2015	June 2022	7
Global-Estate Resorts, Inc.	Director	June 2014	June 2022	8
Megaworld Corporation	Executive Vice President and	Nov 2018	June 2022	4
MREIT, Inc.	President and CEO	Oct 2020	May 2022	2

He is concurrently the Chairman and President of Alliance Global-Infracorp Development, Inc. and Newport World Resorts Properties, Inc., Chairman and Director of Travellers International Hotel Group, Inc., Director and President of Townsquare Development, Inc., Director and Corporate Secretary of Alliance Global Brands, Inc. and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc. and Uptown Cinemas, Inc., Executive Director of Megaworld Foundation, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and The Andresons Group Incorporated. He is also Chairman and CEO of Agile Digital Ventures, Inc., Megaworld Corporation's digital investment arm that is engaged in investing and building technology start-ups. He has over 11 years of experience in retail leasing, marketing and operations. He formerly headed the Commercial Division of Megaworld Corporation, which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila, Uptown Mall in Uptown Bonifacio and Southwoods Mall in Laguna. Mr. Tan holds a Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific.

Kingson U. Sian
Director and President

Mr. Sian has served as Director and President since February 20, 2007. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Megaworld Corporation	Director/Executive Director	Apr 2007	June 2022	15

He is the Chairman and President of Asia Finest Hotels & Resorts, Inc. Eastwood Locator's Assistance Center, Inc., and Prestige Hotels & Resorts, Inc., Director/President of Adams Properties, Inc. and Eastwood Cyber One Corporation; Director and Treasurer of Asian E-Commerce, Inc., Director of Citywalk Building Administration, Inc., Forbes Town Commercial Center Administration, Inc., and Paseo Center Building Administration, Inc. He is the Senior Vice President of Megaworld Land, Inc. Mr. Sian graduated from the University of the Philippines with the degree of Bachelor of Science in Business Economics. He obtained his Masteral Degree in Business Administration for Finance and Business Policy from the University of Chicago.

Katherine L. Tan
Director and Treasurer

Ms. Tan has served as Director and Treasurer since February 2007. She holds positions in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Emperador Inc.	Director and Treasurer	Aug 2013	May 2022	9
Megaworld Corporation	Director	Aug 1989	June 2022	33
	Treasurer	Aug 1989	June 1995	6
MREIT, Inc.	Director	May 2021	May 2022	1

She is the Chairman and President of Andresons Global, Inc. and Choice Gourmet Banquet, Inc. She is also Director/President of Consolidated Distillers of the Far East, Inc., Raffles and Company, Inc., and The Andresons Group, Incorporated. She is the Director/Treasurer of Alliance Global Brands, Inc., Emperador Brandy, Inc., Emperador Distillers, Inc., Progreen Agricorp, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., and Yorkshire Holdings, Inc. She is also Director and Corporate Secretary of The Bar Beverage, Inc. and Director of Anglo Watsons Glass, Inc., Alcazar De Bana Holdings, Inc., Emperador International Limited, Kenrich Corporation, McKesterPik-Nik International Limited, Megaworld Cayman Islands, Inc., and Venezia Universal Limited. She is the Treasurer of Newtown Land Partners, Inc. Ms. Tan graduated from St. Scholastica's College with a degree in Nutrition.

Jesli A. Lapus
Independent Director

Dr. Lapus has served as Independent Director since June 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2021	May 2022	1

Dr. Lapus is currently Chairman and Independent Director of STI Education Services Group, Inc. since 2013 and Chairman of LSERV Corporation since 2012. He is Independent Director of Information and

Technology Academy (iAcademy) since 2010, Philippine Life Financial Assurance Corporation since 2012 and STI Education Systems Holdings, Inc. since 2013. He is also an Advisor of Radiowealth Finance Company, Inc. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of the Land Bank of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines; and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lapus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.

Anthony T. Robles
Independent Director

Mr. Robles has served as an Independent Director since 16 June 2022. He is concurrently an Independent Director of MREIT Fund Manager, Inc. Mr. Robles is also a Bank Consultant of PBCOM and a Faculty Member (Finance Cluster) of Ateneo de Manila Graduate School of Business. Prior to his roles, Mr. Robles has served several other positions including the EVP Sector Head (Development Lending), Acting CEO / President, and Sector Head, Executive Vice President (Branch Banking) of the Development Bank of the Philippines, the President and Chief Operating Officer of DRS Global Technologies, Inc., the Executive Vice President (Retail Banking Group) of Chinatrust (Philippines), the Executive Vice President (Account Management Group) of Planters Development Bank, and the Senior Vice President-General Manager (Band 4) (Wealth Management Value Center) of Standard Chartered Bank (Philippines). Mr. Robles earned his B.A. in Commerce degree from University of Santos Tomas and his MBA in Financial Management from Ateneo de Manila University.

Enrique M. Soriano III
Independent Director

Mr. Soriano has served as an Independent Director since 16 June 2022. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Emperador Inc.	Independent Director	May 2016	May 2022	6

He is concurrently an Independent Director of MREIT Fund Managers, Inc. and Travellers International Hotel Group, Inc. He is currently the Executive Director of the Wong + Bernstein Group, an Asia Pacific based Strategic Advisory Firm that specializes on Family Governance and Next Generation Leadership. He is also a Senior Advisor at Family in Business Strategic Group, and a Senior Fellow on Governance at the IPMI International Business School in Jakarta. He also sits as a Director and/or Board advisor to 25 UHNW (ultra-high net worth families) in the ASEAN region. He is also a Columnist and Book Author.

He is a former World Bank/ International Finance Corporation Governance Consultant, Dean of Education at the Manual L. Quezon University, Senior Professor of Service and Global Marketing at the Ateneo Graduate School of Business, and Country President of Electronic Realty Associates (ERA Philippines.). His advocacy related to Real Estate Innovation, Strategic Management and Corporate Governance has made him a sought-after Senior Advisor to family owned businesses in Asia and resource speaker in international conferences in the US, Canada, UK, ASEAN and Africa. Due to his strategic advocacies, he has been recognized and invited to lecture and deliver talks at dozens of universities in Asia and North America, notably Harvard University and University of San Francisco. He writes a business column in several Philippine newspapers, in the US and a couple of business magazines in the EU and the Middle East. He is currently finishing his third book on Family Governance and Succession following his bestselling book entitled "Ensuring the Family Business Legacy: Powerful Insights About Leadership and Succession."

He holds a B.A. in History, minor in Economics degree from the University of the Philippines, an MBA from De La Salle University, Doctorate Units at the UP National College of Public Administration and has an Executive Diploma in Directorships at the Singapore Management University. He also pursued Post Graduate Education specializing on Behavioral Finance at Harvard Kennedy School of Government and at the National University of Singapore Business School focusing on Asian Family Businesses. He was conferred Certified Professional Marketer by the Marketing Institute of the Philippines in 2016.

Dina D.R. Inting
Chief Financial Officer

Ms. Inting has served as Chief Financial Officer since January 1995 and at present its Compliance Officer and Corporate Information Officer. She holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/ Years
Emperador Inc.	Chief Financial Officer, Compliance Officer and Corporate Information Officer	Aug 2013	May 2022	9

She is currently a director of Progreen Agricorn, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments in SGV & Co., Raffles & Company, Inc. and First Oceanic Property Management, Inc. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

Alan B. Quintana
Corporate Secretary

Mr. Quintana has served as the Corporate Secretary since April 16, 2019. He is currently First Vice President for Legal – Landbank Management and Titling Department of Global-Estate Resorts, Inc. ("GERI") since May 2018 and has been with GERI since 2011. He is a Director of Boracay Newcoast Federation, Inc., Sherwood Hills Development, Inc., Global Shelter, Inc., La Compañia de Sta. Barbara,

Inc., Pioneer L-5 Realty Corporation, and Golden Sun Airways, Inc. He is the Corporate Secretary of Boracay Newcoast Resorts, Inc. and Alliance Global-Infracorp Development, Inc. Prior to GERI, he worked as Corporate Legal Counsel of Fil-Estate Properties, Inc. from 1995-2011. He has a degree in Bachelor of Science in Commerce Major in Accounting from the University of San Carlos and obtained his Bachelor of Laws degree from the San Beda College of Law.

Nelileen S. Baxa
Assistant Corporate Secretary

Ms. Baxa has served as Assistant Corporate Secretary since October 08, 2020. She holds position on the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Terms/
Suntrust Resort Holdings, Inc.	Corporate Secretary and Corporate Information Officer	Oct 2020	Oct 2022	2
Megaworld Corporation	Assistant Corporate Secretary	Oct 2020	June 2022	2
Global-Estate Resorts, Inc.	Assistant Corporate Secretary	Oct 2020	June 2022	2

Ms. Baxa is currently a Senior Accounting Manager of Megaworld Corporation. She is a Certified Public Accountant with over eighteen (18) years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc., and Venetian Properties, Inc. She is also the Corporate Secretary of Era Real Estate Exchange, Inc. and Oceanic Realty Group International, Inc. Ms. Baxa obtained her Bachelor's Degree in Accountancy from the University of Santo Tomas.

b. Significant Employees

The Company does not have employees who are not executive officers but expected to make significant contribution to the business.

c. Family Relationships

1. Chairman Andrew L. Tan is married to Treasurer/Director Katherine L. Tan;
2. Kevin Andrew L. Tan, their son, is the CEO and Vice Chairman of the Company. He is also the EVP and Chief Strategy Officer of MEG and the President and Chief Executive Officer of MREIT, Inc.;
3. Kendrick Andrew L. Tan, another son, is the Corporate Secretary and Executive Director of EDI, and Director/Executive Director of EMI;
4. Both siblings are currently serving as directors of AWG, Newtown Land Partners, Inc., and Yorkshire Holdings, Inc.

d. Involvement in Legal Proceedings

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director or executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized

trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

10. EXECUTIVE COMPENSATION

a. Executive Compensation

Name and Principal Position

Andrew L. Tan, Chairman

Kevin Andrew L. Tan, Vice Chairman, CEO

Kingson U. Sian, President (COO)

Katherine L. Tan, Treasurer

Dina D.R. Inting, CFO, CIO and Compliance Officer

Alan B. Quintana, Corporate Secretary

Nelileen S. Baxa, Asst. Corporate Secretary

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, for years 2022, 2021, and 2020, no compensation was received from AGI, the holding company, and neither will there be for 2023, except for an allowance for Mr. Kingson Sian which started in February 2007.

b. Compensation of Directors

In a board resolution passed in November 2007, members of the Company's Board of Directors began to receive per diem allowance for attendance in board meetings.

c. Employment Contracts, Termination of Employment and Change-In-Control Arrangements

There are no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, that exceeds P2.5 million.

d. Warrants and Options

The Company has an Executive Stock Option Plan (the "Plan") approved by the Board of Directors of the Company and by stockholders (holding at least 2/3 of the outstanding capital stock) on July 27, 2011 and September 20, 2011, respectively. The purpose of the Plan is to enable the key Company executives and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Compensation and Remuneration Committee (the "Committee") of the Board.

Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for nine (9) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

On April 22, 2013, additional 59.1 million options were granted to certain key executives at an exercise price of P12.9997 with a market price of P21.65 at the date of grant. The exercise period for the 59.1 million options has been extended by the Corporate Governance Committee until March 14, 2025.

As of December 31, 2022, no vested option has been exercised and the number of unexercised stock options is 59,100,000 common shares.

An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle. As of this time, the Company cannot determine if options can be exercised with less than forty percent (40%) of the total price of the shares so purchased. The Company does not provide or arrange for loans to enable qualified participants to exercise their options.

11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) **Security Ownership of Record and Beneficial Owners owning more than 5% of the Company's outstanding common stock as of February 28, 2023:**

(2)

<i>Title of Class</i>	<i>Name and Address of Record Owner & Relationship w/ Issuer</i>	<i>Name of Beneficial Owner & Relationship w/ Record Owner</i>	<i>Citizenship</i>	<i>No. of Shares</i>	<i>Percent Owned</i>
Common	THE ANDRESONS GROUP, INCORPORATED 7/F 1880 Eastwood Avenue, Eastwood City Bagumbayan, Quezon City, ⁴	THE ANDRESONS GROUP, INCORPORATED (TAGI)	Filipino	4,718,779,094	51.834
Common	YORKSHIRE HOLDINGS, INC. 18 th Floor Alliance Global Tower 26 th Street cor. 11 th Avenue, Uptown Bonifacio, Taguig City ⁷	YORKSHIRE HOLDINGS, INC. (YHI)	Filipino	1,143,451,842	12.56
Common	PCD NOMINEE CORPORATION (NON-FILIPINO) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	STANDARD CHARTERED BANK	Non-Filipino	559,403,278	6.145
Common	PCD NOMINEE CORPORATION (NON-FILIPINO) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	THE HONGKONG AND SHANGHAI CORP. LTD. – CLIENTS' ACCT. (Non-Filipino)	Non-Filipino	500,507,895	5.498

⁴Mr. Andrew L. Tan is the Chairman of the Board of TAGI, is authorized to appoint proxy to vote for the shares.

⁷ Mr. Andrew L. Tan, Chairman of YHI is authorized to appoint proxy to vote for the shares which includes direct and indirect beneficial ownership through Altavision Resources, Inc.

(2) Security Ownership of Management as of February 28, 2023:

<i>Title</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Amount</i>	<i>Percent</i>
Common	Andrew L. Tan (<i>Chairman of the Board</i>)	Filipino	63,684,349	0.700%
Common	Anthony T. Robles (<i>Independent Director</i>)	Filipino	1	0.000%
Common	Enrique M. Soriano III (<i>Independent Director</i>)	Filipino	1	0.000%
Common	Kingson U. Sian (<i>Director</i>)	Filipino	5,001,100	0.055%
Common	Katherine L. Tan (<i>Director</i>)	Filipino	1	0.000%
Common	Jesli A. Lapus (<i>Independent Director</i>)	Filipino	1	0.000%
Common	Kevin Andrew L. Tan (<i>Director</i>)	Filipino	1	0.000%
Common	Dina D.R. Inting (<i>CFO, CIO & Compliance Officer</i>)	Filipino	2,758	0.000%
Directors and Executive Officers as a Group			68,688,212	0.755%

11. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except for the material related party transactions described in the Notes to the Consolidated Financial Statements of the Company and subsidiaries for the years 2022, 2021, and 2020, (*please see as filed with this report*), there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, or any nominee for election as director, or any stockholder holding more than ten percent (10%) of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or nominee for election as director, executive officer, or stockholder holding more than ten percent (10%) of the Company's voting shares had or is to have a direct or indirect material interest.

PART IV - EXHIBITS AND SCHEDULES**13. EXHIBITS AND REPORTS ON SEC FORM 17-C****(b) Reports on SEC Form 17-C Filed During the Last Six Months of The Report Period**

(June 1 to December 31, 2022) Date	Disclosures
June 13, 14, 15, 16, 17, 2022	Share buy-back transaction
June 16, 2022	Press Release: "AGI HIKES CAPITAL SPENDING BY 33% TO P60-B THIS YEAR; Andrew Tan-led conglomerate eyes expansion projects across core businesses"
June 16, 2022	Material Information - AGI HIKES CAPITAL SPENDING BY 33% TO P60B THIS YEAR; Andrew Tan-led conglomerate eyes expansion projects across core businesses
June 16, 2022	Results of Annual Stockholders' Meeting
June 16, 2022	Results of Organizational Board Meeting
June 20, 21, 22, 23, 24, 2022	Share buy-back transaction
June 27, 28, 29, 30, 2022	Share buy-back transaction
July 01, 2022	Share buy-back transaction
July 04, 05, 06, 07, 08, 2022	Share buy-back transaction
July 11, 12, 13, 14, 15, 2022	Share buy-back transaction
July 18, 19, 20, 21, 22, 2022	Share buy-back transaction
July 25, 26, 27, 28, 29, 2022	Share buy-back transaction
August 01, 02, 03, 04, 05, 2022	Share buy-back transaction



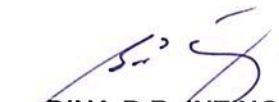

(June 1 to December 31, 2022) Date	Disclosures
August 04, 2022	Notice of Analysts' Briefing
August 12, 2022	Material Information - AGI First Half 2022 Income Performance
August 12, 2022	Press Release: "AGI POSTS Q2 PROFIT OF P6.6-B, BRINGS 1H EARNINGS TO P12-B"
November 08, 2022	Notice of Analysts' Briefing
November 14, 2022	Material Information - AGI 9M profit hits P17.1B on group revenues of P128.4B
November 14, 2022	Press Release: "AGI 9M profit hits P17.1B on group revenues of P128.4B"
November 15, 2022	Declaration of cash dividends
November 29, 2022	Share buy-back transaction
December 01, 02, 2022	Share buy-back transaction
December 05, 06, 07, 09, 2022	Share buy-back transaction
December 12, 2022	Board approval of the increase in the amount allocated for the share buy-back program
December 12, 13, 14, 15, 16, 2022	Share buy-back transaction
December 19, 20, 21, 22, 23, 2022	Share buy-back transaction
December 27, 28, 29, 2022	Share buy-back transaction

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

Alliance Global Group, Inc.
Issuer

By:

 KEVIN ANDREW L. TAN <i>Chief Executive Officer</i> (Principal Executive Officer)	 KINGSON U. SIAN <i>President and COO</i> (Principal Operating Officer)
 DINA D.R. INTING <i>Chief Financial Officer</i> (Principal Financial Officer and as Principal Accounting Officer and Comptroller)	 ALAN B. QUINTANA <i>Corporate Secretary</i>


SUBSCRIBED AND SWORN to before me this APR 14, 2023, 2023 affiants exhibiting to me their Passports/Driver's license/SSS No., as follows:

NAMES	PASSPORT/DRIVERS LICENSE NO./ SSS NO.	DATE OF ISSUE	PLACE OF ISSUE
Kevin Andrew L. Tan	P8166916A	August 1, 2018 to July 31, 2028	Manila
Kingson U. Sian	N11-79-019621	valid until August 27, 2024	
Alan B. Quintana	P5524620A	January 5, 2018 to January 4, 2028	NCR East
Dina D.R. Inting	SSS 03-5204775-3		

Doc No. 9
Page No. 3
Book No. I
Series of 2023.



Notary Public


ATTY. AZANITH ANN B. PAYAD
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-388
19th Flr., Tower 1, The Enterprise Center
6766 Ayala Avenue, Makati City
Roll No. 75386
IBP No. 267112; 01/04/23; Makati City
PTR No. MKT 9601536; 1/20/23; Makati City
MCLE Compliance No. VII-0022378; valid until 04/14/2025

Alliance Global Group, Inc.
 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
 188 E. Rodriguez Jr. Avenue, Bagumbayan, 1110 Quezon City
 Tel. Nos. 87092038-41 Fax Nos. 87091966

**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
 FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of *Alliance Global Group, Inc. and Subsidiaries* (the “Group”) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 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 to do so.

The Board of Directors is responsible for overseeing the Group’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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.


ANDREW L. TAN
 Chairman of the Board


KEVIN ANDREW L. TAN
 Chief Executive Officer

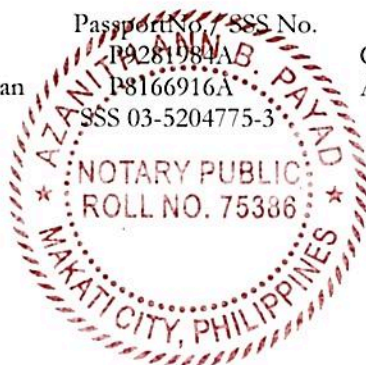

DINA D.R. INTING
 Chief Financial Officer


ATTY. AZANITH ANN B. PAYAD
 Notary Public for Makati City
 Until December 31, 2024
 Notarial Commission No. M-388
 19th Flr., Tower 1, The Enterprise Center
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 Roll No. 75386
 IBP No. 267112; 01/04/23; Makati City
 PTR No. MKT 9601536; 1/20/23; Makati City
 MCLE Compliance No. VII-0022378; valid until 04/14/2025

SUBSCRIBED AND SWORN to before me this **APR 14 2023**, affiants exhibiting to me their Passport/ SSS No., as follows:

Names	Passport No. / SSS No.	Date	Place of Issue
Andrew L. Tan	P0281084AB	Oct. 24, 2018 to Oct. 23, 2028	Manila
Kevin Andrew L. Tan	P8166916A	Aug. 1, 2018 to July 31, 2028	Manila
Dina D.R. Inting	SSS 03-5204775-3		

Doc. No. 9
 Page No. 3
 Book No. 1
 Series of 2023





P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Alliance Global Group, Inc. and Subsidiaries

December 31, 2022, 2021 and 2020



Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and the Stockholders
Alliance Global Group, Inc. and Subsidiaries**

7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City

Opinion

We have audited the consolidated financial statements of Alliance Global Group, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. 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 audits 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

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.

(a) Revenue Recognition for Sale of Consumer Goods and Sales from Group-operated Quick-service Restaurants***Description of the Matter***

Sale of consumer goods amounting to P61.4 billion, which is mainly from its Emperador business segment, represents 33.4% of the Group's total revenues and income. Revenue from sale of goods is recognized when control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged receipt of the goods.

Sale from group-operated quick-service restaurants amounting to P31.3 billion, which is mainly from its GADC business segment, represents 17.0% of the Group's total revenues and income. The Group recognizes revenue from restaurant sales at a point in time when services are rendered, that is, when food and beverage products or promotional items purchased by customers have been delivered and accepted by the customers.

We considered revenue recognition from both sources as a key audit matter since it involves significant volume of transactions, requires proper observation of cut-off procedures, and directly impacts the Group's profitability.

The Group's disclosures on its revenue recognition policy and details of total revenues are presented in Notes 2 and 24, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

On sale of consumer goods:

- Tested the design and operating effectiveness of the Group's processes and controls over revenue recognition, approval and documentation, including the implemented information technology IT general and application controls over automated systems that process and record the revenue transaction;

- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Tested, on a sample basis, sales invoices, delivery receipts and cash receipts of sales transactions throughout the current period to determine whether sale of goods occurred;
- Confirmed trade receivables using positive confirmation, on a sample basis, and performed alternative procedures for non-responding customers, such as, examination of evidence of subsequent collections, or corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately prior and subsequent to the current period to determine whether the related sales transactions are recognized in the proper reporting period; and,
- Performed substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verified that the underlying data used in the analyses are valid and accurate.

On sales from group-operated quick-service restaurants:

- Tested the design and operating effectiveness of the Group's internal controls including IT general and application controls over the recognition and accuracy of revenues from sales from group-operated quick-service restaurants;
- Performed test of completeness and cut-off testing by obtaining store reports, on a sample basis, and matching with system-wide sales report;
- Obtained an understanding of the revenue recognition policy regarding quick-service restaurants and the related significant business processes of the Group; and,
- Performed substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verifying that the underlying data used in the analyses are valid.

(b) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales and cost of real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and costs of real estate sales amounted to P36.8 billion or 20.1% of the consolidated revenues and income and P18.6 billion or 12.2% of the consolidated costs and expenses, respectively, for the year ended December 31, 2022. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are disclosed in Notes 24 and 25, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatements relating to the recognition of revenue from real estate sales and related costs include, among others, the following:

- Updated the understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group;
- Performed test of design and operating effectiveness on controls regarding real estate revenues and costs recognition, including test of IT general and application controls;
- Performed test of details to ascertain accuracy and occurrence of revenue from real estate sales through examination of a sample of real estate sales contracts and other relevant supporting documents and performed overall analytical review of actual results.
- Tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior;
- Tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs, which includes testing of controls over the recognition and allocation of costs per project and direct examination of supporting documents. In testing the reasonableness of budgetary estimates, we have ascertained the qualifications of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs;
- Performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project;
- In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts; and,
- Tested the adequacy of financial statement disclosures.

(c) Revenue Recognition on Gaming Operations*Description of the Matter*

The Group, through its Travellers business segment, is the operator of integrated gaming resorts and tourist destination, Newport World Resorts. The total revenue from gaming operations amounted to P21.6 billion in 2022, representing 11.8% of the Group's total revenues. Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9, *Financial Instruments*. In our view, gaming transaction is significant to our audit because the amount is material and it involves voluminous transactions at any given period of time, which undergo complex automated and manual gaming processes and controls under the Group's principal gaming and gaming-related systems.

The Group's disclosures on its revenue recognition policy and details of total revenues are presented in Notes 2 and 24, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition on gaming operations, which was considered to be a significant risk, included the following:

- Updated our understanding of the Group's gaming revenue processes and controls over the recognition and measurement of gaming revenues;
- Tested and evaluated the design and operating effectiveness of controls over major casino processes namely: buy-in and pay-out, float maintenance, end-of-day recording, casino credit billing and collection and month-end reconciliation procedures including IT general and application controls;
- Performed substantive analytical review procedures on gaming revenues, drops and win rates from both gaming tables and slot machines based on our expectations, and resolved variances from our expectations through discussion with the management and corroboration of their responses whether plausible under such circumstances;
- Tested the recognition and measurement of gaming revenues by tracing a sample of transactions throughout the current period to source data to verify the accuracy of reported gaming revenues; and,
- Performed detailed observation of cash count procedures at the end of the reporting period to verify the appropriateness of the Group's cut-off procedures on gaming revenues.

(d) Impairment of Goodwill and Trademarks with Indefinite Useful Life*Description of the Matter*

Under Philippine Accounting Standard 36, *Impairment of Assets*, the Group is required to annually test the carrying amounts of its goodwill and trademarks with indefinite useful lives for impairment. As of December 31, 2022, goodwill amounted to P20.3 billion, while the trademarks with indefinite useful lives amounted to P20.1 billion. We considered the impairment of these assets as a key audit matter because the amounts of goodwill and trademarks with indefinite useful life are material to the consolidated financial statements. In addition, management's impairment assessment process involved significant judgments and high estimation uncertainty based on the assumptions used. The significant assumptions include the determination of the discount rate, growth rate and cash flow projections used in determining the value-in-use of the trademarks and the cash-generating units over which the goodwill was allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill and trademarks with indefinite useful lives is more fully described in Note 2 to the consolidated financial statements; the estimation uncertainty on impairment of non-financial assets, including goodwill and trademarks with indefinite useful lives, is presented in Note 3 to the consolidated financial statements; while their corresponding carrying amounts are presented in Note 15 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the goodwill and trademarks with indefinite useful lives included, among others, the following:

- Evaluated the appropriateness and reasonableness of methodology and assumptions used in determining the value-in-use of cash-generating units attributable to the trademarks and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- Tested the calculation of valuation model for mathematical accuracy and validating the appropriateness and reliability of inputs and amounts used;
- Performed independent sensitivity analysis of the projections and discount rate using the valuation model used to determine whether a reasonably possible change in assumptions could cause the carrying amount of cash generating units to exceed the recoverable amount; and,
- Evaluated the adequacy of the financial statement disclosures relating to goodwill, trademarks and impairment, including disclosure of key assumptions and judgments.

(e) Consolidation Process*Description of the Matter*

The Group's consolidated financial statements comprise the financial statements of Alliance Global Group, Inc. and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves several layers of consolidation, identification and elimination of voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Among others, our audit procedures to address the risk associated with the Group's consolidation process are as follows:

- Obtained an understanding of the Group structure and its consolidation policy and process, including the procedures for identifying intercompany transactions and reconciling intercompany balances;
- Tested the mathematical accuracy of the consolidation done by management, verified financial information used in the consolidation based on the audited financial statements of the components of the Group, and evaluated the consistency of the accounting policies applied by the entities within the Group;
- Tested the accuracy and appropriateness of intercompany elimination entries, the translation of the financial statements of foreign subsidiaries of the Group, and other significant consolidation adjustments;
- Performed analytical procedures at the consolidated level; and,
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with PFRS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, 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.

Auditors' 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 auditors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

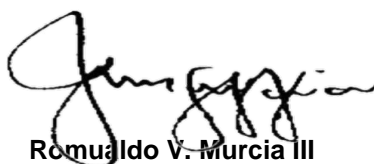
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 2022 audit resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO



By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 30, 2023

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 79,929,420,988	P 82,278,122,850
Trade and other receivables - net	6	78,381,241,085	72,659,307,764
Contract assets	24	13,613,227,726	11,970,852,843
Financial assets at fair value through profit or loss	7	14,962,280,499	13,512,733,032
Inventories - net	8	168,184,703,157	152,847,415,170
Other current assets	9	19,150,406,701	18,149,365,608
		374,221,280,156	351,417,797,267
Non-current assets classified as held for sale	16	961,744,740	961,740,550
		375,183,024,896	352,379,537,817
NON-CURRENT ASSETS			
Trade and other receivables - net	6	22,030,887,658	14,049,075,860
Contract assets	24	6,006,696,047	7,951,394,519
Advances to landowners and joint operators	10	7,896,413,808	7,158,576,223
Financial assets at fair value through other comprehensive income	11	342,843,851	420,870,489
Investments in associates and joint ventures	12	6,441,645,845	6,793,930,448
Property, plant and equipment - net	13	148,458,368,969	141,904,029,538
Investment properties - net	14	129,355,913,097	120,539,734,330
Intangible assets - net	15	40,665,090,713	40,483,366,565
Deferred tax assets - net	29	5,062,963,643	4,970,539,083
Other non-current assets	9	6,576,302,090	7,308,890,602
		372,837,125,721	351,580,407,657
TOTAL ASSETS		P 748,020,150,617	P 703,959,945,474

	Notes	2022	2021
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	17	P 84,620,688,818	P 64,572,635,732
Interest-bearing loans	18	32,504,240,444	80,303,949,739
Bonds payable	19	14,026,453,110	-
Lease liabilities	13	1,361,900,995	1,309,447,535
Contract liabilities	24	3,392,947,567	2,447,089,883
Income tax payable		2,299,470,084	2,099,665,745
Advances from other related parties	30	1,627,756,528	2,469,533,312
Redeemable preferred shares	20	-	251,597,580
Other current liabilities	21	18,689,682,065	19,005,123,221
		<u>158,523,139,611</u>	<u>172,459,042,747</u>
TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing loans	18	136,287,705,784	93,108,742,222
Bonds payable	19	31,212,622,400	41,982,042,246
Lease liabilities	13	16,405,976,571	15,336,726,680
Contract liabilities	24	4,853,473,963	4,956,605,925
Retirement benefit obligation	28	754,923,733	982,052,130
Redeemable preferred shares	20	1,537,091,539	1,365,641,108
Deferred tax liabilities - net	29	19,323,313,874	18,167,163,730
Other non-current liabilities	21	13,153,790,806	20,379,289,896
		<u>223,528,898,670</u>	<u>196,278,263,937</u>
TOTAL NON-CURRENT LIABILITIES			
TOTAL LIABILITIES			
		<u>382,052,038,281</u>	<u>368,737,306,684</u>
EQUITY			
Equity attributable to owners of the parent company	22	232,732,073,072	209,903,697,035
Non-controlling interest	22	133,236,039,264	125,318,941,755
		<u>365,968,112,336</u>	<u>335,222,638,790</u>
TOTAL EQUITY			
TOTAL LIABILITIES AND EQUITY			
		<u>P 748,020,150,617</u>	<u>P 703,959,945,474</u>

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES AND INCOME				
Sale of goods	24	P 98,235,209,238	P 88,035,908,845	P 77,014,663,718
Rendering of services	24	80,512,683,661	54,910,229,642	47,540,714,247
Share in net profits of associates and joint ventures - net	12	-	-	115,185,780
Finance and other income	27	<u>4,864,336,528</u>	<u>9,846,377,786</u>	<u>4,119,238,110</u>
		<u>183,612,229,427</u>	<u>152,792,516,273</u>	<u>128,789,801,855</u>
COSTS AND EXPENSES				
Cost of goods sold	25	60,598,041,604	53,187,520,993	49,667,709,342
Cost of services	25	42,933,749,824	30,019,769,583	27,289,295,321
Other operating expenses	26	37,922,896,998	32,043,367,974	29,277,193,282
Share in net losses of associates and joint ventures - net	12	41,478,932	14,744,130	-
Finance costs and other charges	27	<u>10,800,898,629</u>	<u>9,451,171,367</u>	<u>7,650,283,520</u>
		<u>152,297,065,987</u>	<u>124,716,574,047</u>	<u>113,884,481,465</u>
PROFIT BEFORE TAX		31,315,163,440	28,075,942,226	14,905,320,390
TAX EXPENSE	29	<u>6,126,220,887</u>	4,286,957,389	4,645,709,637
NET PROFIT		<u>25,188,942,553</u>	<u>23,788,984,837</u>	<u>10,259,610,753</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	28	415,908,397	1,366,967,353	(396,925,867)
Net unrealized fair value gain (loss) on financial assets at fair value through other comprehensive income	11	(77,741,121)	23,956,056	(17,674,933)
Deferred tax expense relating to components of other comprehensive income (loss)	28, 29	(70,320,718)	(278,240,315)	(208,421,283)
		<u>267,846,558</u>	<u>1,112,683,094</u>	(623,022,083)
Items that will be reclassified subsequently to profit or loss				
Translation adjustments	2	(2,133,567,217)	2,576,961,097	(1,895,572,159)
Net unrealized fair value gain (loss) on cash flow hedge	21	91,147,190	199,713,502	(144,749,961)
Share in other comprehensive income of associates	12	6,138,277	20,926,197	1,474,538
Deferred tax income (expense) relating to components of other comprehensive income (loss)	29	(34,939,076)	(11,813,411)	4,481,239
		(2,071,220,826)	2,785,787,385	(2,034,366,343)
TOTAL COMPREHENSIVE INCOME		<u>P 23,385,568,285</u>	<u>P 27,687,455,316</u>	<u>P 7,602,222,327</u>
Net profit attributable to:				
Owners of the parent company		P 16,107,842,209	P 16,944,095,592	P 8,829,293,379
Non-controlling interest		<u>9,081,100,344</u>	<u>6,844,889,245</u>	<u>1,430,317,374</u>
		<u>P 25,188,942,553</u>	<u>P 23,788,984,837</u>	<u>P 10,259,610,753</u>
Total comprehensive income attributable to:				
Owners of the parent company		P 14,152,371,053	P 19,529,875,614	P 6,751,980,148
Non-controlling interest		<u>9,233,197,232</u>	<u>8,157,579,702</u>	<u>850,242,179</u>
		<u>P 23,385,568,285</u>	<u>P 27,687,455,316</u>	<u>P 7,602,222,327</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:				
Basic and Diluted	23	<u>P 1.7960</u>	<u>P 1.8194</u>	<u>P 0.9213</u>

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

Attributable to Owners of the Parent Company																
Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings			Total	Noncontrolling Interest	Total Equity	
										Appropriated	Unappropriated	Total	Total			
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,697,035	P 125,318,941,755	P 335,222,638,790	
Transactions with owners:																
Change in percentage of ownership	22	-	-	-	-	-	-	-	13,670,302,866	-	-	-	13,670,302,866	485,498,589	14,155,801,455	
Acquisition of treasury shares	22	-	(3,895,393,284)	-	-	-	-	-	-	-	-	(3,895,393,284)	-	(3,895,393,284)		
Dividend paid by investee	22	-	-	-	-	-	-	-	-	-	-	(1,894,389,145)	(1,894,389,145)	(1,894,389,145)		
Cash dividends declared		-	-	-	-	-	-	-	-	-	(1,103,832,146)	(1,103,832,146)	(1,103,832,146)	(1,103,832,146)		
Share-based compensation	22	-	(3,895,393,284)	-	-	-	-	-	13,670,302,866	-	(1,103,832,146)	(1,103,832,146)	92,790,833	(92,790,833)		
		-	-	-	-	-	-	-	13,670,302,866	-	(1,103,832,146)	(1,103,832,146)	8,671,077,436	(8,671,077,436)		
Changes in legal reserves during the year		-	-	-	-	-	-	(2,449,420)	-	-	7,376,968	7,376,968	4,927,548	-	4,927,548	
Appropriation of retained earnings	22	-	-	-	-	-	-	-	-	3,479,000,000	(3,479,000,000)	-	-	-		
Reversal of appropriation	22	-	-	-	-	-	-	-	-	(3,168,340,000)	3,168,340,000	-	-	-		
Total comprehensive income (loss)		-	-	108,948,715	86,456,517	(2,214,303,867)	63,427,479	-	-	-	16,107,842,209	16,107,842,209	14,152,371,053	9,233,197,232	23,385,568,285	
Balance at December 31, 2022	P 10,269,827,979	P 34,518,916,029	(P 14,411,741,336)	P 193,960,665	P 159,403,187	(P 6,250,765,182)	P 28,819,212	P 620,625,162	P 33,446,366,213	P 4,764,840,000	P 169,391,821,143	P 174,156,661,143	P 232,732,073,072	P 133,236,039,264	P 365,968,112,336	
Balance at January 1, 2021	P 10,269,827,979	P 34,518,916,029	(P 7,596,939,422)	(P 783,537,209)	P 504,426,943	(P 6,047,509,788)	(P 172,210,870)	P 620,625,162	P 9,436,023,550	P 3,993,550,000	P 138,533,653,159	P 142,527,203,159	P 183,276,765,473	P 112,542,694,728	P 295,819,460,201	
Transactions with owners:																
Change in percentage of ownership	22	-	-	-	-	-	-	-	10,315,081,441	-	-	-	10,315,081,441	2,408,294,498	12,723,375,939	
Acquisition of treasury shares	22	-	(2,919,408,630)	-	-	-	-	-	-	-	-	(2,919,408,630)	-	(2,919,408,630)		
Deposit on future stock subscription		-	-	-	-	-	-	-	-	-	-	-	3,443,750,000	3,443,750,000		
Dividend paid by investee	22	-	-	-	-	-	-	-	-	-	-	-	(1,449,114,546)	(1,449,114,546)		
Redemption of perpetual securities	22	-	-	-	-	-	-	-	-	-	333,653,373	333,653,373	333,653,373	484,257,436		
Cash dividends declared	22	-	-	-	-	-	-	-	-	-	(639,678,912)	(639,678,912)	(639,678,912)	(639,678,912)		
Acquisition and incorporation of new subsidiaries		-	-	-	-	-	-	-	-	-	-	-	10,000,000	10,000,000		
Share-based compensation	22	-	(2,919,408,630)	-	-	-	-	-	-	-	-	-	55,132,310	55,132,310		
		-	-	-	-	-	-	-	10,315,081,441	-	(326,024,639)	(326,024,639)	7,069,648,172	4,618,667,325		
Changes in legal reserves during the year	22	-	-	-	-	-	-	-	27,407,776	-	-	-	27,407,776	-	27,407,776	
Appropriation of retained earnings	22	-	-	-	-	-	-	-	-	4,198,180,000	(4,198,180,000)	-	-	-		
Reversal of appropriation	22	-	-	-	-	-	-	-	-	(3,737,550,000)	3,737,550,000	-	-	-		
Total comprehensive income (loss)		-	-	868,549,219	(431,480,273)	2,011,108,473	137,602,603	-	-	-	16,944,095,592	16,944,095,592	19,529,875,614	8,157,579,702	27,687,455,316	
Balance at December 31, 2021	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,697,035	P 125,318,941,755	P 335,222,638,790	
Balance at January 1, 2020	P 10,269,827,979	P 34,518,916,029	(P 6,793,114,766)	(P 237,089,623)	P 399,058,137	(P 4,510,575,970)	(P 72,970,297)	P 620,625,162	P 11,001,806,871	P 3,931,650,000	P 130,245,674,104	P 134,177,324,104	P 179,373,807,626	P 117,742,987,878	P 297,116,795,504	
Transactions with owners:																
Change in percentage of ownership	22	-	-	-	-	-	-	-	(1,560,413,791)	-	-	(1,560,413,791)	(5,343,757,820)	(6,904,171,611)		
Acquisition of treasury shares	22	-	(803,824,656)	-	-	-	-	-	-	-	-	(803,824,656)	-	(803,824,656)		
Dividend paid by investee	22	-	-	-	-	-	-	-	-	-	-	(755,117,591)	(755,117,591)	(755,117,591)		
Cash dividends declared		-	-	-	-	-	-	-	-	-	(479,414,324)	(479,414,324)	(479,414,324)	(479,414,324)		
Share-based compensation	22, 28	-	(803,824,656)	-	-	-	-	-	(1,560,413,791)	-	(479,414,324)	(479,414,324)	48,340,082	(48,340,082)		
		-	-	-	-	-	-	-	(1,560,413,791)	-	(479,414,324)	(479,414,324)	2,843,652,771	(6,050,535,329)		
Changes in legal reserves during the year	22	-	-	-	-	-	-	-	(5,369,530)	-	-	-	(5,369,530)	-	(5,369,530)	
Appropriation of retained earnings	22	-	-	-	-	-	-	-	-	3,337,550,000	(3,337,550,000)	-	-	-		
Reversal of appropriation	22	-	-	-	-	-	-	-	-	(3,275,650,000)	3,275,650,000	-	-	-		
Total comprehensive income (loss)		-	-	(546,447,646)	105,368,806	(1,536,993,818)	(99,240,573)	-	-	-	8,829,293,379	8,829,293,379	6,751,980,148	850,242,179	7,602,222,327	
Balance at December 31, 2020	P 10,269,827,979	P 34,518,916,029	(P 7,596,939,422)	(P 783,537,209)	P 504,426,943	(P 6,047,509,788)	(P 172,210,870)	P 620,625,162	P 9,436,023,550	P 3,993,550,000	P 138,533,653,159	P 142,527,203,159	P 183,276,765,473	P 112,542,694,728	P 295,819,460,201	

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	P	31,315,163,440	P 28,075,942,226	P 14,905,320,390
Adjustments for:				
Depreciation and amortization	25, 26	11,299,521,390	11,078,788,962	10,842,387,970
Interest expense	27	8,517,493,283	7,239,976,324	6,840,980,033
Interest income	27	(3,202,355,753)	(2,158,373,961)	(2,160,829,212)
Unrealized foreign currency losses - net		2,191,644,269	1,874,730,622	161,039,461
Impairment loss on inventories	8	244,758,199	160,751,949	109,688,887
Gain from COVID-19-related rent concessions	27	(239,692,435)	(509,232,978)	(413,426,144)
Stock option benefit expense	28	92,790,833	55,132,310	48,340,082
Recognition (reversal) of impairment losses - net	26, 27	(72,582,971)	1,762,128,794	268,392,304
Net loss on disposal of assets	27	65,065,014	91,383,298	174,787,449
Share in net losses (profits) of associates and joint ventures	12	41,478,932	14,744,130	(115,185,780)
Provisions	13, 21	41,117,103	38,060,790	56,331,220
Fair value loss on financial assets at fair value through profit or loss	27	20,898,129	2,772,787	(130,149)
Gain from derecognition of right-of-use assets and lease liabilities	13	(6,920,584)	(32,926,577)	(51,149,786)
Dividend income	27	(1,631,280)	(19,524,671)	(7,117,104)
Operating profit before working capital changes		50,306,747,569	47,674,354,005	30,659,429,621
Decrease in trade and other receivables		5,131,443,431	1,789,346,781	1,543,230,149
Increase in inventories		(14,264,327,698)	(11,929,089,727)	(3,163,712,363)
Decrease (increase) in contract assets		302,323,589	(541,521,049)	(737,721,626)
Decrease (increase) in financial assets at fair value through profit or loss		(94,704,533)	(1,924,681,622)	528,750,678
Decrease (increase) in advances to contractors and suppliers		(737,837,585)	354,803,949	(454,495,711)
Decrease (increase) in other current assets		(2,094,657,538)	(1,631,329,367)	1,080,165,305
Increase (decrease) in trade and other payables		21,987,744,326	(8,463,256,249)	11,314,393,569
Increase in contract liabilities		842,725,722	1,560,066,505	630,074,260
Increase (decrease) in retirement benefit obligation		118,459,282	(361,533,758)	(374,405,332)
Increase (decrease) in other current liabilities		(315,441,156)	(3,351,481,217)	5,250,324,829
Increase (decrease) in other non-current liabilities		(7,031,199,090)	8,964,115,778	(4,006,312,015)
Cash generated from operations		54,151,276,319	32,139,794,029	42,269,721,364
Cash paid for taxes		(4,554,550,464)	(2,464,195,157)	(4,906,590,957)
Net Cash From Operating Activities		49,596,725,855	29,675,598,872	37,363,130,407
<i>Balance carried forward</i>	P	49,596,725,855	P 29,675,598,872	P 37,363,130,407

	Notes	2022	2021	2020
<i>Balance brought forward</i>		P 49,596,725,855	P 29,675,598,872	P 37,363,130,407
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property, plant and equipment	13	(12,713,725,444)	(5,884,326,566)	(7,536,618,838)
Investment properties	14	(12,115,399,232)	(7,055,426,460)	(6,731,614,968)
Intangible assets	15	(28,365,606)	(39,978,451)	(14,931,794)
Proceeds from:				
Disposal of property, plant and equipment	13	784,315,633	16,968,082	122,632,048
Advances collected from related parties	30	546,138,474	51,246,075	41,795,703
Disposal of investment property	14	832,805	-	793,598
Collections of advances from associates and other related parties	30	-	89,575,462	35,608,643
Sale of investment in financial asset at FVOCI		-	-	1,960,000
Additional advances granted to associates and other related parties	30	(2,766,629,151)	(562,591,392)	(447,681,357)
Interest received		2,352,361,201	2,200,985,307	1,166,137,587
Cash dividends received	30	291,632,530	19,524,671	7,117,104
Decrease (increase) in other non-current assets		173,458,941	636,475,753	(831,036,259)
Net Cash Used in Investing Activities		(23,475,379,849)	(10,527,547,519)	(14,185,838,533)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of interest-bearing loans and bonds	18, 19, 36	(29,902,560,084)	(44,311,503,846)	(26,034,969,977)
Proceeds from interest-bearing loans and bonds	18, 19, 36	21,473,670,017	41,661,571,715	39,804,855,872
Interest paid		(9,352,933,407)	(10,612,511,415)	(10,871,776,813)
Acquisition of treasury shares	22	(3,895,393,284)	(2,919,408,630)	(803,824,656)
Dividends paid	22	(2,998,221,291)	(2,108,792,558)	(836,705,875)
Advances paid to related parties	30	(2,433,986,742)	(101,413,628)	(86,895,390)
Payment of lease liabilities	13	(1,785,136,226)	(1,819,030,854)	(1,800,935,151)
Advances received from related parties	30	1,592,209,958	336,874,510	24,157,233
Buyback of shares from non-controlling interest	22	(916,099,229)	(1,159,117,081)	(3,892,492,056)
Redemption of preferred shares	20, 36	(251,597,580)	(251,597,580)	(251,597,580)
Proceeds from secondary offering of subsidiary's shares	22	-	14,717,312,432	-
Net Cash Used in Financing Activities		(28,470,047,868)	(6,567,616,935)	(4,750,184,393)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,348,701,862)	12,580,434,418	18,427,107,481
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		82,278,122,850	69,697,688,432	51,270,580,951
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		P 79,929,420,988	P 82,278,122,850	P 69,697,688,432

Supplemental information on non-cash investing and financing activities is fully disclosed in Note 36 to the consolidated financial statements.

See Notes to Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General Information

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and began operations in 1994 as a glass-container manufacturer. On March 12, 1999, it obtained approval from the SEC to broaden its primary business into that of a holding company. Given a wider scope of business, AGI immediately diversified its investment holdings and on April 19, 1999, AGI listed its shares in the Philippine Stock Exchange (“PSE”). Currently, the Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate businesses in real estate property development, tourism-entertainment and gaming, food and beverage, and quick-service restaurant under the following entities (see Notes 4 and 12).

As of December 31, the Parent Company holds beneficial ownership interests in the following subsidiaries, associates and joint ventures:

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2022	2021	2020
Subsidiaries					
Megaworld and subsidiaries					
Megaworld Corporation					
Megaworld	Megaworld	(a)	70%	69%	69%
Megaworld Resort Estates, Inc.		(b)	84%	84%	84%
Townsquare Development, Inc.			51%	50%	50%
Golden Panda-ATI Realty Corporation			51%	50%	50%
Arcovia Properties, Inc.			70%	69%	69%
Belmont Newport Luxury Hotels, Inc.			70%	69%	69%
Davao Park District Holdings Inc.			70%	69%	69%
Eastwood Cyber One Corporation	ECOC		70%	69%	69%
Global One Hotel Group, Inc.			70%	69%	69%
Global One Integrated Business Services, Inc.			70%	69%	69%
Hotel Lucky Chinatown, Inc.			70%	69%	69%
Landmark Seaside Properties, Inc.			70%	69%	69%
Luxury Global Hotels and Leisures, Inc.			70%	69%	69%
Luxury Global Malls, Inc.			70%	69%	69%
Mactan Oceanview Properties and Holdings, Inc.			70%	69%	69%
Megaworld Cayman Islands, Inc.		(c)	70%	69%	69%
Megaworld Cebu Properties, Inc.			70%	69%	69%
Megaworld Land, Inc.			70%	69%	69%
Citywalk Building Administration, Inc.			70%	69%	69%
Forbestown Commercial Center Administration, Inc.			70%	69%	69%
Iloilo Center Mall Administration, Inc.			70%	69%	69%
Newtown Commercial Center Administration, Inc.			70%	69%	69%
Paseo Center Building Administration, Inc.			70%	69%	69%
San Lorenzo Place Commercial Center Administration, Inc.			70%	69%	69%
Southwoods Lifestyle Mall Management, Inc.			70%	69%	69%
Cityfront Commercial Center Administration, Inc.		(e)	70%	-	-

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2022	2021	2020
Subsidiaries					
Megaworld and subsidiaries					
Uptown Commercial Center Administration, Inc.			70%	69%	69%
Valley Peaks Property Management, Inc.			70%	69%	69%
Megaworld Newport Property Holdings, Inc.			70%	69%	69%
Oceantown Properties, Inc.			70%	69%	69%
Piedmont Property Ventures, Inc.			70%	69%	69%
Prestige Hotels and Resorts, Inc.			70%	69%	69%
Richmonde Hotel Group International Ltd.	RHGI	(d)	70%	69%	69%
San Vicente Coast, Inc.			70%	69%	69%
Savoy Hotel Manila, Inc.			70%	69%	69%
Savoy Hotel Mactan, Inc.			70%	69%	69%
Kingsford Hotel Manila, Inc.			70%	69%	69%
Agile Digital Ventures, Inc.			70%	69%	69%
MREIT Fund Managers, Inc.	MFMI	(f)	70%	69%	-
MREIT Property Managers, Inc.	MPMI	(f)	70%	69%	-
MREIT, Inc.	MREIT	(f)	44%	43%	-
Belmont Hotel Mactan, Inc.		(e)	70%	-	-
Stonehaven Land, Inc.			70%	69%	69%
Streamwood Property, Inc.			70%	69%	69%
Megaworld Bacolod Properties, Inc.			64%	63%	63%
Manila Baysshore Property Holdings, Inc.	MBPHI		66%	63%	62%
Megaworld Capital Town, Inc.	MCTI		53%	53%	52%
Megaworld Central Properties, Inc.			53%	53%	52%
Soho Cafe and Restaurant Group, Inc.			52%	52%	51%
La Fuerza, Inc.	LFI		46%	46%	46%
Megaworld-Daewoo Corporation			42%	41%	41%
Northwin Properties, Inc.			42%	41%	41%
Gilmore Property Marketing Associates Inc.			36%	36%	36%
Integrated Town Management Corporation			35%	34%	34%
Maple Grove Land, Inc.			35%	34%	34%
Megaworld Globus Asia, Inc.	MGAI		35%	34%	34%
Suntrust Properties, Inc.	SPI		70%	69%	69%
Governor's Hills Science School, Inc.			70%	69%	69%
Sunrays Property Management, Inc.			70%	69%	69%
Suntrust Ecotown Developers, Inc.	SEDI		70%	69%	69%
Suntrust One Shanata, Inc.			70%	69%	69%
Suntrust Two Shanata, Inc.			70%	69%	69%
Stateland, Inc.	STLI	(g)	68%	68%	66%
Global-Estate Resorts, Inc.	GERI	(h)	57%	57%	56%
Southwoods Mall Inc.			63%	63%	62%
Twin Lakes Corp.	TLC		63%	63%	62%
Twin Lakes Hotel, Inc.			63%	63%	62%
Megaworld Global-Estate, Inc.		(i)	62%	62%	61%
Fil-Estate Golf and Development, Inc.			57%	57%	56%
Golforce, Inc.			57%	57%	56%
Southwoods Ecocentrum Corp.			34%	34%	34%
Philippine Aquatic Leisure Corp.			34%	34%	34%
Fil-Estate Properties, Inc.			57%	57%	56%
Aklan Holdings Inc.			57%	57%	56%
Blu Sky Airways, Inc.			57%	57%	56%
Fil-Estate Subic Development Corp.			57%	57%	56%
Fil-Power Concrete Blocks Corp.			57%	57%	56%
Fil-Power Construction Equipment Leasing Corp.			57%	57%	56%
Golden Sun Airways, Inc.			57%	57%	56%
La Compañía De Sta. Barbara, Inc.			57%	57%	56%
MCX Corporation			57%	57%	56%
Pioneer L-5 Realty Corp.			57%	57%	56%
Prime Airways, Inc.			57%	57%	56%
Sto. Domingo Place Development Corp.			57%	57%	56%
Fil-Estate Industrial Park, Inc.			45%	45%	45%
Sherwood Hills Development Inc.			32%	31%	31%
Fil-Estate Urban Development Corp.			57%	57%	56%
Global Homes and Communities, Inc.			57%	57%	56%
Savoy Hotel Boracay, Inc.			57%	57%	56%
Belmont Hotel Boracay, Inc.			57%	57%	56%

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2022	2021	2020
Subsidiaries					
Megaworld and Subsidiaries					
Novo Sierra Holdings Corp.			57%	57%	56%
Elite Communities Property Services, Inc.			57%	57%	56%
Oceanfront Properties, Inc.			29%	28%	28%
Empire East Land Holdings, Inc.	EELHI		57%	57%	56%
Sonoma Premiere Land, Inc.		(j)	74%	74%	74%
Pacific Coast Mega City, Inc.	PCMI	(k)	75%	75%	83%
Valle Verde Properties, Inc.			57%	56%	56%
Laguna BelAir School, Inc.			42%	41%	41%
20th Century Nylon Shirt, Inc.			57%	56%	56%
Eastwood Property Holdings, Inc.			57%	56%	56%
Empire East Communities, Inc.			57%	56%	56%
Sherman Oak Holdings, Inc.			57%	56%	56%
Emperador and subsidiaries					
Emperador Inc.	EMI or Emperador	(l)	81%	86%	84%
Emperador Distillers, Inc.	EDI		81%	86%	84%
Alcazar de Bana Holdings Company, Inc.			81%	86%	84%
ProGreen AgriCorp, Inc.	PAI		81%	86%	84%
South Point Science Park, Inc.			81%	86%	84%
Anglo Watsons Glass, Inc.	AWGI		81%	86%	84%
Cocos Vodka Distillers Philippines, Inc.			81%	86%	84%
The Bar Beverage, Inc.			81%	86%	84%
Tradewind Estates, Inc.	TEI		81%	86%	84%
BoozyLife, Inc.			50%	53%	52%
Zabana Rum Company Inc.			81%	86%	84%
The World's Finest Liquor Inc.	World's Finest	(e, w)	81%	-	-
Emperador International Ltd.	EIL	(d)	81%	86%	84%
Emperador Asia Pte Ltd.	EA	(m)	81%	86%	84%
Grupo Emperador Spain, S.A.	GES	(m)	81%	86%	84%
Bodega San Bruno, S.L.	BSB	(m)	81%	86%	84%
Bodegas Fundador, S.L.U.	BFS	(m, o)	81%	86%	84%
Harvey's Cellars S.L.U (formerly Destilados de la Mancha S.L.)	HCS	(m)	81%	86%	84%
Grupo Emperador Gestion S.L.	GEG	(m)	81%	86%	84%
Domecq Bodega Las Copas, S.L.	DBLC	(m)	40%	43%	42%
Stillman Spirits, S.L.	SSSL	(m)	81%	86%	84%
Domecq Distribucion De Bebidas S.A. de C.V.	DDDB	(m, n)	-	-	42%
Pedro Domecq S.A. de C.V.	PDSC	(m, n)	40%	43%	42%
Emperador Europe SARL	EES	(m)	81%	86%	84%
Emperador Holdings (GB) Limited	EGB	(m)	81%	86%	84%
Emperador UK Limited	EUK	(m)	81%	86%	84%
Whyte and Mackay Global Limited	WMGL	(m)	81%	86%	84%
Whyte and Mackay Group Limited	WMG	(m)	81%	86%	84%
Whyte and Mackay Limited	WML	(m)	81%	86%	84%
Whyte and Mackay Warehousing Ltd.	WMWL	(m)	81%	86%	84%
GADC and subsidiaries					
Golden Arches Development Corporation	GADC		49%	49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%	49%
Golden Arches Realty Corporation			49%	49%	49%
Red Asian Food Solutions, Inc.			37%	37%	37%
Clark Mac Enterprises, Inc.			49%	49%	49%
Golden Laoag Foods Corporation			38%	38%	38%
Davao City Food Industries, Inc.			37%	37%	37%
First Golden Laoag Ventures, Inc.			34%	34%	34%
McDonald's Anonas City Center			34%	34%	34%
McDonald's Puregold Taguig			29%	29%	29%
Golden City Food Industries, Inc.			29%	29%	29%
McDonald's Bonifacio Global City			27%	27%	27%
Molino First Golden Foods Inc.			26%	26%	26%
GY Alliance Concepts, Inc.			19%	19%	19%

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2022	2021	2020
Subsidiaries					
Travellers and subsidiaries					
Travellers International Hotel Group, Inc.					
Travellers	(p)	60%	50%	50%	
Agile Fox Amusement and Leisure Corporation		60%	50%	50%	
APEC Assets Limited		60%	50%	50%	
Aquamarine Delphinium Leisure and Recreation Corporation		60%	50%	50%	
Bright Pelican Leisure and Recreation, Inc.		60%	50%	50%	
Brightleisure Management, Inc.		60%	50%	50%	
Brilliant Apex Hotels and Leisure Corporation		60%	50%	50%	
Coral Primrose Leisure and Recreation Corporation		60%	50%	50%	
Deluxe Hotels and Recreation, Inc.	DHRI	60%	50%	50%	
Entertainment City Integrated Resorts & Leisure, Inc.		60%	50%	50%	
FHTC Entertainment & Productions, Inc.	FHTC	60%	50%	50%	
Golden Peak Leisure and Recreation, Inc.		60%	50%	50%	
Grand Integrated Hotels and Recreation, Inc.		60%	50%	50%	
Grandservices, Inc.		60%	50%	50%	
Grandventure Management Services, Inc.		60%	50%	50%	
Lucky Star Hotels and Recreation, Inc.	LSHRI	60%	50%	50%	
Lucky Panther Amusement and Leisure Corporation		60%	50%	50%	
Luminescent Vertex Hotels and Leisure Corporation		60%	50%	50%	
Magenta Centaurus Amusement and Leisure Corporation		60%	50%	50%	
Majestic Sunrise Leisure & Recreation, Inc.		60%	50%	50%	
Netdeals, Inc.		60%	50%	50%	
Newport Star Lifestyle, Inc.		60%	50%	50%	
Royal Bayshore Hotels & Amusement, Inc.		60%	50%	50%	
Sapphire Carnation Leisure and Recreation Corporation		60%	50%	50%	
Scarlet Milky Way Amusement and Leisure Corporation		60%	50%	50%	
Sparkling Summit Hotels and Leisure Corporation		60%	50%	50%	
Valiant Leopard Amusement and Leisure Corporation		60%	50%	50%	
Vermillion Triangulum Amusement and Leisure Corporation		60%	50%	50%	
Westside City, Inc. (formerly Westside City Resorts World, Inc.)	WCI	(q)	59%	49%	49%
Purple Flamingos Amusement and Leisure Corporation	PFALC	(q)	59%	49%	49%
Red Falcon Amusement and Leisure Corporation	RFALC	(q)	59%	49%	49%
Captain View Group Limited	Captain View	(d, q)	59%	49%	49%
Westside Theatre Inc.			60%	50%	50%
Corporate and Others					
Alliance Global Brands, Inc.			100%	100%	100%
McKester Pik-nik International Limited	MPIL	(d)	100%	100%	100%
Great American Foods, Inc.		(r)	100%	100%	100%
New Town Land Partners, Inc.	N'TLPI		100%	100%	100%
Alliance Global Group Cayman Islands, Inc.	AG Cayman	(c)	100%	100%	100%
Boracay Newcoast Resorts, Inc.			100%	100%	100%
Dew Dreams International, Inc.			100%	100%	100%
First Centro, Inc.	FCI		100%	100%	100%
ERA Real Estate Exchange, Inc.			100%	100%	100%
Oceanic Realty Group International, Inc.			100%	100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%	100%
Alliance Global-Infracorp Development, Inc. (formerly Infracorp Development, Inc.)	Infracorp	(s)	100%	100%	100%

Subsidiaries/Associates/ Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI		
			2022	2021	2020
Subsidiaries					
Corporate and Others					
Shiok Success International, Inc.			100%	100%	100%
Travellers Group Ltd.		(d)	100%	100%	100%
Venezia Universal Ltd.		(d)	100%	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%	100%
Adams Properties, Inc.	Adams		60%	60%	60%
Associates					
First Premiere Arches Restaurant Inc.	FPARI		49%	49%	49%
Bonifacio West Development Corporation	BWDC		32%	32%	32%
Suntrust Resorts Holdings, Inc. (formerly Suntrust Home Developers, Inc.)	SUN	12.2	24%	23%	23%
Citylink Coach Services, Inc.	CCSI	(t)	-	-	6%
First Oceanic Property Management, Inc.	FOPMI	(t)	-	-	6%
Palm Tree Holdings and Development Corporation	PTHDC		28%	28%	27%
SWC Project Management Limited	SPML	(t)	24%	23%	23%
WC Project Management Limited	WPML	(t)	24%	23%	23%
Suncity WC Hotel Inc.	Suncity WC	(t)	24%	23%	-
Fil-Estate Network, Inc.	FENI		11%	11%	11%
Fil-Estate Sales, Inc.	FESI		11%	11%	11%
Fil-Estate Realty and Sales Associates, Inc.	FERSAI		11%	11%	11%
Fil-Estate Realty Corp.	FERC		11%	11%	11%
Nasugbu Properties, Inc.	NPI		8%	8%	8%
Joint Ventures					
Bodegas Las Copas, S.L.	BLC	(u), 12.3	40%	43%	42%
Front Row Theatre Management, Inc.	FRTMI	(v)	30%	25%	25%

Explanatory notes:

- (a) AGI's effective ownership interest is derived from its 47% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% holdings of other subsidiaries.
- (b) AGI and Megaworld directly own 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands.
- (e) Newly incorporated subsidiaries in 2022.
- (f) MFMI, MPMI, and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust ("REIT") companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act ("R.A.") No. 9856, *The Real Estate Investment Trust Act of 2009*, including its implementing rules and regulations, and other applicable laws.
- (g) In 2021, Megaworld acquired additional common shares of STLI from previous stockholders representing 1.44% ownership interest.
- (h) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI as of December 31, 2022 and 2021.
- (i) A subsidiary through 60% and 40% direct ownership of GERI and Megaworld, respectively.
- (j) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (k) In 2021, AGI sold a certain number of shares of PCMI to Megaworld which decreased the effective ownership of AGI over PCMI to 75%.
- (l) AGI's effective ownership was affected by EMP's buyback program and AGI's disposals. On February 5, 2020, EMI reissued a portion of its treasury shares which decreased AGI's effective ownership (see Note 22.9). In 2021, EMI repurchased common shares which resulted in the increase of AGI's effective ownership over EMI. In 2022 and 2021, AGI disposed a total of 800.6 million and 27.0 million shares, respectively, of EMI through the stock market which reduced AGI's effective ownership over EMI.
- (m) Subsidiaries under EIL, EA, EES and EGB are direct subsidiaries of EIL. EA is operating under the laws of Singapore. A subsidiary of EA, GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and HCS (a subsidiary of BFS) are operating under the laws of Spain. DBLC's subsidiaries PDSC and DDDDB are operating under the laws of Mexico. EES is operating under the laws of Luxembourg. EGB is the ultimate UK parent of EUK, WMG, WMGL, WML and WMWL which are operating under the laws of Scotland.
- (n) On December 15, 2021, PDSC merged with DDDDB with the former as the surviving entity [see Note 2.11(b)].

- (o) On January 1, 2020, Complejo Bodeguero San Patricio, S.L.U. (“CBSP”), an existing subsidiary of GES at that time, was merged with BFS by absorption wherein the latter is the absorbing entity. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.11(b)].
- (p) Effective ownership is based on total voting rights of both common and preferred shares held by the Group - 33% by AGI, 2% by FCI, 2% by Megaworld, and 39% by Adams [24% by Genting Hongkong Limited (“GHL”) and negligible by the public]. As for Travellers’ common shares are directly owned 42% by AGI, 4% by FCI, 3% by Megaworld, 20% by Adams, 31% by Genting Hongkong Limited (“GHL”) and less than 1% by the public.
- (q) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries, PFALC, RFALC, and Captain View. Captain View is a foreign entity incorporated in the British Virgin Islands and is engaged in rendering of consultancy and advisory services, among others. PFALC and RFALC have not yet started commercial operations as of December 31, 2022. AGI’s effective ownership in WCI is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (r) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (s) Infracorp is a subsidiary incorporated to engage in infrastructure business.
- (t) Subsidiaries of SUN, an associate of Megaworld. SPML, WPML and Suncity WC are wholly-owned subsidiaries of SUN. These companies are engaged in project management and consultancy services. In 2021, SUN disposed its investments in CCSI and FOPMI.
- (u) A foreign joint venture under GES and operating under the laws of Spain.
- (v) A joint venture through FHTC.
- (w) World Finest was incorporated in 2022 to engage in among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, m, r, and u above).

AGI’s shares of stock and those of Megaworld, EMI, GERI, EELHI, MREIT and SUN are listed in and traded through the PSE as of December 31, 2022. EMI’s shares were secondary listed and started trading on the Main Board of the Singapore Exchange Securities Trading Limited on July 14, 2022.

The principal activities of the Group are further described in Note 4.

The Company’s registered office and primary place of business is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.2 Approval of the Consolidated Financial Statements

The Board of Directors (“BOD”) approved on March 30, 2023 the issuance of the consolidated financial statements of the Group as of and for the year ended December 31, 2022 (including the comparative consolidated financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (“PFRS”) which include the availment of financial reporting reliefs issued and approved by the SEC discussed below. PFRS are adopted by the Financial Reporting Standards Council (“FRSC”) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision*, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

The Group opted to avail of the following financial reliefs, with the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements, until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

- (ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch Between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and an interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 08-2021, this will impact the opening retained earnings in the year of adoption.

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (“PAS”) 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to such third consolidated statement of financial position are not required to be disclosed. The Group presented only one comparative period as none of these situations are applicable.

(d) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Parent Company’s functional currency (see Note 2.19). Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Basis of Consolidation

The Group’s consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as enumerated in Note 1, after the elimination of material intercompany transactions. All material intercompany balances and transactions with subsidiaries, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full.

Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

In addition, shares of stock of the Parent Company acquired by any of its subsidiaries are recognized as treasury shares at cost and these are presented as deduction in the consolidated statement of changes in equity (see Note 2.15). Any changes in their market values, as recognized separately by the subsidiaries, are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital (“APIC”).

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting principles. Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Group accounts for its investments in subsidiaries and associates, interests in joint arrangements, and transactions with non-controlling interest as follows:

(a) *Investments in Subsidiaries*

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when (i) it is exposed, or has rights, to variable returns from its involvement with the entity and (ii) it has the ability to affect those returns through (iii) its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The acquisition method is applied to account for acquired subsidiaries (see Note 2.11).

Subsidiaries are consolidated from the date the Group obtains control until such time that such control ceases. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the 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 entity 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. Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of the related goodwill (see Note 2.12).

(b) *Investments in Associates*

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate.

Goodwill, which is the excess of the acquisition cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities, is included in the carrying amount of the investment. When the Group's share in the fair value of identifiable assets and liabilities is higher than the acquisition cost, the excess is included as income in the determination of the Group's share in net income of the associate in the period of acquisition.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting in the profit or loss generated by the associates are credited or charged against the Share in Net Profits (Losses) of Associates and Joint Ventures account in the consolidated statement of comprehensive income. These changes include subsequent depreciation, amortization and impairment of the fair value adjustments of the associates' assets and liabilities.

Impairment loss is provided when there is objective evidence that the investments in associates will not be recovered (see Note 2.20).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity, for example, resulting from the associates' accounting for financial assets at fair value through other comprehensive income ("FVOCI"), are recognized in other comprehensive income of the Group, as applicable.

Any non-income related equity movements of the associates that arise, for example, from the distribution of dividends or other transactions with the associates' shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized. Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) *Interests in Joint Arrangements*

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

For interest in a joint operation, the Group recognizes in its consolidated financial statements its share of the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint operation. No adjustments or other consolidation procedures are required since the assets, liabilities, income and expenses of the joint operation are recognized in the separate financial statements of the operators.

For interest in a joint venture, the Group recognizes in its consolidated financial statements its interest using the equity method. Under the equity method, the interest in a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the joint venture after the date of acquisition. Unrealized gains arising from transactions with joint venture are eliminated to the extent of the Group's interest in joint venture against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. Distributions received from an investee reduce the carrying amount of the investment. Impairment loss is provided when there is objective evidence that the investments in joint arrangement will not be recovered (see Note 2.20).

(d) *Transactions with Non-Controlling Interest*

The Group's transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interest that result in gains and losses for the Group are also recognized in equity (see Note 2.15).

The Parent Company holds beneficial interests in various subsidiaries, associates and joint ventures as presented in Notes 1.1 and 12.

2.3 Adoption of Amended PFRS

(a) *Effective in 2022 that are Relevant to the Group*

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PFRS 3 (Amendments)	:	Business Combinations – Reference to the Conceptual Framework
PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments):		Leases – Lease Incentives

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework*. The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard. The application of these amendments had no impact on the Group's consolidated financial statements.

- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no impact on the Group's consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that the amendments do not have significant impact on the Group's consolidated financial statements.
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact, and which are effective from January 1, 2022, are relevant to the Group's consolidated financial statements:
- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that are not Relevant to the Group*

Among the Annual Improvements to PFRS 2018-2020 Cycle, the following amendments, which are effective from January 1, 2022, are not relevant to the Group's consolidated financial statements:

- (i) PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
- (ii) PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January from 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (v) PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2023)
- (vi) PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2023)
- (vii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instruments (see Note 2.24). For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) *Classification and Measurement of Financial Assets*

The classification and measurement of financial assets is driven by the Group's business model for managing the financial assets ("business model test") and the contractual cash flow characteristics of the financial assets ("cash flow characteristics test") to achieve a particular business objective. The business model is determined at a higher level of aggregation (portfolio or group of financial assets managed together) and not on an instrument-by-instrument approach to classification (i.e., not based on intention for each or specific characteristic of individual instrument) in order to achieve the stated objective and, specifically, realize the cash flows.

Financial assets are initially measured at fair value and then subsequently measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL"), depending on the classification determined at initial recognition. Financial assets designated and effective as hedging instruments are classified as financial assets at FVTPL.

(i) *Financial Assets at Amortized Cost*

Financial assets are classified at amortized cost if both of the following conditions are met:

- Business model test: the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- Cash flow characteristics test: the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Except for trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers* all financial assets meeting these criteria are initially measured at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented as Cash and Cash Equivalents (see Note 5), Trade and Other Receivables (except Advances to suppliers) (see Note 6), Restricted short-term placements, Time deposits, Refundable deposits, and Property mortgage receivable [included under Other Current Assets and Other Non-current Assets accounts (see Note 9)].

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Finance and Other Income (see Note 27).

(ii) *Financial Assets at Fair Value Through Other Comprehensive Income*

Financial assets are classified at FVOCI if both of the following conditions are met:

- Business model test: they are held under a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset (“hold to collect and sell”); and,
- Cash flow characteristics test: SPPI on the principal amount outstanding.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as Net Fair Value Gains (Losses) on Financial Assets at FVOCI account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income on debt instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statements of comprehensive income as part of Finance and Other Income.

Equity instruments that are not held for trading may be irrevocably designated at FVOCI at initial recognition on an instrument-by-instrument basis; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or it is a contingent consideration recognized arising from a business combination.

Dividends received are recognized in the profit or loss (when the Group’s right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably), unless they clearly represent a recovery of the part of investment.

(iii) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified under FVTPL if they do not meet the conditions for measurement at amortized cost or FVOCI; instead, these are held within a business model whose objective is to realize changes in fair values through the sale of the assets. These include financial assets that are held for trading, which are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance and Other Income account in the consolidated statement of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts, to manage its risks associated with fluctuations in foreign currency. Derivative assets and derivative liabilities arise from foreign exchange margins trading spot and forward contracts entered into by the Group. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative (see Note 2.13). The term of these forward contracts is usually one month to one year.

The Group's financial assets at FVTPL consist mainly of investments in marketable debt and equity securities and derivative instruments which are held for trading purposes (see Note 7).

Interest and dividend earned on these investments are recognized as part of Finance and Other Income account in the consolidated statement of comprehensive income.

(b) *Reclassification of Financial Assets*

The Group can only reclassify financial assets if the business model for managing those financial assets changes. A change in the business model will take effect only at the beginning of the next reporting period following the change.

- From amortized cost to FVTPL: Fair value is measured at reclassification date, with the difference between the amortized cost and fair value recognized as gain or loss in profit or loss.
- From amortized cost to FVOCI (debt instruments): Fair value is measured at reclassification date, with the difference between the amortized cost and the fair value recognized as gain or loss in other comprehensive income ("OCI"). The effective interest rate and the measurement of expected credit losses ("ECL") remain the same.
- From FVTPL to amortized cost: Fair value at the reclassification date becomes its new gross carrying amount. The effective interest rate is determined on the basis of the fair value at reclassification date, which is now treated as the date of initial recognition.

- From FVTPL to FVOCI: The financial asset continues to be measured at fair value.
- From FVOCI to amortized cost: Fair value at the reclassification date becomes its new gross carrying amount. The cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial asset at reclassification date. As a result, the measurement at reclassification date is as if the financial asset had always been measured at amortized cost. This adjustment affects OCI but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of ECL remain the same.
- From FVOCI to FVTPL: The financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in OCI is reclassified to profit or loss as a reclassification adjustment at reclassification date.

There was no reclassification of financial assets in 2022 and 2021.

(c) *Impairment of Financial Assets*

The Group assesses impairment using ECL model on a forward-looking basis for financial assets carried at amortized cost and debt instruments measured at FVOCI. The carrying amount of the financial asset at amortized cost are adjusted for impairment through a loss allowance account. The loss allowance for financial assets at FVOCI; however, is carried in OCI and does not reduce the carrying amount of the financial assets.

The Group considers a broad range of information in assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect collectibility of the future cash flows of the financial assets. The Group considers all reasonable and supportable information that is available without undue cost or effort, as well as observable market information about the credit risk of the particular financial instrument or similar financial instruments.

The Group applies the simplified approach in measuring ECL, which uses a lifetime ECL allowance for all trade and other receivables and contract assets using provision matrix approach and loss rates approach, as the case may be. The lifetime ECL is estimated based on the expected cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Notes 3.2(b) and 32.2].

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months (12-month ECL) until there is a significant increase in credit risk since origination, at which point, the loss allowance will be based on lifetime ECL. When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

To calculate the ECL of related parties, the Group determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. The key elements used in the calculation of ECL are as follows:

- *Probability of Default ("PD")* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss Given Default ("LGD")* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at Default ("EAD")* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation which pertains to its amortized cost.

Impairment loss on financial assets at amortized cost are presented as part of Other Operating Expenses accounts in the consolidated statement of comprehensive income (see Note 26).

(d) *Put Option Accounted for as a Financial Guarantee Contract*

The put option on a co-development agreement meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option event). The put option transfers a risk to the Group, in which the Group is obligated to pay a specified amount if the holder chooses to exercise the put option upon the happening of any put option event [see Note 31.7(iv)].

In accounting for a financial guarantee, the Group considers whether the financial risk transferred is significant or not. When the financial risk is considered significant, it should be accounted for under PFRS 9; otherwise, under PFRS 4, *Insurance Contracts*, wherein the general provision for accounting of insurance contracts shall apply.

When accounted for in accordance with PFRS 9, the financial guarantee is initially recognized at fair value, which is equivalent to the premium received at inception of the contract. Subsequent to initial recognition, financial guarantee is measured at the higher of the amount initially recognized or at the amount determined in accordance with the ECL model.

In measuring the put option under ECL model, the Group applies the general approach of ECL measurement, wherein the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. However, if the risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period.

(e) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Derivative Financial Instruments and Hedge Accounting

A derivative is a financial instrument wherein its value changes in response to a specified change in variable; it requires no initial net investment or on an initial investment that is smaller than what would be required for other types of financial instruments that would be expected to have a similar response to changes in market factors; and, it is settled on a future date. The Group occasionally uses derivative financial instruments to manage its risks associated with foreign currency and interest rates. Derivatives are recognized initially and subsequently at fair value. Such derivatives are carried as assets when there is gain in the net fair value and as liabilities when there is loss in net fair value. Any gains or losses arising from changes in fair value of derivative financial instruments which are not designated as accounting hedges are recognized directly in profit or loss [see Note 2.4(a)].

The Group uses hedge accounting when it assigns hedging relationships between a hedging instrument, usually a derivative financial instrument, and a hedged item. The hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness to qualify for hedge accounting. The hedging relationship must be expected to be highly effective over the period for which it is designated as cash flow hedge.

Changes in fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included under Revaluation Reserves on Cash Flow Hedge in equity to the extent that the hedge is effective. Any ineffectiveness in the hedge relationship is recognized immediately in profit or loss.

If the hedged future cash flows are no longer expected, the amount that has been accumulated in Revaluation Reserves on Cash Flow Hedge shall be immediately reclassified to profit or loss.

Gaming transactions of the Group with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Group takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Group to or collected from the patron when the outcome of the wager has been determined. See Note 2.16 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from accrual of unsettled wagers related to the expected and eventual payouts of slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statement of financial position (see Note 17).

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value (“NRV”). Cost is determined using weighted average method, except for food, paper, and promotional materials and supplies, which use the first-in, first-out method. Finished goods and work-in-process include the cost of raw materials, direct labor and a proportion of manufacturing overhead (including an element of depreciation) based on normal operating capacity. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities (see Note 8).

NRV of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials, spare parts and other operating supplies is the current replacement cost [see Note 3.2(c)].

Accounting policies for real estate inventories and transactions are discussed in Note 2.7.

2.7 Real Estate Inventories and Transactions

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and, borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Group (see Note 2.17). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed. Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Reposessed property arising from sales cancellation is recognized at cost (see Note 2.16). The difference between the carrying amount of the receivable or contract asset to be derecognized plus any amount to be refunded to customers and the cost of the reposessed property is recognized in the consolidated statement of comprehensive income.

2.8 Other Assets

Other assets, presented either under current or non-current assets classification in the consolidated statement of financial position, pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably (see Notes 9 and 2.24).

Advances to suppliers that will be applied as payment for purchase of inventories or services to be rendered in the future are classified and presented under the Trade and Other Receivables account. On the other hand, advances to suppliers that will be applied as payment for purchase of items under property and equipment or other non-current assets are classified and presented under the Other Non-current Assets account. These classification and presentation are based on the eventual realization of the asset to which it was advanced for.

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 (see Note 2.20).

2.9 Property, Plant and Equipment

Property, plant and equipment ("PPE") are stated at cost and, except for land, less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated. Land held for use in production or administration is stated at cost less any impairment in value (see Note 13).

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use, including borrowing costs (see Note 2.17) and asset retirement obligation relating to property and equipment installed/constructed on leased properties [see Note 3.2(n)].

Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(h)]:

Buildings and land improvements	5 to 50 years
Condominium units	10 to 25 years
Machinery and equipment	2 to 12 years
Fixtures and other equipment	3 to 10 years
Transportation equipment	3 to 10 years

Leasehold improvements are amortized over the useful life of the assets or the term of the lease, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.17) and other direct costs. The account is not depreciated or amortized until such time that the assets are completed and 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 (see Note 2.20).

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

The residual values, estimated useful lives and method of depreciation and amortization of PPE are reviewed, and adjusted if appropriate, at each reporting period.

An item of PPE, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon sale or disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Properties

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years [see Notes 2.20, 3.1(g), and 14].

Cost capitalization, depreciation, impairment loss and asset derecognition are recorded in the same manner as in Property, Plant and Equipment (see Note 2.9).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (see Note 2.20).

The residual values, estimated useful lives and method of depreciation of investment properties, except for land, are reviewed and adjusted, if appropriate, at the end of each reporting period.

Transfers to, or from, investment property shall be made when and only when there is a change in use for such property.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

2.11 Business Combinations and Asset Acquisitions

(a) Accounting for Business Combination using the Acquisition Method

A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participants. When a unit acquired does not constitute a business, it is accounted for as an asset acquisition [see Note 2.11(c)].

Business acquisitions [see Note 3.1(k)] are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Identifiable assets acquired and liabilities, including contingent liabilities, assumed are measured initially at their fair values at the acquisition date [see Note 3.2(q)]. 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 acquiree's identifiable net assets.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 37 Provisions, Contingent Liabilities and Contingent Assets, either in consolidated profit or loss or as a change to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any existing equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed (see Note 2.20). Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is recognized directly to income [see Note 2.2(a)]. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the date of acquisition that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously-held equity interest in the acquiree at its fair value at the date of acquisition (the date the Group attains control) and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the date of acquisition that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if such interests were disposed of.

(b) *Accounting of Business Combination using the Pooling-of-interests Method*

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (as amended by PIC Q&A No. 2015-01, *Conforming Changes to PIC Q&As – Cycle 2015*, and PIC Q&A No. 2018-13, *Conforming Changes to PIC Q&As – Cycle 2018*); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”, which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements. The Group used this method in accounting for mergers and restructurings [see Note 1.1(n) and (o)].

(c) *Accounting for Asset Acquisition*

Acquisition of assets in an entity which does not constitute a business is accounted for as an asset acquisition. Under the asset purchase accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; any goodwill or gain on bargain purchase is not recognized; and transaction costs are capitalized.

2.12 Intangible Assets

Intangible assets include goodwill, trademarks, leasehold rights, computer software and franchise fee. Except goodwill and some specific trademarks, all other intangible assets have finite lives and are carried at cost less accumulated amortization and any impairment in value. Goodwill and trademarks with indefinite useful lives are not amortized, but are reviewed for impairment at least annually (see Notes 2.11, 2.20 and 15).

The cost of trademarks, leasehold rights, computer software and franchise fee includes the acquisition price and other direct costs. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(h)]:

Trademarks [except those with indefinite useful lives (see Note 15)]	10 years
Franchise fee	10 years
Computer software	3 years

Leasehold rights are amortized over the useful life of 20 years or the term of the lease, whichever is shorter.

When an intangible asset is retired or otherwise disposed of, the carrying value is removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Costs associated with maintaining computer software and any costs associated with research activities are recognized as expense in profit or loss as incurred.

2.13 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans (see Note 18), Bonds Payable (see Note 19), Lease Liabilities (see Note 13.3), Trade and Other Payables (except tax-related payables) (see Note 17), Advances from Other Related Parties (see Note 30.6), Redeemable Preferred Shares (see Note 20), and Equity-linked debt securities (“ELS”), Derivative liability, Guarantee deposits, Commission payable, Subscription payable and Retention payable [which are presented as part of Other Current Liabilities and Other Non-Current Liabilities accounts (see Note 21)] are recognized when the Group becomes a party to the contractual agreements of the instrument (see Note 2.24).

Except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.17), all interest-related charges incurred on financial liabilities are recognized as an expense in profit or loss under Finance Costs and Other Charges in the consolidated statement of comprehensive income (see Note 27).

Interest-bearing Loans and Bonds Payable are raised for support of long-term funding of operations. These are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, except for capitalized borrowing costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and Other Payables, Advances from Related Parties, Guarantee deposits, Commission Payable and Retention Payable are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Redeemable Preferred Shares of GADC and TLC, which are mandatorily redeemable at the option of the holder, are initially recognized at fair value, net of transaction costs, on inception date and presented as a liability in the consolidated statement of financial position; the liability is subsequently measured at amortized cost (see Note 20). The corresponding accretion of the liability and the dividends paid on those shares are charged as part of Interest expense under Finance Costs and Other Charges account (see Note 27) in the consolidated statement of comprehensive income.

Dividend distributions to shareholders are recognized as financial liabilities on the record date set upon declaration by the BOD.

The Group’s derivative liability arising from financial instruments designated as cash flow hedges is recognized and subsequently measured in accordance with its hedge accounting policy (see Note 2.5). All other derivative liabilities are measured at fair value (see Note 21).

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized as gain or loss in profit or loss. If the modification is not considered substantial, the liability is restated to the net present value of revised cash flows discounted at the original effective interest rate, with the adjustment recognized as gain or loss in profit or loss.

2.14 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events [see Note 3.1(p)].

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments 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.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision. Contingent assets are not recognized, but disclosed where an inflow of economic benefits is probable. The asset is only recognized when it is virtually certain that the inflow of economic benefits will arise to the Group.

2.15 Equity

Capital stock represents the nominal value of shares that have been issued (see Note 22.1).

APIC includes any premiums received on the issuance or reissuance of capital stock. Any transaction costs associated with such issuances of shares are deducted from APIC, net of any related income tax benefits. Excess of proceeds from sale of treasury shares over acquisition cost of such treasury shares, and amounts of unexercised share options are also added to APIC (see Note 22.2).

Treasury shares refer to AGI shares reacquired by the Company but not cancelled and AGI shares held by subsidiaries for investment purposes. These are carried at the cost of reacquiring such shares (see Notes 2.2 and 22.3).

Net actuarial gains or losses on post-employment benefit plan pertain to actuarial gains or losses from remeasurement of post-employment benefit obligation and the Group's share in other comprehensive income or loss of associates and joint ventures.

Net unrealized fair value gains or losses on financial assets at FVOCI pertains to cumulative mark-to-market valuations on such securities [see Note 2.4(a)(ii)].

Accumulated translation adjustments represent the translation adjustments resulting from the translation of foreign currency denominated financial statements of certain subsidiaries into the Group's presentation currency [see Note 2.19(b)(iii)].

Revaluation reserves on cash flow hedges pertain to the cumulative effective portion of gains and losses recognized on hedging instruments in a cash flow hedge (see Note 2.5).

Other reserves include legal reserves and reserves from changes in ownership interest in subsidiaries that do not result in a loss of control. Legal reserves represent the statutory requirements in Luxembourg, which comprise of net wealth tax reserve and capital reserve. Certain statutory requirements based on Spanish legislation were also included as part of this account.

Dilution gain or loss (presented as part of Other Reserves) arises when an investor or the Group exercises its pre-emptive rights to maintain its ownership interest in an investee. This represents the difference between the book value per share in an investee versus the Group's offer price at the time the rights are exercised. This also includes the Group's share in previous period's profit (loss) as a result of the current increase (decrease) in equity ownership over its subsidiaries. Dilution gain or loss is recognized on investments of which the Group continues to exercise control (see Note 22.4).

Share options represent the value of share options during vesting period upon recognition of share-based remuneration expense in profit or loss, net of any share options exercised or expired [see Notes 2.21(e) and 22.6].

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit and loss section of the consolidated statement of comprehensive income, reduced by the amount of dividends declared (see Note 22.7).

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Parent Company's shareholders, which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity [see Notes 2.2(d), 2.11 and 22.8].

2.16 Revenue and Expense Recognition

Revenue arises mainly from sale of consumer goods and real properties and rendering of services which include quick-service restaurants, gaming-related activities, hotel operations and franchise revenues.

Revenue is recognized in a manner that depicts the pattern of goods and services to customers at an amount to which the Group expects to be entitled in exchange for those goods and services. The focus of revenue recognition is on the transfer of control of goods or services, which could be at a point in time or over time, following this five-step process:

1. Identify the contract with a customer;
2. Identify the performance obligation (distinct goods or services promised);
3. Determine the transaction price (including fixed amounts or variable amounts, or both, financing components, non-cash consideration, consideration payable to customer, if any);
4. Allocate the transaction price to the performance obligations; and,
5. Recognize revenue when (or as) performance obligations are satisfied (at a point in time or over time).

In identifying whether a contract with a customer exists, the following five gating criteria must be present:

- a. the parties to the contract have approved the contract either in writing or in accordance with other customary business practices and committed to perform their respective obligations;
- b. each party's rights regarding the goods or services to be transferred or performed can be identified;
- c. the payment terms for the goods or services to be transferred or performed can be identified;
- d. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- e. collection of the consideration in exchange of the goods and services is probable (i.e., more likely than not to occur).

A contract, for purposes of revenue recognition, does not exist if each party has a unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue for contracts where performance obligations are expected to be satisfied within 12 months of the end of reporting period.

The following specific recognition criteria must also be met before revenue is recognized (see Note 24):

- (a) *Sale of consumer goods (under Sale of Goods)* – Revenues from sale of goods are recognized at a point in time when the customer has acknowledged the receipt of the goods.
- (b) *Real estate sales (under Sale of Goods)* – The Group develops real properties such as developed land, house and lot, and condominium units. The timing of revenue recognition is based on whether the real estate sold is pre-completed or completed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(a).

The Group often enters into contracts to sell real properties as they are being developed. On such *pre-completed real estate properties*, revenue is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. On *completed real estate properties*, revenue is recognized at point in time when the control over the real estate property is transferred to the buyer.

Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by Megaworld, GERI, EELHI, SPI, ECOC, MBPHI, SEDI, LFI, OPI, MGAI, MCTI and STLI.

- (c) *Sale of undeveloped land and golf and resort shares (included as Part of Real Estate Sales under Sale of Goods)* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at point in time when control on the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.
- (d) *Food, beverage and others (included in Hotel Operations under Rendering of Services)* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoices for consumer goods transferred are due upon receipt by the customer.

- (e) *Hotel accommodation (included in Hotel Operations under Rendering of Services)* – Revenues are recognized over time during the occupancy of hotel guest and end when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.
- (f) *Sales from Group-operated quick-service restaurants (under Rendering of Services)* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer, and the Group has no obligation that could affect the customer's acceptance of the goods. Invoices for consumer goods transferred are due upon receipt by the customer.
- (g) *Franchise revenues (under Rendering of Services)* – Revenues from franchised McDonald's restaurants (including the restaurant operated by a joint venture) include royalty and management fees. These are recognized in the period earned.
- (h) *Rendering of other services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from other services include commissions, cinema and production shows and other activities incidental to the Group's main operations.

Revenues and expenses are recognized excluding the amount of value-added tax ("VAT"). As applicable, when the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Group recognizes a right of refund asset on goods to be recovered from customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contain significant right of return arrangements that remain outstanding as of the end of the reporting periods.

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers for real estate sales, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented in Contract Assets account in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(c)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented in Contract Liabilities account in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sales, consideration received from buyers are presented as Customers' deposits under Other Liabilities account in the consolidated statement of financial position (see Note 21).

The Group provides a membership card for its gaming patrons (i.e., of Travellers). Members earn points on gaming activity and such points are redeemable for complimentary goods and services such as room accommodations, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions. The Group records revenue for the original transaction and a provision (and a corresponding recognition of promotional allowances in profit or loss) for the value of the points earned by members by reference to the relative fair values of the complimentary goods or services.

Gaming revenues from table games and slot machines are recognized from net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers; and for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances) (see Note 24). The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9 (see Note 2.5). Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Promotional allowances include rebates under the casino rebates program and the provision for the value of the gaming points earned by members, i.e. in using a membership card provided by the Group, by reference to the relative fair values of the complimentary goods or services. Promotional allowances are presented as a reduction of gaming revenues.

The Group also administers games in which the Group receives a fee rather than the Group being at risk to win or lose based on the outcome of the game, i.e., tournaments including card games and bingo operations. Revenues from these gaming-related activities, which are accounted for in accordance with PFRS 15, are recognized over time as the services for administering the games are rendered, at an amount equivalent to the fee collected.

Cost and expenses (other than cost of real estate sales) are recognized in profit or loss upon utilization of the services or receipt of the goods or at the date they are incurred (see Notes 25 and 26). Incremental costs of obtaining a contract to sell a real estate property to a customer are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Incremental costs in obtaining other customer contracts are expensed as incurred since amortization period of these costs, if capitalized, would be less than one year (a practical expedient in PFRS 15).

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred (see Note 27), except to the extent that they are capitalized (see Notes 2.7, 2.9 and 2.10). Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

For any new contracts, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Group assesses whether the contract meets the following three key evaluations:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- there is a right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- there is a right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At commencement date of the lease, a right-of-use asset (“ROUA”) and a lease liability are recognized in the consolidated statement of financial position. For short-term leases and leases of low-value assets, the Group uses the practical expedients where related lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the ROUA is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term. The Group also assesses the ROUA for impairment when such indicators exist (see Note 2.20). The ROUA is also adjusted for any remeasurement of the related lease liabilities, except for changes in lease payments in which the practical expedient on COVID-19-related rent concessions is applied.

On the other hand, the lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily available, or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, ROUA are included as part of Property, Plant and Equipment account. On the other hand, Lease Liabilities are presented as a separate line item under Current Liabilities and Non-current Liabilities sections.

GADC is legally required under various lease agreements to dismantle the installations and restore the leased sites at the end of the lease term. It is also a Group's policy to remove permanent improvements or additions which contain designs and configurations inherent to GADC's business signs, trademarks, trade names, patent and other similar intellectual property rights belonging to McDonald's Corporation ("McDonald's") upon the termination or expiration of lease contract. The present value of these estimated costs is recognized and being depreciated on a straight-line basis over the shorter of the useful life of the related asset or the lease term [see Note 3.2(n)]. The asset retirement obligation ("ARO") is recognized at fair value, with the periodic accretion recognized in profit or loss as part of interest expense. The outstanding ARO as of the end of the reporting period is presented as part of Other Non-Current Liabilities account in the consolidated statement of financial position (see Note 21).

(b) *Group as Lessor*

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Moreover, the Group derecognizes ROUA pertaining to subleases classified as finance lease and recognizes a corresponding finance lease receivable in its consolidated statement of financial position. The difference between the derecognized ROUA and recognized finance lease receivable is recognized in the consolidated profit or loss.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.19 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of foreign subsidiaries (see Note 1), which are measured using the United States (“U.S.”) dollars, British pound sterling and European Union euro, their functional currencies, are translated to Philippine pesos, the Parent Company’s functional currency as follows:

- (i)* Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii)* Income and expenses for each profit or loss account are translated at the average exchange rates over the reporting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- (iii)* All resulting exchange differences are recognized in other comprehensive income and in a separate component of equity under Accumulated Translation Adjustments account.

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

The translation of the financial statements into Philippine peso should not be construed as a representation that the foreign currency amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.20 Impairment of Non-Financial Assets

The Group’s Investments in Associates and Joint Ventures [see Notes 2.2(b), 2.2(c) and 12], Intangible Assets (see Notes 2.12 and 15), Investment Properties (see Notes 2.10 and 14), Property, Plant and Equipment (including right-of-use assets) (see Notes 2.9, 2.18, and 13) and other non-financial assets (see Notes 2.8 and 9) are subject to impairment testing [see Note 3.2(i)]. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for intangible assets with indefinite useful life or those not yet available for use, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.21 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, as well as a defined contribution plan, and other employee benefits which are recognized as follows (see Note 28):

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables account in the consolidated statement of financial position.

(b) Post-employment Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment defined benefit pension plans cover all regular full-time employees. The respective pension plans are tax-qualified, noncontributory and administered by respective trustees of four significant subsidiaries.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (“DBO”) less the fair value of plan assets at the end of the reporting period. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero-coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based on the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (“BVAL”). BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance and Other Income or Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) *Post-employment Contribution Plan*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity (i.e., Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) *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 when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) *Share-based Employee Remuneration*

The Group grants share options to key executive officers and employees eligible under each share option plan of the Parent Company, Megaworld, GERI and EMI. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss and the corresponding share option is recorded in the Equity section of the consolidated statement of financial position.

Expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vested on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as APIC, and the cost of the share option under Share Options account is reclassified to APIC.

Upon expiration of share option, the value assigned to the Share Options is reclassified to the APIC account in the Equity section of the consolidated statement of financial position.

(f) *Bonus Plans*

The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the Group's profits after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(g) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.22 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any (see Note 29).

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in consolidated profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Non-Current Assets Classified as Held for Sale

Non-Current Assets classified as held for sale refer to land and buildings that the Group intends to sell within one year from the date of reclassification as held for sale (see Note 16).

The Group classifies as non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

A non-current asset held for sale is measured at the lower of its carrying amount, immediately prior to their classification as held for sale, and its fair value less costs to sell. The Group shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell. Gain from any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation.

If the Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the Group shall cease to classify the asset as held for sale.

The gain or loss arising from the sale or remeasurement of held for sale assets is recognized in profit or loss in the consolidated statement of comprehensive income.

2.24 Current or Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.25 Earnings per Share

Basic earnings per share (“EPS”) is computed by dividing net profit attributable to equity holders of the parent company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period (see Note 23).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potentially dilutive shares [e.g., vested share options (see Note 22.6)].

2.26 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s Strategic Steering Committee (“SSC”), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally considers the Group's major subsidiaries, as disclosed in Note 4, which represent the main products and services provided by the Group and the line of business in which the Group operates. Each of these operating segments, which represents the major subsidiaries within the Group, is managed separately by each respective officers and management. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.27 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged (see Note 30).

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) certain funded retirement plans, administered by trustee banks, of four significant subsidiaries.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Transactions individually or in aggregate over a 12-month period with the same related party, amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.28 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements. There are no post year-end events that occurred up to date of issuance of the consolidated financial statements that would require adjustment (see Note 37).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Evaluating the Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation for pre-completed real estate properties is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Sales of Consumer Goods

The Group determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods.

(iii) *Hotel Accommodations*

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iv) *Food and Beverages, and Others*

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, the Group determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(v) *Forfeited Collections and Deposits*

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(vi) *Property Management Services*

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date, i.e., generally when the customer has acknowledged the Group's right to invoice.

(b) *Estimating Collection Threshold for Real Estate Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(c) *Determining the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15*

The Group exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Group and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Group only receiving a fee for administering the game (PFRS 15), rather than the Group being at risk to win or lose based on the outcome of the game (PFRS 9). When the Group takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9.

Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9, while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(d) *Evaluating the Business Model and Cash Flow Characteristics of Financial Assets*

The Group applies the business model test and cash flow characteristics test at a portfolio of financial assets (i.e., group of financial instruments that are managed together to achieve a particular objective) and not on an instrument-by-instrument approach (i.e., not based on intention for each or specific characteristic of individual instrument) as these relate to the Group's investment and trading strategies.

The business model assessment is performed on the basis of reasonably expected scenarios (and not on reasonably expected not to occur, such as the so-called 'worst case' or 'stress case', scenarios). A business model for managing financial assets is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

The Group uses judgment when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the Group considers all relevant evidence that is available at the date of assessment which includes, but not limited to:

- How the performance of the business model and the financial assets held within the business model are evaluated and reported to key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and,
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(e) *Determining the ECL on Trade and Other Receivables*

The Group applies the ECL methodology which requires certain judgments in selecting the appropriate method of measuring ECL. In measuring ECL, the Group considers a broad range of information which include past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is based on historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group has considered the continuing impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Notes 2.4(c) and 32.2.

(f) *Determining Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/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 Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

The Group also considers any potential cost of dismantling and restoration of buildings and leasehold improvements for which the Group might be held liable in evaluating whether to renew the lease.

(g) *Distinguishing Investment Properties, Owner-Occupied Properties and Real Estate Inventories*

The Group determines whether a property qualifies as investment properties (see Note 2.10), owner-occupied properties or inventories. The Group applies judgment upon initial recognition of the asset based on the intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Investment properties comprise of properties held to earn rental or for capital appreciation. Owner-occupied properties (see Note 2.9) generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process, while inventories (see Note 2.7) are properties that are held for sale in the ordinary course of business. The Group considers each property separately in making its judgment.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Group's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Group's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(h) *Distinguishing Investments in Financial Instruments and Golf and Resort Shares Inventories*

In determining whether golf and resort shares shall be accounted for as either inventories or financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and it intends to sell a developed property together with the club share.

(i) *Classifying Perpetual Debt Securities*

The Group exercises judgment in classifying its perpetual debt securities as financial liabilities or equity instruments. In making its judgment, the Group considers the terms of the securities including any restrictions on the Group's ability to defer interest payments. As of December 31, 2020, Megaworld had perpetual capital securities that did not appear in the consolidated statement of financial position because all were bought back by subsidiaries of AGI in 2019.

In 2021, Megaworld fully redeemed the perpetual capital securities for P9.8 billion (see Note 22.8).

(j) *Determining Control, Joint Control or Significant Influence*

Judgment is exercised in determining whether the Group has control, joint control or significant influence over an entity, even though the Group holds less than 50% or less than 20% of the investee's voting shares. In assessing control or significant influence over investees, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, presence of interlocking directors, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

(k) *Distinguishing Asset Acquisition and Business Combinations*

At the time of acquisition, the Group determines whether the acquisition represents an acquisition of a business or of assets (see Note 2.11). The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., for Megaworld – maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property*, on ancillary services.

Moreover, the transfer of ownership interest over WML and WMWL from WMG to WMGL, the merger between CBSP and BFS and between PDSC and BDSC and the merger between PDSC and DDDDB are accounted for as business combinations using pooling-of-interest method as these are transfers of interests in entities that are under the common control and there is no change of control before and after the restructuring or mergers [see Note 1.1(n) and (o)].

(l) *Distinguishing Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's assessment, the Group's lease agreements as lessor are classified as operating leases, except for one which has been classified as a finance lease.

(m) *Determining Whether Lease Concessions Constitute a Lease Modification*

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to certain lessees, such as lease payment holidays or lease payment reductions.

The Group also received lease concessions from its lessors in 2022, 2021 and 2020.

In making this judgment, the Group determines whether the rent concessions have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees and received from lessors do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, are not lease modifications under PFRS 16.

The rent concessions granted by the Group amounted to P1.4 billion, P2.3 billion and P2.2 billion in 2022, 2021 and 2020, respectively, while the total gain on lease concessions received by the Group amounted to P239.7 million, P509.2 million and P413.4 million in 2022, 2021 and 2020, respectively, and is presented as Gain on COVID-19-related rent concessions under the Finance and Other Income account in the consolidated statements of comprehensive income (see Notes 13.3 and 27).

(n) *Determining the Accounting Treatment of Put Option*

The Group determined that the put option contract entered by the Group meets the definition of financial guarantee under PFRS 4. Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Group determined that the risk transferred to the Group is significant; hence, the put option is accounted for under PFRS 9 [see Notes 2.4(d) and 31.7(iv)].

(o) *Classification of Non-current Assets classified as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group). The actions required to complete the plan should also indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Based on management's assessment, the letter of intent dated December 27, 2022 and 2020, which provides the Group's commitment to sell certain land and buildings to a related party, is the main consideration for classifying these assets as non-current assets classified as held for sale (see Note 13).

In 2021, the sale of certain land development classified as part of non-current assets classified as held for sale was completed (see Note 16).

(p) *Recognizing Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.14 and disclosures on relevant provisions and contingencies are presented in Note 31.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows.

(a) *Revenue Recognition for Performance Obligation Satisfied Over Time*

In determining the amount of revenue from real estate sales to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) *Impairment of Financial Assets at Amortized Cost and Measurement of Put Option*

In measuring allowance for ECL, the Group uses significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses), as further detailed in Note 2.4(c). The Group evaluated impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties, the counterparties' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6.

Further, the measurement of the put option value under the ECL model required the use of significant assumptions with regard to the possibility of any of the option events from happening in the future and the possible change in the evaluation of the collateral within the 12-month assessment period, as further detailed in Note 31.7.

(c) *Valuation of Inventories*

In determining the NRV of inventories (see Notes 2.6 and 2.7), management takes into account the most reliable evidence available at the dates the estimates are made. NRV is one of the key variables used in analyzing possible impairment.

The Group's core business is subject to changes in market factors that directly affect the demand for inventories, such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of the carrying amounts of these assets is also affected by price changes in the costs incurred necessary to produce the inventories and make a sale as well as market trends. Changes in the sources of estimation may cause significant adjustments to the Group's inventories and real estate properties within the next financial reporting period.

The amounts of allowance for inventory obsolescence provided by management are based on, among others, age and status of inventories and the Group's past experience. The NRV of inventories and an analysis of allowance for inventory write-down are presented in Note 8.

Considering the Group's pricing policy, the NRV of real estate properties are higher than their related costs.

(d) *Fair Value Measurement of Financial Assets at FVOCI*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement are determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

Management estimates the fair value of financial instruments where active market quotes are not available based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 2.4).

The carrying amounts of financial assets at FVOCI are disclosed in Note 11 [see Note 2.4(a)(ii)].

(e) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model (see Note 2.10). The fair value disclosed in Note 14 to the consolidated financial statements was estimated either by: (i) using the fair value of similar properties in the same location and condition; or, (ii) using the discounted cash flows valuation technique since the information on current or recent prices of certain investment property is not available.

The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. As of December 31, 2022 and 2021, the Group determined that there were no significant circumstances that may affect the fair value measurement of these properties. The fair value of the investment properties is disclosed in Notes 14 and 34.4.

(f) *Fair Value Estimation of Share Options*

The fair value of the Executive Share Option (the “Options”) recognized as part of Salaries and employee benefits is shown under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). A corresponding credit to Share Options for options related to the Group is presented in the Equity section of the consolidated statements of financial position (see Note 22.6).

The Group estimates the fair value of the Options by applying an option valuation model, considering the terms and conditions on which the Options were granted. The estimates and assumptions used are presented in Note 22.6 which include, among other things, the option’s time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the share price (i.e., the Parent Company, Megaworld, GERI, and EMI) and fair value of the specific common shares. Changes in these factors can affect the fair value of share options at grant date.

(g) *Fair Value Measurement of Derivative Financial Instruments*

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

For other derivative financial instruments, management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. The determination of the fair value of derivatives is dependent on the selection of certain assumptions used by third party experts in calculating such amounts. Those assumptions include, among others, expected movements in the index cumulative performance as defined in the swap agreements for cross-currency swaps and changes in forward rates for forward contracts. Changes in assumptions could affect reported fair value of financial instruments. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(h) *Estimation of Useful Lives of Property, Plant and Equipment, Investment Properties and Intangible Assets*

The Group estimates the useful lives of property, plant and equipment (including right-of-use assets) (see Notes 2.9 and 2.18), investment properties (see Note 2.10) and intangible assets (see Note 2.12) with finite lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, investment properties and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Specific trademarks mentioned in Note 15 were assessed to have indefinite useful lives considering that there is no foreseeable limit to the period over which such trademarks are expected to generate cash inflows for the Group (i.e., trademarks for The Dalmore and Jura have been in existence for more than 100 years). Moreover, there are no legal or similar limits imposed on the period over which the Group has control or can use the said trademarks.

The carrying amounts of property, plant and equipment, investment properties and intangible assets are presented in Notes 13, 14 and 15, respectively. Actual results, however, may vary due to changes in factors mentioned above.

Based on management's assessment, no change in the estimated useful lives of property, plant and equipment, investment properties and intangible assets is necessary in 2022 and 2021.

(i) *Impairment of Non-Financial Assets*

Goodwill and specific intangible assets with indefinite useful life are reviewed annually for impairment. An impairment review on all other non-financial assets is performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.20. Though management believes 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 values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses and reversals recognized on property, plant and equipment are discussed in Note 13. There is no other impairment loss recognized on the Group's investment properties, goodwill and other intangible assets, and other non-financial assets based on management's evaluation for the years ended December 31, 2022, 2021 and 2020.

(j) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. An analysis of the recognized and unrecognized deferred tax assets is presented in Note 29.1.

(k) *Valuation of Post-Employment Defined Benefit Obligation*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 28.2.

(l) *Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points*

The Group provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Group recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Group reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Group is presented as Unredeemed gaming points under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

(m) *Recognition of Financial Liability and Equity Components of Compound Financial Instruments*

The Equity-linked securities (“ELS”) instrument (see Note 22.9) contains both a financial liability, which is the Group’s contractual obligation to pay cash, and an equity component, which is the holder’s option to convert it into an equity instrument of the issuer. The equity component is assigned the residual value after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Valuation techniques were used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as own credit risk, volatilities and correlations require management to make estimates. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on conditions existing at the end of each reporting period.

In 2017, as a result of the amendments on the ELS, management reassessed the compound financial instrument and recomputed the fair values of the components at the time of amendment, which resulted in a revalued financial liability component and an equity component with value.

On December 4, 2019, the Group exercised the option to extend the redemption date of ELS until December 4, 2021 which did not result to substantial modification of terms. On December 3, 2021, the financial liability component of the ELS amounting to P3.4 billion was derecognized, and an equity component was recognized amounting to P3.4 billion, which is presented as part of Non-controlling Interest account under the Equity section in the consolidated statements of financial position. The actual conversion pertaining to issuance of ELS shares is expected to happen in 2023.

(n) *Provision for Restoration of Leased Property*

Determining the provision for leased property restoration requires estimation of the cost of dismantling and restoring leased properties (building and leasehold improvements) to their original condition for which the Group is liable (see Note 2.9). The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. The estimated dismantling cost was discounted using the prevailing market rate at the inception of the lease for an instrument with maturity similar to the term of the lease.

The carrying amount of ARO and provision for dilapidation are presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

(o) *Provision for Onerous Lease*

The Group determines the provision for leasehold properties which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect on consolidated profit or loss.

In 2022, 2021 and 2020, an additional provision was recognized. The carrying amount of provision for onerous lease is presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

(p) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(q) *Business Combinations*

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment (see Note 2.11).

4. SEGMENT INFORMATION

4.1 *Business Segments*

The Group is organized into major business segments, which are the major subsidiaries of the Group. These represent the main products and services provided by the Group and the line of business in which the Group operates (see Note 2.26).

Presented below is the basis of the Group in reporting its primary segment information.

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business, which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports, and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, contract assets, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities, interest-bearing loans and bonds payable.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the years ended December 31, 2022, 2021 and 2020:

	2022				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES					
Sales to external customers	P 55,975,462,269	P 26,906,252,986	P 34,480,810,931	P 60,671,184,025	P 178,033,710,211
Intersegment sales	304,571,337	2,487,657	-	35,944,484	343,003,478
Finance and other income	<u>3,247,223,045</u>	<u>64,825,475</u>	<u>418,739,950</u>	<u>955,168,614</u>	<u>4,685,957,084</u>
Segment revenues	59,527,256,651	26,973,566,118	34,899,550,881	61,662,297,123	183,062,670,773
Cost of sales and expenses excluding depreciation and amortization	(<u>31,322,179,772</u>)	(<u>19,690,768,476</u>)	(<u>28,460,711,228</u>)	(<u>48,227,801,281</u>)	(<u>127,701,460,757</u>)
	28,205,076,879	7,282,797,642	6,438,839,653	13,434,495,842	55,361,210,016
Depreciation and amortization	(3,279,686,211)	(3,929,707,605)	(2,755,285,324)	(1,486,209,879)	(11,450,889,019)
Finance cost and other charges	(<u>5,783,076,956</u>)	(<u>2,558,983,889</u>)	(<u>1,142,015,079</u>)	<u>464,015,648</u>	(<u>9,020,060,276</u>)
Profit before tax	19,142,313,712	794,106,148	2,541,539,250	12,412,301,611	34,890,260,721
Tax expense	(<u>3,767,557,891</u>)	(<u>34,944,222</u>)	(<u>718,249,851</u>)	(<u>1,498,453,879</u>)	(<u>6,019,205,843</u>)
SEGMENT PROFIT	<u>P 15,374,755,821</u>	<u>P 759,161,926</u>	<u>P 1,823,289,399</u>	<u>P 10,913,847,732</u>	<u>P 28,871,054,878</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 407,268,364,874	P 120,512,238,096	P 42,258,378,031	P 139,215,259,307	P 709,254,240,308
Segment liabilities	154,955,291,814	82,974,847,246	33,549,877,780	47,695,845,248	319,175,862,088
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(155,429,591)	(19,791)	-	113,970,450	(41,478,932)
Interest income	2,840,715,801	64,825,475	63,265,523	140,827,313	3,109,634,114
Interest expense	2,257,631,482	2,510,796,297	1,049,115,625	597,655,650	6,415,199,054
Impairment reversal (losses) – net	-	-	74,555,613	-	74,555,613
Investment property and PPE acquisition	12,848,481,035	27,034,697,382	5,852,501,619	4,182,886,314	49,918,566,350

	2021				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES					
Sales to external customers	P 47,852,574,643	P 13,178,792,085	P 24,981,223,562	P 54,859,868,391	P 140,872,458,681
Intersegment sales	333,685,748	3,781,754	53,279,180	20,861,004	411,607,686
Finance and other income	<u>2,430,598,039</u>	<u>5,869,561,754</u>	<u>540,662,873</u>	<u>543,129,154</u>	<u>9,383,951,820</u>
Segment revenues	50,616,858,430	19,052,135,593	25,575,165,615	55,423,858,549	150,668,018,187
Cost of sales and expenses excluding depreciation and amortization					
	(<u>27,357,969,647</u>)	(<u>13,926,615,339</u>)	(<u>20,192,198,403</u>)	(<u>40,193,894,605</u>)	(<u>101,670,677,994</u>)
	23,258,888,783	5,125,520,254	5,382,967,212	15,229,963,944	48,997,340,193
Depreciation and amortization	(3,467,925,032)	(3,438,789,892)	(2,699,707,554)	(1,547,143,708)	(11,153,566,186)
Finance cost and other charges	(<u>4,958,100,463</u>)	(<u>1,852,218,880</u>)	(<u>1,007,891,042</u>)	(<u>656,306,587</u>)	(<u>8,474,516,972</u>)
Profit before tax	14,832,863,288	(165,488,518)	1,675,368,616	13,026,513,649	29,369,257,035
Tax expense	(<u>564,917,329</u>)	(<u>33,572,786</u>)	(<u>839,581,930</u>)	(<u>2,746,817,808</u>)	(<u>4,184,889,853</u>)
SEGMENT PROFIT (LOSS)	<u>P 14,267,945,959</u>	<u>(P 199,061,304)</u>	<u>P 835,786,686</u>	<u>P 10,279,695,841</u>	<u>P 25,184,367,182</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 395,561,313,126	P 113,652,601,547	P 36,054,436,750	P 126,100,101,392	P 671,368,452,815
Segment liabilities	153,768,820,135	81,552,270,631	29,083,047,027	45,003,038,365	309,407,176,158
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(176,548,383)	(19,847)	-	161,824,100	(14,744,130)
Interest income	1,940,725,166	19,958,194	43,191,682	85,581,808	2,089,456,850
Interest expense	1,915,870,863	1,884,329,596	1,010,566,223	764,622,658	5,575,389,340
Impairment reversal (losses) – net	-	(1,970,737,642)	182,933,013	-	(1,787,804,629)
Investment property and PPE acquisition	7,578,086,399	6,403,291,716	1,228,412,180	2,340,741,404	17,550,531,699

	2020				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES					
Sales to external customers	P 40,359,723,561	P 12,167,008,299	P 19,872,519,690	P 51,395,295,032	P 123,794,546,582
Intersegment sales	379,396,452	302,114,071	60,894,560	20,935,609	763,340,692
Finance and other income	<u>2,731,878,167</u>	<u>(176,954,741)</u>	<u>781,791,127</u>	<u>1,324,441,878</u>	<u>4,661,156,431</u>
Segment revenues	43,470,998,180	12,292,167,629	20,715,205,377	52,740,672,519	129,219,043,705
Cost of sales and expenses excluding depreciation and amortization					
	<u>(23,499,228,103)</u>	<u>(12,030,590,679)</u>	<u>(17,267,508,300)</u>	<u>(40,791,074,691)</u>	<u>(93,588,401,773)</u>
	19,971,770,077	261,576,950	3,447,697,077	11,949,597,828	35,630,641,932
Depreciation and amortization	<u>(3,104,661,233)</u>	<u>(3,415,318,051)</u>	<u>(2,871,924,719)</u>	<u>(1,567,325,817)</u>	<u>(10,959,229,820)</u>
Finance cost and other charges	<u>(2,902,210,084)</u>	<u>(2,122,927,402)</u>	<u>(1,203,893,047)</u>	<u>(513,380,443)</u>	<u>(6,742,410,976)</u>
Profit before tax	13,964,898,760	(5,276,668,503)	(628,120,689)	9,868,891,568	17,929,001,136
Tax expense	<u>(3,347,906,258)</u>	<u>(26,305,278)</u>	<u>145,292,878</u>	<u>(1,399,085,656)</u>	<u>(4,628,004,314)</u>
SEGMENT PROFIT (LOSS)	<u>P 10,616,992,502</u>	<u>(P 5,302,973,781)</u>	<u>(P 482,827,811)</u>	<u>P 8,469,805,912</u>	<u>P 13,300,996,822</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 374,893,702,823	P 116,426,830,157	P 34,826,330,051	P 117,650,258,379	P 643,797,121,410
Segment liabilities	148,742,486,482	84,390,957,849	29,262,553,333	52,427,534,132	314,823,531,796
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(69,879,672)	(42,607)	-	185,108,059	115,185,780
Interest income	1,815,477,035	78,077,879	51,261,830	181,474,347	2,126,291,091
Interest expense	1,612,876,982	2,118,900,450	1,028,710,347	527,374,333	5,287,862,112
Impairment reversal (losses) – net	-	(132,628,909)	90,993,216	-	(41,635,693)
Investment property and PPE acquisition	7,162,324,039	8,896,976,635	742,674,846	818,549,748	17,620,525,268

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues			
Total segment revenues	P 183,062,670,773	P 150,668,018,187	P 129,219,043,705
Unallocated corporate revenue	892,562,132	2,536,105,772	334,098,842
Elimination of intersegment revenues	(343,003,478)	(411,607,686)	(763,340,692)
Revenues and income as reported in consolidated comprehensive income	<u>P 183,612,229,427</u>	<u>P 152,792,516,273</u>	<u>P 128,789,801,855</u>
Profit or loss			
Segment profit	P 28,871,054,878	P 25,184,367,182	P 13,300,996,822
Unallocated corporate loss	(3,339,108,847)	(983,774,659)	(2,278,045,377)
Elimination of intersegment revenues	(343,003,478)	(411,607,686)	(763,340,692)
Profit as reported in consolidated comprehensive income	<u>P 25,188,942,553</u>	<u>P 23,788,984,837</u>	<u>P 10,259,610,753</u>
Assets			
Segment assets	P 709,254,240,308	P 671,368,452,815	P 643,797,121,410
Unallocated corporate assets	<u>38,765,910,309</u>	<u>32,591,492,659</u>	<u>24,695,663,757</u>
Total assets reported in the consolidated statements of financial position	<u>P 748,020,150,617</u>	<u>P 703,959,945,474</u>	<u>P 668,492,785,167</u>
Liabilities			
Segment liabilities	P 319,175,862,088	P 309,407,176,158	P 314,823,531,796
Unallocated corporate liabilities	<u>62,876,176,193</u>	<u>59,330,130,526</u>	<u>57,849,793,170</u>
Total liabilities reported in the consolidated statements of financial position	<u>P 382,052,038,281</u>	<u>P 368,737,306,684</u>	<u>P 372,673,324,966</u>

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the years presented.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand and in banks	P 38,151,438,227	P 34,946,747,460
Short-term placements	<u>41,777,982,761</u>	<u>47,331,375,390</u>
	<u>P 79,929,420,988</u>	<u>P 82,278,122,850</u>

Cash in banks generally earn interest based on daily bank deposit rates [see Notes 27 and 32.1(b)].

Short-term placements are made for varying periods up to 63 days and earn effective interest per annum ranging from 0.1% to 5.8% in 2022, 0.03% to 4.5% in 2021, and 0.3% to 4.9% in 2020.

Interest income from Cash and Cash Equivalents is presented under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

The Group has restricted short-term placements and time deposits, which are shown under Other Current Assets account in the consolidated statements of financial position (see Note 9).

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

	Notes	<u>2022</u>	<u>2021</u>
Current:			
Trade receivables	18(q), 24.2	P 46,622,239,420	P 44,402,333,541
Advances to contractors and suppliers		20,341,652,581	18,475,110,817
Due from related parties	30.4, 30.5	6,706,248,461	4,485,757,784
Advances to condominium associations		942,457,297	609,826,161
Accrued interest receivable		200,476,960	116,987,049
Finance lease receivable		140,205,473	49,650,856
Note receivable		30,628,886	20,685,368
Loan receivable		26,086,957	26,086,957
Receivable from sale of land	30.10	-	378,391,250
Others		4,757,913,126	5,480,806,320
		79,767,909,161	74,045,636,103
Allowance for impairment	32.2	(1,386,668,076)	(1,386,328,339)
		78,381,241,085	72,659,307,764
Non-current:			
Trade receivables	18(q), 24.2	16,458,968,156	7,879,307,774
Advances to contractors and suppliers		3,923,853,195	4,466,629,924
Finance lease receivable		408,618,895	523,254,133
Receivable from employees		120,453,977	115,288,876
Loans receivable		6,521,722	32,608,678
Others		1,124,696,649	1,044,211,411
		22,043,112,594	14,061,300,796
Allowance for impairment	32.2	(12,224,936)	(12,224,936)
		22,030,887,658	14,049,075,860
		P 100,412,128,743	P 86,708,383,624

Trade receivables are noninterest-bearing. Most trade receivables, particularly those relating to real estate sales, are covered by post-dated checks.

The Group obtains various loans through assignment of trade receivables. The assigned receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables amounting to P0.9 billion and P1.4 billion as of December 31, 2022 and 2021, respectively, is equal to the outstanding balance of the loans [see Note 18(q)]. None of the assigned receivables were found to be impaired.

The installment period of real estate sales contracts averages from one to fifteen years. Noninterest-bearing trade receivables with maturity of more than one year after the end of the reporting period are remeasured at amortized cost using the effective interest rate of similar financial instruments. The fair values of noninterest-bearing contracts are determined by calculating the present value of the cash inflows anticipated to be received until the end of the contract term using the effective interest rate. This resulted in the recognition of day one loss amounting to P543.3 million, P483.3 million and P269.8 million in 2022, 2021 and 2020, respectively, which is presented under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest income from unwinding the day one losses on noninterest-bearing receivables amounted to P799.0 million, P641.6 million and P408.3 million in 2022, 2021 and 2020, respectively. These amounts are presented as part of Interest income under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

Advances to contractors and suppliers pertain to noninterest-bearing and unsecured advances or downpayments to the Group's contractors and suppliers as initial payment or mobilization funds for services to be rendered and goods to be delivered to the Group. These are reduced proportionately upon receipt of progress billings from said suppliers. The current portion relates to purchases of inventories while the non-current portion relates to the construction of property, plant and equipment and investment properties.

Current note receivable pertains mainly to a three-year unsecured interest-bearing advances granted by Travellers in prior years to a certain third party.

Due from related parties pertain to noninterest-bearing, unsecured and immediately demandable advances, settlement of which is generally made in cash (see Notes 30.4 and 30.5).

Receivable from employees pertain to advances made to employees which are generally settled in cash or through deductions from employees' salary or employees' liquidation of business-related expenses.

Other current receivables include, among others, non-trade receivables from tenants and advances to raw landowners.

All of the Group's trade and other receivables have been assessed for impairment using the ECL model required under PFRS 9 [see Notes 32.2 and 2.4(c)]. Certain past due accounts from real estate sales are not provided with allowance for impairment to the extent of the expected market value of the property sold to the customer as the titles to the real estate properties remain with the Group until the receivables are fully collected; hence there is no loss given default in case of non-payment (see Note 32.2).

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 1,398,553,275	P 1,418,013,870
Impairment losses during the year	26	37,657,409	70,025,018
Reversal of impairment previously recognized	27	(35,684,766)	(95,700,853)
Translation adjustment		(1,570,571)	7,196,807
Write-off of trade receivables previously provided with allowance		(62,335)	(981,567)
Balance at end of year		<u>P 1,398,893,012</u>	<u>P 1,398,553,275</u>

Impairment losses are presented under Other Operating Expenses account (see Note 26), while the reversal of impairment, which pertains to recovery of receivables previously provided with allowance, is presented as Reversal of impairment losses on receivables under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

All trade receivables are subject to credit risk exposure (see Note 32.2). However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables as the amounts recognized consist of a large number of receivables from various customers.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of local and foreign investments, held for trading, as follows:

	<u>2022</u>	<u>2021</u>
Marketable debt securities	P 10,015,227,600	P 9,130,210,667
Quoted equity securities	4,817,133,925	4,379,228,173
Derivative financial assets	<u>129,918,974</u>	<u>3,294,192</u>
	<u>P 14,962,280,499</u>	<u>P 13,512,733,032</u>

Marketable debt securities, which bear interest ranging from 4.3% to 6.7%, 4.3% to 7.7% and 4.3% to 7.5% per annum as of December 31, 2022, 2021 and 2020, respectively, are measured at their fair values determined directly by reference to published prices quoted in an active market. The net changes in fair values of these financial assets are presented as part of Fair value gains under Finance and Other Income account or Fair value losses under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest income is shown as part of Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

Derivative financial assets arise from the Group's foreign exchange forward and cross-currency swap contracts.

The Group's forward contracts are usually one month to one year. Changes in foreign currency value arising from such forward contracts are taken up in profit or loss and are recorded either as part of Fair value gains under Finance and Other Income account or Fair value losses under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). As of December 31, 2022 and 2021, the hedging instrument related to forward contracts has a negative fair value of P140.9 million and positive fair value of P3.3 million, respectively.

In 2020, GADC entered into a cross-currency swap arrangement with a local bank. The terms of the agreement provide for the repayment of the principal and interest to be made in fixed peso amounts [see Note 18(gg)]. The instrument has a positive fair value of P73.4 million as of December 31, 2022 and a negative fair value of P4.0 million as of December 31, 2021. The changes in fair value resulted in unrealized loss of P68.1 million, P52.5 million and P91.0 million in 2022, 2021 and 2020, respectively, presented as part of Miscellaneous under the Other Operating Expenses account (see Note 26).

Megaworld also entered into cross-currency swap arrangements in 2017 and 2019 designated as cash flow hedge (see Note 2.5). Under the cross currency swap agreement in 2017, Megaworld would receive a total of \$98.87 million to be paid on a quarterly basis beginning March 2019 up to December 2022 plus interest based on 3-month LIBOR plus a certain spread. In exchange, Megaworld would make fixed quarterly payments in Philippine pesos plus a fixed interest of 4.91%. In the other cross currency swap agreement in 2019, Megaworld will receive \$95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on three-month LIBOR plus a certain spread. Megaworld shall make fixed quarterly payments in Philippine pesos plus a fixed interest of 4.82%.

Megaworld has designated the cross currency swap as a hedging instrument to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Note 18(g) and (i)]. The hedging instruments have a positive fair value of P197.4 million as of December 31, 2022 and a negative fair value of P147.8 million as of December 31, 2021. The Group recognized unrealized gain on cash flow hedges amounting to P91.1 million and P199.7 million in 2022 and 2021, respectively, and unrealized loss on cash flow hedges amounting to P144.7 million in 2020. These are presented under items that will be reclassified subsequently to consolidated profit or loss as part of other comprehensive income in the consolidated statements of comprehensive income.

As of December 31, 2022 and 2021, the Group has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Group used hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans [see Note 3.2 (g)].

The negative fair value of the financial instruments in 2021 is presented under Other Current Liabilities in the 2021 consolidated statement of financial position (see Note 21).

8. INVENTORIES

The details of inventories are shown below [see Notes 2.6, 2.7, 3.1(g) and 3.2(c)].

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
At cost:			
Real estate for sale		P 99,256,713,141	P 87,369,037,909
Raw land inventory		11,823,319,249	12,718,498,816
Property development costs		9,509,115,059	12,770,169,977
Golf and resort shares for sale		<u>2,983,103,368</u>	<u>2,973,987,068</u>
		<u>123,572,250,817</u>	<u>115,831,693,770</u>
At net realizable value:			
Work-in-process goods		25,603,632,966	24,225,660,909
Finished goods	18(dd)	7,308,357,489	6,070,587,781
Food, supplies and other consumables		6,949,228,809	4,228,753,586
Raw materials		<u>5,359,004,122</u>	<u>3,016,276,952</u>
		45,220,223,386	37,541,279,228
Allowance for inventory write-down	2.6	(<u>607,771,046</u>)	(<u>525,557,828</u>)
		<u>44,612,452,340</u>	<u>37,015,721,400</u>
		<u>P 168,184,703,157</u>	<u>P 152,847,415,170</u>

Real estate for sale pertains to the accumulated costs incurred in developing residential houses, lots and condominium units for sale which refer to the Group's horizontal and condominium projects and certain integrated tourism projects. Total cost includes capitalized borrowing costs amounting to P727.2 million and P655.0 million in 2022 and 2021, respectively (see Note 18). The amount capitalized was determined using a capitalization rate of 3.11%, 3.01% and 4.25% in 2022, 2021, and 2020, respectively.

Certain real estate for sale are subject to negative pledge on certain loans obtained by the Group [see Note 18(dd)].

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Real estate for sale.

Raw land inventory pertains to properties which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares for sale comprise of proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100.0 per share.

Work-in-process goods pertain mainly to substantial inventory of aged whisky stocks in Scotland which mature over periods of up to 60 years. These maturing whisky stock inventory amounted to P21.1 billion and P19.7 billion as of December 31, 2022 and 2021, respectively, which included capitalized depreciation costs (see Note 13).

Food, supplies and other consumables include paper and packaging, promotional materials, membership program items, operating supplies, spare parts, fuel and lubricants.

A reconciliation of the allowance for inventory write-down at the beginning and end of the reporting periods is shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 525,557,828	P 364,805,879
Additional losses during the year	25, 26	82,268,265	160,751,949
Reversal of write-down	27	(55,047)	-
Balance at end of year		<u>P 607,771,046</u>	<u>P 525,557,828</u>

The additional losses were recognized to reduce the carrying values of inventories in 2022 and 2021. These are shown as part of Other direct and overhead costs under Cost of Goods Sold account (see Note 25) while the losses pertaining to promotional supplies are shown as Write-down of inventories under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The reversals of write-down are shown as part of Miscellaneous under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

In 2022, the certain inventories amounting to P162.5 million were impaired, and presented as Write-down of inventories under Other Operating Expenses account in the 2022 consolidated statement of comprehensive income (see Note 26). No similar transaction in 2021 and 2020.

9. OTHER ASSETS

The composition of this account is shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Current:			
Input VAT		P 6,536,300,500	P 6,404,826,959
Prepayments		4,957,726,190	3,463,843,555
Restricted short-term placements	5, 31.2(a)	2,632,933,283	2,961,842,891
Creditable withholding taxes		2,045,669,232	2,752,214,334
Deferred commission	24.3	1,962,421,561	1,552,396,393
Office supplies		154,702,644	171,417,014
Time deposits	5	125,693,932	124,806,266
Refundable deposits		87,168,226	184,826,265
Others		<u>647,791,133</u>	<u>533,191,931</u>
		<u>19,150,406,701</u>	<u>18,149,365,608</u>
Non-current :			
Advances for future investment	31.2(a)	2,714,748,353	2,126,513,059
Refundable deposits		1,883,641,015	1,740,902,199
Deferred commission	24.3	1,034,827,696	2,022,525,348
Advance payments for assets acquisition		244,158,114	66,462,757
Claims for tax refund		49,954,694	49,954,694
Deferred input VAT		42,442,867	69,900,392
Property mortgage receivable	13.2, 13.3	-	646,636,072
Others		<u>606,529,351</u>	<u>585,996,081</u>
		<u>6,576,302,090</u>	<u>7,308,890,602</u>
		<u>P 25,726,708,791</u>	<u>P 25,458,256,210</u>

Restricted short-term placements [see Note 31.2(a)] are made for varying periods ranging from 30 to 90 days in 2022 and 2021, and earn effective interest of 0.3% to 1.4% per annum in both 2022 and 2021, and 0.3% to 0.4% per annum in 2020 (see Note 27).

Time deposits pertain to placements with maturity of 360 days, which earn an effective interest of 0.7% in 2022, 0.9% in 2021, and 1.9% in 2020.

Interest income from Restricted short-term placements and Time deposits are presented as part of Interest income under Finance and Other Income in the consolidated statements of comprehensive income (see Note 27).

Prepayments include prepaid taxes, insurance, rentals and advertising, which are expected to be realized in the next reporting period.

Advances for future investment pertain to the advances made by the Group to Philippine Amusement and Gaming Corporation (“PAGCOR”) starting 2014 in connection with the development of Site A. In 2022 and 2021, the Group made additional payments to PAGCOR amounting to P588.2 million in each year to fulfill the future investment [see Note 31.2(a)]. In 2020, the Group received parcels of land with a fair value of P1,782.9 million. As consideration for the transfers, the advances for future investment were reduced by the value of the land received.

The advance payment for assets acquisition represents the deposits made for future purchase of machinery and equipment. Amounts reclassified to property and equipment amounted to P44.5 million and P113.2 million in 2022 and 2021, respectively.

In 2022, the property mortgage receivable was reversed upon the Group’s acquisition of the subject property, which was classified as part of Buildings and leasehold improvements under Property, Plant and Equipment in the 2022 consolidated statement of financial position. The related right-of-use assets and lease liabilities were also derecognized. The resulting gain on lease termination is presented as part of Miscellaneous – net under Finance and Other Income in the 2022 consolidated statement of comprehensive income (see Notes 13.2, 13.3 and 27).

Current others include payroll funds and food and beverage supplies while non-current others include prepaid rentals, prepayment of condominium units, various security and other deposits.

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

The Group enters into numerous joint arrangements for the joint development of various real estate projects. The joint operation agreements stipulate that the Group’s joint operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Notes 2.7 and 8).

The Group also grants noninterest-bearing, secured cash advances to a number of landowners and joint operators under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less amounts liquidated is presented as Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As of December 31, 2022 and 2021, management has assessed that the advances to joint ventures are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

	<u>2022</u>	<u>2021</u>
Total commitment for construction expenditures	P 54,990,686,120	P 43,260,563,281
Total expenditures incurred	(36,794,191,122)	(28,723,107,507)
Net commitment	<u>P 18,196,494,998</u>	<u>P14,537,455,774</u>

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2022 and 2021. The listing of the Group's jointly-controlled projects are as follows:

Megaworld:

- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- Northhill Gateway
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

GERI:

- Alabang West
- Caliraya Spring
- Forest Hills
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- Holland Park
- Sta. Barbara Heights Shophouse District

EELHI:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:

- Capitol Plaza
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- 88 Gibraltar
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- Genti Heights
- Fountain Grove
- Palm City
- The Mist Residence

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as of December 31, 2022 and 2021, and income and expenses for each of the three years in the period ended December 31, 2022 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint operations (see Note 2.2).

As of December 31, 2022 and 2021, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2022 and 2021 amounted to P348.0 million and P333.2 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 30.6).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, 2022 and 2021, financial assets at FVOCI [see Note 2.4(a)(ii)], which pertain to equity securities, are comprised of the following:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Quoted		P 230,169,075	P 54,700,815
Unquoted		<u>112,674,776</u>	<u>366,169,674</u>
	34.2	<u>P 342,843,851</u>	<u>P 420,870,489</u>

The reconciliation of the carrying amounts of these financial assets are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 420,870,489	P 396,914,433
Fair value gain (loss)	(77,741,121)	23,956,056
Disposals	(73,500,000)	-
Additions and translation adjustments	<u>73,214,483</u>	<u>-</u>
Balance at end of year	<u>P 342,843,851</u>	<u>P 420,870,489</u>

Quoted equity securities consist of listed local shares of stock and various proprietary club shares which are denominated in Philippine pesos. Golf club shares are proprietary membership shares of Travellers from certain golf clubs. Unquoted equity securities pertain to investments in shares of stock of local, privately-held companies.

The fair values of the quoted financial assets have been determined by reference to published prices in an active market. The fair value of unquoted equity securities were determined through valuation techniques (see Note 34.2). The changes in the fair value amounted to P77.7 million loss and P24.0 million gain in 2022 and 2021, respectively, and are presented as Net Unrealized Fair Value Gain (Loss) on Financial Assets at FVOCI in the consolidated statements of comprehensive income.

In 2014, the Group entered into a subscription agreement with a certain company whereby the Group agreed to pay up the amount of P73.5 million. Such amount was recognized as financial asset at FVOCI in the Group's consolidated statements of financial position. In 2022, the Group agreed to rescind the subscription agreement and the paid-up amount was returned to the company.

In 2020, investment in equity securities with a total cost of P2.0 million were sold at cost to The Andresons Group, Inc. ("TAGI"), a stockholder of the Group (see Note 30).

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

12.1 Breakdown of Carrying Values

The details of investments in associates and interest in joint ventures, which are carried at equity method, are presented below and in the succeeding page.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Investments of Megaworld in Associates:			
Acquisition costs:			
SUN	12.2	P 2,619,800,008	P 2,619,800,008
NPI		734,396,528	734,396,528
BWDC		199,212,026	199,212,026
PTHDC		<u>64,665,000</u>	<u>64,665,000</u>
		<u>3,618,073,562</u>	<u>3,618,073,562</u>
Accumulated share in net losses:			
Balance at beginning of year		(563,431,938)	(386,883,555)
Share in net losses for the year		(155,429,591)	(176,548,383)
Balance at end of year		(718,861,529)	(563,431,938)
Accumulated equity in other comprehensive income:			
Balance at beginning of year		69,120,911	48,194,714
Share in other comprehensive income of associate		<u>6,138,277</u>	<u>20,926,197</u>
Balance at end of year		<u>75,259,188</u>	<u>69,120,911</u>
Accumulated impact of changes in ownership interest			
		<u>163,711,981</u>	<u>163,711,981</u>
		<u>3,138,183,202</u>	<u>3,287,474,516</u>
<i>Balance carried forward</i>		<u>P 3,138,183,202</u>	<u>P 3,287,474,516</u>

	<u>2022</u>	<u>2021</u>
<i>Balance brought forward</i>	<u>P 3,138,183,202</u>	<u>P 3,287,474,516</u>
Investment of EMI in BLC,		
a joint venture – acquisition cost	12.3 <u>2,845,367,065</u>	<u>2,845,367,065</u>
Accumulated share in net profits:		
Balance at beginning of year	610,319,466	448,495,366
Share in net profits for the year	113,970,450	161,824,100
Dividend received during the year	<u>(290,001,250)</u>	<u>-</u>
Balance at end of year	<u>434,288,666</u>	<u>610,319,466</u>
Translation adjustments	<u>15,388</u>	<u>26,958,086</u>
	<u>3,279,671,119</u>	<u>3,482,644,617</u>
Investment of Travellers in FRTMI,		
a joint venture – acquisition cost	<u>10,000,000</u>	<u>10,000,000</u>
Accumulated share in net losses:		
Balance at beginning of year	<u>(888,685)</u>	<u>(868,838)</u>
Share in net losses for the year	<u>(19,791)</u>	<u>(19,847)</u>
Balance at end of year	<u>(908,476)</u>	<u>(888,685)</u>
	<u>9,091,524</u>	<u>9,111,315</u>
Investment of FCI in FPARI,		
an associate – acquisition cost	<u>14,700,000</u>	<u>14,700,000</u>
	<u>P 6,441,645,845</u>	<u>P 6,793,930,448</u>

The total share in net loss amounts to P41.5 million and P14.7 million for the years ended December 31, 2022 and 2021, respectively. These amounts are shown as Share in Net Losses of Associates and Joint Ventures – Net account in the consolidated statements of comprehensive income.

Management assessed that the recognition of impairment loss on investments in associates and joint ventures in 2022, 2021 and 2020 is not necessary.

12.2 SUN

SUN is engaged in tourism-related businesses including development, construction, operation and management of casino and related businesses. The shares of stock of SUN are listed in the PSE which closed at P0.99 and P1.12 per share as of December 31, 2022 and 2021, respectively.

In December 2019, Megaworld subscribed to 2,177.0 million shares from SUN at 1.00 par value. The unpaid portion of subscription is presented as Subscription payable under Other Current Liabilities account in the consolidated statements of financial position (see Note 21).

12.3 BLC

BLC is a foreign joint venture under GES and operating under the laws of Spain. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.

12.4 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net profit (loss) of the individually material associates are as follows as of and for the years ended December 31, 2022 and 2021 (in thousands):

	<u>Current Assets</u>	<u>Non-current Assets</u>	<u>Current Liabilities</u>	<u>Non-current Liabilities</u>	<u>Revenues</u>	<u>Net Profit (Loss)</u>	<u>Other Comprehensive Income</u>
2022:							
SUN	P 2,398,121	P 29,009,662	P 1,205,653	P 21,687,136	P 13	(P 557,053)	P 24,072
NPI	255,482	5,411,009	1,317,012	-	-	-	-
BWDC	1,164,689	1,561,089	882,401	49,000	150,838	73,823	-
PTHDC	<u>1,134,973</u>	<u>108</u>	<u>1,010,203</u>	<u>-</u>	<u>6</u>	<u>(179)</u>	<u>-</u>
	<u>P 4,953,265</u>	<u>P 35,981,868</u>	<u>P 4,415,269</u>	<u>P 21,736,136</u>	<u>P 150,857</u>	<u>(P 483,409)</u>	<u>P 24,072</u>
2021:							
SUN	P 6,828,836	P 23,851,492	P 7,459,885	P 15,336,700	P 359	(P 504,878)	P 61,548
NPI	255,482	5,411,009	1,317,012	-	-	-	-
BWDC	941,814	1,664,190	882,306	31,660	75,876	(10,381)	-
PTHDC	<u>1,134,959</u>	<u>146</u>	<u>1,010,048</u>	<u>-</u>	<u>1</u>	<u>(258)</u>	<u>-</u>
	<u>P 9,161,091</u>	<u>P 30,926,837</u>	<u>P 10,669,251</u>	<u>P 15,368,360</u>	<u>P 76,236</u>	<u>(P 515,517)</u>	<u>P 61,548</u>
2020:							
SUN	P 5,934,436	P 16,559,530	P 350,879	P 13,816,021	P 15,197	(P 211,545)	P 4,337
NPI	260,528	5,411,009	1,317,006	-	-	-	-
BWDC	739,779	1,878,640	873,746	41,797	66,587	5,048	-
PTHDC	<u>1,134,948</u>	<u>277</u>	<u>1,009,910</u>	<u>-</u>	<u>5</u>	<u>(705)</u>	<u>-</u>
	<u>P 8,069,691</u>	<u>P 23,849,456</u>	<u>P 3,551,541</u>	<u>P 13,857,818</u>	<u>P 81,879</u>	<u>(P 207,202)</u>	<u>P 4,337</u>

A reconciliation of the above summarized financial information to the carrying amount of the investment in associates are shown below and in the succeeding page:

	<u>SUN</u>	<u>NPI</u>	<u>BWDC</u>	<u>PTHDC</u>
December 31, 2022				
Net assets	P8,514,993,778	P4,349,479,217	P1,794,376,782	P 124,878,115
Subscription receivable	1,387,499,990	-	-	-
Convertible bonds	<u>(4,592,867,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	5,309,626,698	4,349,479,217	1,794,376,782	124,878,115
Proportion of ownership interest by the Group	<u>34%</u>	<u>12%</u>	<u>46%</u>	<u>40%</u>
Ownership share of the Group in the net assets	1,805,273,077	501,060,006	827,387,134	49,951,246
Nominal goodwill	-	122,513,422	-	-
Valuation adjustments	<u>(220,616,505)</u>	<u>104,796,452</u>	<u>(69,412,862)</u>	<u>17,231,232</u>
Carrying amount of investment	<u>P1,584,656,572</u>	<u>P 728,369,880</u>	<u>P 757,974,272</u>	<u>P 67,182,478</u>

	<u>SUN</u>	<u>NPI</u>	<u>BWDC</u>	<u>PTHDC</u>
December 31, 2021				
Net assets	P7,883,742,164	P4,349,479,217	P1,692,037,903	P 125,056,995
Subscription receivable	1,387,499,990	-	-	-
Convertible bonds	(4,592,867,070)	-	-	-
	<u>4,678,375,084</u>	<u>4,349,479,217</u>	<u>1,692,037,903</u>	<u>125,056,995</u>
Proportion of ownership interest by the Group	<u>34%</u>	<u>14%</u>	<u>46%</u>	<u>40%</u>
Ownership share of the Group in the net assets	1,590,647,529	608,927,090	778,337,435	50,022,798
Nominal goodwill	-	122,513,422	-	-
Valuation adjustments	<u>177,268,629</u>	<u>(3,070,632)</u>	<u>(54,402,987)</u>	<u>17,231,232</u>
Carrying amount of investment	<u>P1,767,916,158</u>	<u>P 728,369,880</u>	<u>P 723,934,448</u>	<u>P 67,254,030</u>

The summarized financial information of BLC, a joint venture, as of December 31, 2022 and 2021 and for the years then ended are presented below (in thousands).

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	P 559,940	P 461,439
Trade and other receivables	<u>765,039</u>	<u>1,287,888</u>
Financial assets	<u>P 1,324,979</u>	<u>P 1,749,327</u>
Current assets	P 2,068,571	P 2,378,824
Non-current assets	<u>1,952,519</u>	<u>1,997,584</u>
Total assets	<u>P 4,021,090</u>	<u>P 4,376,408</u>
Current liabilities	P 835,549	P 743,236
Non-current liabilities	<u>2,992</u>	<u>3,072</u>
Total liabilities	<u>P 838,541</u>	<u>P 746,308</u>
Current financial liabilities (excluding trade and other payables and provisions)	P 465,465	P 427,987
Non-current financial liabilities	<u>2,992</u>	<u>3,072</u>
Total financial liabilities	<u>P 468,457</u>	<u>P 431,059</u>
Revenues	<u>P 3,357,931</u>	<u>P 2,772,067</u>
Depreciation and amortization	<u>P 64,193</u>	<u>P 78,583</u>
Net profit for the year	<u>P 227,941</u>	<u>P 323,648</u>

A reconciliation of the above summarized financial information to the carrying amount of the investment in BLC is shown below (in thousands):

	<u>2022</u>	<u>2021</u>
Net assets of BLC	P 3,182,549	P 3,630,100
Proportion of ownership interest by the Group	<u>50.0%</u>	<u>50.0%</u>
Ownership share of the Group in net assets of BLC	1,591,275	1,815,050
Fair value and translation adjustments	<u>1,688,396</u>	<u>1,667,595</u>
Carrying amount of investment	<u>P 3,279,671</u>	<u>P 3,482,645</u>

13. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of this account is composed of the following:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Property, plant and equipment	13.1	P 134,474,884,361	P 128,705,231,303
Right-of-use assets	13.2	<u>13,983,484,608</u>	<u>13,198,798,235</u>
		<u>P 148,458,368,969</u>	<u>P 141,904,029,538</u>

13.1 Carrying Values of Property, Plant and Equipment

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment at the beginning and end of the reporting periods are shown below [see Notes 2.9, 3.1(g) and 3.2(h)(i)].

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2022							
Cost	P 14,261,243,959	P 99,675,846,219	P 36,705,401,576	P 1,774,322,593	P 20,131,266,365	P 22,256,497,166	P 194,804,577,878
Accumulated depreciation, amortization and impairment	(<u>436,248,040</u>)	(<u>24,543,212,095</u>)	(<u>22,521,795,514</u>)	(<u>1,394,381,908</u>)	(<u>11,434,055,960</u>)	-	(<u>60,329,693,517</u>)
Net carrying amount	<u>P 13,824,995,919</u>	<u>P 75,132,634,124</u>	<u>P 14,183,606,062</u>	<u>P 379,940,685</u>	<u>P 8,697,210,405</u>	<u>P 22,256,497,166</u>	<u>P 134,474,884,361</u>
December 31, 2021							
Cost	P 14,169,237,074	P 76,212,514,732	P 33,678,749,064	P 1,567,427,889	P 18,563,315,791	P 38,212,194,459	P 182,403,439,009
Accumulated depreciation, amortization and impairment	(<u>386,246,896</u>)	(<u>21,843,620,413</u>)	(<u>19,843,299,123</u>)	(<u>1,281,890,731</u>)	(<u>10,342,995,023</u>)	(<u>155,520</u>)	(<u>53,698,207,706</u>)
Net carrying amount	<u>P 13,782,990,178</u>	<u>P 54,368,894,319</u>	<u>P 13,835,449,941</u>	<u>P 285,537,158</u>	<u>P 8,220,320,768</u>	<u>P 38,212,038,939</u>	<u>P 128,705,231,303</u>
January 1, 2021							
Cost	P 13,412,006,314	P 71,225,207,852	P 32,122,388,427	P 1,621,260,671	P 17,601,149,500	P 35,699,233,434	P 171,711,246,198
Accumulated depreciation, amortization and impairment	(<u>334,917,463</u>)	(<u>17,370,224,979</u>)	(<u>17,354,334,868</u>)	(<u>1,200,734,773</u>)	(<u>8,851,898,377</u>)	-	(<u>45,112,110,460</u>)
Net carrying amount	<u>P 13,077,088,851</u>	<u>P 53,884,982,873</u>	<u>P 14,768,053,559</u>	<u>P 420,525,898</u>	<u>P 8,749,251,123</u>	<u>P 35,699,233,434</u>	<u>P 126,599,135,738</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below.

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation amortization and impairment	P 13,782,990,178	P 54,368,894,319	P 13,835,449,941	P 285,537,158	P 8,220,320,768	P 38,212,038,939	P 128,705,231,303
Transfer from investment property	-	-	-	-	503,072,024	-	503,072,024
Additions	93,007,372	2,761,314,769	3,082,444,077	244,814,958	829,825,898	6,429,422,855	13,440,829,929
Disposals – net	(1,000,487)	(404,840,115)	(404,259,075)	(13,756,150)	(21,207,169)	(872,457)	(845,935,453)
Reclassifications – net	8,096	21,847,131,059	160,008,389	-	377,100,147	(22,384,247,691)	-
Impairment reversal (loss)	-	74,651,432	(95,818)	-	-	-	74,555,614
Depreciation and amortization charges for the year	(50,009,240)	(3,514,517,340)	(2,489,941,452)	(136,655,281)	(1,211,901,263)	155,520	(7,402,869,056)
Balance at December 31, 2022, net of accumulated depreciation, amortization and impairment	<u>P 13,824,995,919</u>	<u>P 75,132,634,124</u>	<u>P 14,183,606,062</u>	<u>P 379,940,685</u>	<u>P 8,697,210,405</u>	<u>P 22,256,497,166</u>	<u>P 134,474,884,361</u>
Balance at January 1, 2021, net of accumulated depreciation amortization and impairment	P 13,077,088,851	P 53,884,982,873	P 14,768,053,559	P 420,525,898	P 8,749,251,123	P 35,699,233,434	P 126,599,135,738
Transfer from investment property	400,470	-	-	-	-	-	400,470
Additions	756,830,290	4,104,776,929	1,327,130,000	48,154,435	1,014,083,242	3,905,283,010	11,156,257,906
Disposals – net	-	(80,741,241)	(50,437,605)	(26,338,983)	(6,748,408)	(17,113,548)	(181,379,785)
Reclassifications – net	-	1,363,953,037	11,021,850	-	233,550	(1,375,208,437)	-
Derecognition	-	-	-	-	(47,388,166)	-	(47,388,166)
Impairment reversal (loss)	-	(1,887,010,523)	418,080	-	-	-	(1,886,592,443)
Depreciation and amortization charges for the year	(51,329,433)	(3,017,066,756)	(2,220,735,943)	(156,804,192)	(1,489,110,573)	(155,520)	(6,935,202,417)
Balance at December 31, 2021, net of accumulated depreciation, amortization and impairment	<u>P 13,782,990,178</u>	<u>P 54,368,894,319</u>	<u>P 13,835,449,941</u>	<u>P 285,537,158</u>	<u>P 8,220,320,768</u>	<u>P 38,212,038,939</u>	<u>P 128,705,231,303</u>

	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Condominium Units, Fixtures and Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2020, net of accumulated depreciation, amortization and impairment,	P 13,864,127,919	P 54,556,635,615	P 16,265,180,306	P 599,358,098	P 9,051,867,490	P 29,335,143,553	P 123,672,312,981
Transfer from investment property	-	-	-	-	169,332,500	-	169,332,500
Additions	107,808,533	745,080,350	958,244,449	48,079,766	948,094,877	8,075,319,836	10,882,627,811
Disposals – net	-	(94,951,243)	(129,061,453)	(23,377,041)	(16,946,473)	(33,083,287)	(297,419,497)
Transfer to non-current asset classified as held for sale (see Note 16)	(848,888,010)	(112,852,585)	-	-	-	-	(961,740,595)
Reclassifications – net	-	1,575,261,731	64,202,409	-	(7,031,438)	(1,678,146,668)	(45,713,966)
Impairment reversal (loss)	-	163,413,461	(78,925,153)	-	-	-	84,488,308
Depreciation and amortization charges for the year	(<u>45,959,591</u>)	(<u>2,947,604,456</u>)	(<u>2,311,586,999</u>)	(<u>203,534,925</u>)	(<u>1,396,065,833</u>)	-	(<u>6,904,751,804</u>)
Balance at December 31, 2020, net of accumulated depreciation, amortization and impairment	<u>P 13,077,088,851</u>	<u>P 53,884,982,873</u>	<u>P 14,768,053,559</u>	<u>P 420,525,898</u>	<u>P 8,749,251,123</u>	<u>P 35,699,233,434</u>	<u>P 126,599,135,738</u>

Construction in progress includes accumulated costs incurred on the casino and hotel sites being constructed as part of Travellers' investment commitment in accordance with its Provisional License Agreement with PAGCOR [see Note 31.2(a)].

In 2020, Property, Plant and Equipment amounting to P1.0 billion were reclassified to Non-Current assets classified as held for sale account in the consolidated statements of financial position, to reflect the intention of the management to recover these assets through sale rather than continuing use (see Notes 16 and Note 31.8).

Total property, plant and equipment includes capitalized borrowing costs amounting to P895.2 million and P2,500.3 million in 2022 and 2021, respectively, representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 18). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 4.2% to 9.2% and 3.8% to 9.2% in 2022 and 2021, respectively.

In 2022, 2021 and 2020, as a result of increase in earning potential of its stores, including store equipment, GADC's annual impairment testing resulted in recognition of gain on reversal of impairment losses on these assets amounting to P74.6 million, P182.9 million and P296.0 million, respectively, and are presented as part of Reversal of impairment losses on PPE under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27). The recoverable amount was determined using value in use calculations which considers weighted average cost of capital ranging from 3.7% to 5.9%.

In 2021, Travellers recognized impairment losses of P1,970.7 million on certain hotels due to reduction in operating capacity. The impairment loss is presented as Impairment on PPE under Other Operating Expenses in the 2021 consolidated statement of comprehensive income (see Note 26). The recoverable amount was determined using value in use calculations which considers weighted average cost of capital of 4.3%. No additional impairment loss was recognized in 2022. Further, in 2020, certain equipment were determined by GADC to have no future use; hence, an impairment loss of P78.9 million was recognized and presented as part of Impairment of PPE under Other Operating Expenses in the 2020 consolidated statement of comprehensive income (see Note 26).

In 2022, 2021 and 2020, the Group recognized net losses on disposal of various property, plant and equipment amounting to P65.1 million, P91.4 million and P174.8 million, respectively, which are presented as Loss on disposal of PPE – net under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

The amount of depreciation and amortization charges is presented as part of Depreciation and amortization which is presented under Cost of Goods Sold, Cost of Services and Other Operating Expenses accounts (see Notes 25 and 26). In 2022, 2021 and 2020, depreciation expense amounting to P391.7 million, P373.1 million and P329.3 million, respectively, was capitalized to form part of the work-in-process inventory. Such capitalized amount represents depreciation expense on barrels and warehouse buildings wherein the maturing bulk stocks of whisky are held (see Note 8).

13.2 Right-of-Use Assets

The Group has leases for certain land, commercial space, buildings and warehouses, gaming equipment and transportation and other equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statements of financial position as ROUA under Property and Equipment account and Lease Liabilities account. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and ROUA.

The table below describes the nature of the Group's leasing activities by type of ROUA recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
<u>December 31, 2022</u>					
Land	2	14 to 17 years	16 years	1	-
Commercial space	765	1 to 26 years	14 years	600	560
Buildings and warehouses	38	1 to 12 years	7 years	12	12
Transportation and other equipment	72	1 to 3 years	2 years	-	-
<u>December 31, 2021</u>					
Land	2	14 to 18 years	16 years	1	-
Commercial space	670	1 to 26 years	14 years	545	505
Buildings and warehouses	53	1 to 12 years	7 years	14	12
Gaming equipment	1	3 years	3 years	-	-
Transportation and other equipment	72	1 to 3 years	2 years	-	-

The carrying amounts of the Group's ROUAs as of December 31, 2022 and 2021, and the movements during those year are shown below.

	Land	Commercial Space	Building and Warehouses	Gaming Equipment	Transportation and Other Equipment	Total
Balance at January 1, 2022	P 864,303,254	P12,151,648,085	P 131,392,684	P -	P 51,454,212	P13,198,798,235
Additions	-	2,734,568,694	23,353,768	-	-	2,757,922,462
Translation adjustment	-	11,723,805	-	-	(971,157)	10,752,648
Derecognition	-	(531,371,405)	-	-	-	(531,371,405)
Amortization	(49,140,236)	(1,404,380,996)	6,247,085	-	(5,343,185)	(1,452,617,332)
Balance at December 31, 2022	<u>P 815,163,018</u>	<u>P12,962,188,183</u>	<u>P 160,993,537</u>	<u>P -</u>	<u>P 45,139,870</u>	<u>P13,983,484,608</u>
Balance at January 1, 2021	P 913,443,490	P 12,369,807,607	P 163,680,198	P 52,088,845	P 58,371,765	P13,557,391,905
Additions	-	1,175,078,952	57,261,516	-	-	1,232,340,468
Translation adjustment	-	45,327,683	-	-	(209,623)	45,118,060
Derecognition	-	(52,308,601)	(23,724,068)	(52,088,845)	-	(128,121,514)
Impairment reversal	-	98,787,814	-	-	-	98,787,814
Amortization	(49,140,236)	(1,485,045,370)	(65,824,962)	-	(6,707,930)	(1,606,718,498)
Balance at December 31, 2021	<u>P 864,303,254</u>	<u>P12,151,648,085</u>	<u>P 131,392,684</u>	<u>P -</u>	<u>P 51,454,212</u>	<u>P13,198,798,235</u>

	Land	Commercial Space	Building and Warehouses	Gaming Equipment	Transportation and Other Equipment	Total
Balance at January 1, 2020	P 962,583,724	P11,226,356,917	P 259,882,975	P 77,091,490	P 64,318,160	P12,590,233,266
Additions	-	2,922,801,170	30,130,997	-	-	2,952,932,167
Effect of lease modification	-	(32,482,473)	-	-	-	(32,482,473)
Translation adjustment	-	(63,171,043)	-	-	-	(63,171,043)
Derecognition	-	(77,871,407)	-	-	-	(77,871,407)
Impairment	-	(126,124,001)	-	-	-	(126,124,001)
Amortization	(49,140,234)	(1,479,701,556)	(126,333,774)	(25,002,645)	(5,946,395)	(1,686,124,604)
Balance at December 31, 2020	<u>P 913,443,490</u>	<u>P12,369,807,607</u>	<u>P 163,680,198</u>	<u>P 52,088,845</u>	<u>P 58,371,765</u>	<u>P13,557,391,905</u>

The Group has relied on its historical assessments as to whether leases were onerous immediately before the date of initial application as alternative to performing an impairment review on right-of-use assets, and accordingly reclassified portion of its provision for onerous lease amounting to P355.6 million against the January 1, 2019 balance of ROUA. In 2022, 2021 and 2020, additional onerous lease provisions amounting to P41.1 million, P38.1 million and P56.3 million, respectively, were recognized and are presented as part of Miscellaneous under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The carrying amount of ARO and provision for dilapidation are presented as part of Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21).

The derecognition of ROUA pertains to termination of certain lease contracts during the year (see Note 9). The resulting gain is presented as Gain from derecognition of right-of-use assets and lease liabilities under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 27).

GADC's impairment testing of its ROUA resulted in a reversal of impairment losses of P98.8 million in 2021 as stores in leased commercial spaces re-open and maximum capacity increased. The reversal is presented as part of Reversal of impairment losses on PPE under Finance and Other Income account in the 2021 consolidated statement of comprehensive income (see Note 27). Meanwhile in 2020, GADC recognized P126.1 million impairment loss as government restrictions were imposed limiting the operations of stores in leased commercial spaces. The impairment loss is presented as part of Impairment of PPE and intangible assets under Other Operating Expenses account in the 2020 consolidated statement of comprehensive income (see Note 26). No impairment losses in 2022 were recognized. The recoverable amount was determined using value in use calculations which considers weighted average cost of capital of 3.7% and 5.9% in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, none of the Group's ROUAs are used as collateral for any of the Group's interest-bearing loans and borrowings.

The amount of depreciation on ROUAs is presented as part of Depreciation and amortization which is presented under Cost of Goods Sold, Cost of Services and Other Operating Expenses accounts (see Notes 25 and 26).

13.3 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as of December 31 as follows:

	<u>2022</u>	<u>2021</u>
Current	P 1,361,900,995	P 1,309,447,535
Non-current	<u>16,405,976,571</u>	<u>15,336,726,680</u>
	<u>P 17,767,877,566</u>	<u>P 16,646,174,215</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

As of December 31, 2022, the Group has committed to lease contracts which has not yet commenced. The total future cash outflows for leases that had not yet commenced amounted to P766.2 million in 2022 and P1,847.4 million in 2021.

The maturity analysis of lease liabilities at December 31 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More Than 5 years</u>	<u>Total</u>
December 31, 2022							
Lease liabilities	P2,261,147,476	P 2,008,015,831	P 2,025,643,688	P 1,835,404,370	P 1,743,682,399	P 16,086,276,930	P 25,960,170,694
Finance charges	(899,246,481)	(833,274,414)	(770,876,691)	(708,488,001)	(647,315,572)	(4,333,091,969)	(8,192,293,128)
Net present values	<u>P1,361,900,995</u>	<u>P 1,174,741,416</u>	<u>P 1,254,766,997</u>	<u>P 1,126,916,369</u>	<u>P 1,096,366,827</u>	<u>P 11,753,184,961</u>	<u>P 17,767,877,566</u>
December 31, 2021							
Lease liabilities	P2,154,681,972	P 3,012,871,437	P 2,956,383,357	P 3,019,020,676	P 2,905,735,484	P 9,864,731,525	P 23,913,424,451
Finance charges	(845,234,437)	(834,647,414)	(823,171,931)	(815,161,222)	(805,469,971)	(3,143,565,261)	(7,267,250,236)
Net present values	<u>P1,309,447,535</u>	<u>P 2,178,224,023</u>	<u>P 2,133,211,426</u>	<u>P 2,203,859,454</u>	<u>P 2,100,265,513</u>	<u>P 6,721,166,264</u>	<u>P 16,646,174,215</u>

The movements in the lease liabilities recognized in the consolidated statements of financial position are as follows:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 16,646,174,215	P 17,291,908,237
Repayments of lease liabilities		(1,783,090,080)	(1,819,030,854)
Additions during the year		2,704,821,116	961,862,054
Accretion of interest	27	866,507,809	860,333,192
Gain on COVID-19-related rent concessions		(239,692,435)	(509,232,978)
Derecognition	9	(800,963,277)	(147,235,562)
Foreign exchange losses		<u>374,120,218</u>	<u>7,570,126</u>
Balance at end of year		<u>P 17,767,877,566</u>	<u>P 16,646,174,215</u>

Interest expense incurred on the lease liabilities amounting to P866.5 million, P860.3 million and P926.4 million in 2022, 2021 and 2020, respectively, is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

13.4 Lease Payments Not Recognized as Lease Liabilities

The Group has elected not to recognize lease liabilities for short-term leases or for leases of low value assets; instead, expenses relating to these leases, which are significantly from short-term leases, amounting to P3,395.8 million and P1,982.9 million in 2022 and 2021, respectively, are presented as Rentals under Cost of Services and Other Operating Expenses in the consolidated statements of comprehensive income (see Notes 25 and 26).

The future minimum rentals payable of the Group arising from short-term leases amounted to P804.5 million and P1,509.9 million as of December 31, 2022 and 2021, respectively.

14. INVESTMENT PROPERTIES

The Group's investment properties include several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation, or both. The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of the reporting periods are shown below [see Notes 2.10, 3.1(g), 3.2(e) and 3.2(h)].

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
December 31, 2022			
Cost	P 30,156,392,702	P 120,518,128,475	P 150,674,521,177
Accumulated depreciation	(25,251,903)	(21,293,356,177)	(21,318,608,080)
Net carrying amount	<u>P 30,131,140,799</u>	<u>P 99,224,772,298</u>	<u>P 129,355,913,097</u>
December 31, 2021			
Cost	P 27,756,764,466	P 111,334,500,007	P 139,091,264,473
Accumulated depreciation	(25,251,903)	(18,526,278,240)	(18,551,530,143)
Net carrying amount	<u>P 27,731,512,563</u>	<u>P 92,808,221,767</u>	<u>P 120,539,734,330</u>
January 1, 2021			
Cost	P 27,143,977,662	P 104,888,844,599	P 132,032,822,261
Accumulated depreciation	-	(15,668,613,829)	(15,668,613,829)
Net carrying amount	<u>P 27,143,977,662</u>	<u>P 89,220,230,770</u>	<u>P 116,364,208,432</u>

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting periods is shown below and in the succeeding page.

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Balance at January 1, 2022, net of accumulated depreciation	P 27,731,512,563	P 92,808,221,767	P 120,539,734,330
Transfer to property, plant and equipment	-	(503,072,024)	(503,072,024)
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Disposals	(832,805)	-	(832,805)
Depreciation charges for the year	-	(2,795,315,636)	(2,795,315,636)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 30,131,140,799</u>	<u>P 99,224,772,298</u>	<u>P 129,355,913,097</u>

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Balance at January 1, 2021, net of accumulated depreciation	P 27,143,977,662	P 89,220,230,770	P 116,364,208,432
Transfer to property, plant and equipment	(400,470)	-	(400,470)
Additions	587,935,371	6,467,491,090	7,055,426,461
Disposals	-	(138,211)	(138,211)
Depreciation charges for the year	<u>-</u>	<u>(2,879,361,882)</u>	<u>(2,879,361,882)</u>
Balance at December 31, 2021, net of accumulated depreciation	<u>P 27,731,512,563</u>	<u>P 92,808,221,767</u>	<u>P 120,539,734,330</u>
Balance at January 1, 2020, net of accumulated depreciation	P 26,982,515,398	P 85,355,672,166	P 112,338,187,564
Transfer from inventories	34,421	14,402,577	14,436,998
Transfer to property, plant and equipment	-	(169,332,500)	(169,332,500)
Additions	161,427,843	6,570,187,125	6,731,614,968
Disposals	-	(793,598)	(793,598)
Depreciation charges for the year	<u>-</u>	<u>(2,549,905,000)</u>	<u>(2,549,905,000)</u>
Balance at December 31, 2020, net of accumulated depreciation	<u>P 27,143,977,662</u>	<u>P 89,220,230,770</u>	<u>P 116,364,208,432</u>

Rental income earned from the investment property amounted to P16.7 billion, P13.8 billion and P13.2 billion for the years ended December 31, 2022, 2021 and 2020, respectively, are presented as Rental income under Rendering of Services account in the consolidated statements of comprehensive income (see Note 24.1). The direct operating costs, exclusive of depreciation, incurred by the Group relating to the investment property that generates income amounted to P937.7 million, P805.4 million and P884.7 million in 2022, 2021 and 2020, respectively, are presented as part of Cost of Services account in the consolidated statements of comprehensive income (see Note 25). The direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2022, 2021 and 2020 amounted to P32.6 million, P29.6 million, and P37.2 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1.

In 2020, the Group reclassified investment properties with a carrying amount of P169.3 million to property, plant and equipment as such properties were used for operations (see Note 13.1). Also in 2020, the Group reclassified inventories with a carrying amount of P14.4 million to investment properties as use for such properties changed to earn rentals (see Note 8).

Investment property includes capitalized borrowing costs amounting to P1,383.3 million, and P1,607.2 million in 2022 and 2021, respectively, representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 18 and 19). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 3.0% to 3.9% and 2.9% to 4.3% in 2022 and 2021, respectively.

Depreciation charges are presented as part of Depreciation and amortization under Cost of Services account in the consolidated statements of comprehensive income (see Note 25).

As of December 31, 2022 and 2021, none of the Group's investment properties are held as collateral.

The fair market values of these properties amounted to P563.0 billion and P562.7 billion as of December 31, 2022 and 2021, respectively. These are estimated either by reference to current prices for similar properties or using the income approach by calculating of the present values of the estimated cash inflows anticipated until the end of the life of the investment property using discount rates that reflect the risks and uncertainty in cash flows (see Note 34.4).

15. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of the reporting periods are shown below (see Notes 2.12 and 2.20).

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Leasehold Rights</u>	<u>Computer Software</u>	<u>Franchise Fee</u>	<u>Total</u>
December 31, 2022						
Cost	P 20,213,960,101	P21,331,241,817	P 131,840,607	P 66,486,957	P 209,322,317	P 41,952,851,799
Translation adjustment	119,956,440	73,774,993	-	-	-	193,731,433
Accumulated amortization	-	(1,300,590,217)	(45,972,299)	(54,566,043)	(80,363,960)	(1,481,492,519)
Net carrying amount	<u>P 20,333,916,541</u>	<u>P20,104,426,593</u>	<u>P 85,868,308</u>	<u>P 11,920,914</u>	<u>P 128,958,357</u>	<u>P40,665,090,713</u>
December 31, 2021						
Cost	P 19,797,100,274	P20,673,713,244	P 180,597,127	P 66,486,954	P 180,956,711	P40,898,854,310
Translation adjustment	416,859,827	657,528,573	-	-	-	1,074,388,400
Accumulated amortization	-	(1,298,974,825)	(86,687,244)	(48,063,723)	(56,150,353)	(1,489,876,145)
Net carrying amount	<u>P 20,213,960,101</u>	<u>P 20,032,266,922</u>	<u>P 93,909,883</u>	<u>P 18,423,231</u>	<u>P 124,806,358</u>	<u>P40,483,366,565</u>
January 1, 2021						
Cost	P 20,044,019,140	P20,954,565,481	P 187,545,568	P 46,980,004	P 160,485,210	P 41,393,595,403
Translation adjustment	(246,918,866)	(280,852,237)	-	-	-	(527,771,103)
Accumulated amortization	-	(1,297,359,434)	(85,969,782)	(46,980,004)	(35,879,596)	(1,466,188,816)
Net carrying amount	<u>P 19,797,100,274</u>	<u>P19,376,353,810</u>	<u>P 101,575,786</u>	<u>P -</u>	<u>P 124,605,614</u>	<u>P39,399,635,484</u>

A reconciliation of the carrying amounts at the beginning and end of the reporting periods of intangible assets is shown below.

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Leasehold Rights</u>	<u>Computer Software</u>	<u>Franchise Fee</u>	<u>Total</u>
Balance at						
January 1, 2022, net of accumulated amortization	P 20,213,960,101	P20,032,266,992	P 93,909,883	P 18,423,231	P 124,806,358	P40,483,366,565
Additions	-	-	-	-	28,365,606	28,365,606
Translation adjustment	119,956,440	73,774,993	-	-	-	193,731,432
Amortization for the year	-	(1,615,392)	(8,041,575)	(6,502,317)	(24,213,607)	(40,372,891)
Balance at December 31, 2022, net of accumulated amortization	<u>P 20,333,916,541</u>	<u>P20,104,426,593</u>	<u>P 85,868,308</u>	<u>P 11,920,914</u>	<u>P 128,958,357</u>	<u>P40,665,090,713</u>
Balance at						
January 1, 2021, net of accumulated amortization	P 19,797,100,274	P19,376,353,810	P 101,575,786	P -	P 124,605,614	P39,399,635,484
Additions	-	-	-	19,506,950	20,471,501	39,978,451
Translation adjustment	416,859,827	657,528,574	-	-	-	1,074,388,401
Amortization for the year	-	(1,615,392)	(7,665,903)	(1,083,719)	(20,270,757)	(30,635,771)
Balance at December 31, 2021, net of accumulated amortization	<u>P 20,213,960,101</u>	<u>P20,032,266,992</u>	<u>P 93,909,883</u>	<u>P 18,423,231</u>	<u>P 124,806,358</u>	<u>P40,483,366,565</u>

	Goodwill	Trademarks	Leasehold Rights	Computer Software	Franchise Fee	Total
Balance at January 1, 2020, net of accumulated amortization	P 20,044,019,140	P19,658,821,438	P 108,804,339	P 4,474,208	P 127,251,978	P39,943,371,103
Additions	-	-	500,000	-	14,431,794	14,931,794
Translation adjustment	(246,918,866)	(280,852,237)	-	-	-	(527,771,103)
Amortization for the year	-	(1,615,391)	(7,728,553)	(4,474,208)	(17,078,158)	(30,896,310)
Balance at December 31, 2020, net of accumulated amortization	<u>P 19,797,100,274</u>	<u>P19,376,353,810</u>	<u>P 101,575,786</u>	<u>P -</u>	<u>P 124,605,614</u>	<u>P 39,399,635,484</u>

Goodwill primarily relates to growth expectations arising from operational efficiencies and synergies that will be achieved by combining the resources, skills and expertise of the individual components of the Group and by improving the Group’s market reach and industry visibility both in the local and global market.

Trademarks pertain to trademarks registered under the Group for the manufacture and sale of distilled spirits, mostly brandy, which include brand names ‘Emperador Brandy’, ‘Generoso Brandy’, ‘Emperador Deluxe’, and ‘The Bar.’

In 2014, from the Group’s acquisition of WMG Group, the trademarks “Jura” and “The Dalmore” (collectively, “WMG brands”) were recorded for a total of P9.6 billion. In 2016, the Group’s acquisition of Bodegas Fundador in Jerez resulted in the recognition of four trademarks amounting to P6.7 billion, namely “Fundador Brandy”, “Terry Centenario Brandy”, “Tres Cepas Brandy”, and “Harveys” sherry wine (collectively, “Fundador brands”). In 2017, the Group acquired various trademarks amounting to P3.5 billion including “Domecq” brands of Mexican and Spanish brandies which include “Presidente”, “Azteca de Oro” and “Don Pedro”; “Grupo Garvey brands” which include “Garvey Brandy” and “Fino San Patricio”; and, other well-known sherries and liquors brands. These trademarks have indefinite useful lives; hence, are not subject to amortization.

The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated [see Notes 2.20 and 3.2(i)]. An analysis of the value-in-use and the amount of intangible assets allocated to such groups of cash generating units is presented as follows (amounts in billions of pesos):

	2022				2021			
	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate
Goodwill:								
Megaworld	P 9.14	P 249.4	1.00%	13.00%	P 9.14	P 466.24	1.00%	5.82%
GADC	1.25	76.5	1.00%	6.27%	1.25	13.03	1.00%	5.51%
WMG*	7.89	24.83	3.67%	9.32%	7.77	32.86	2.00%	9.75%
GES*	1.63	16.49	2.60%	6.59%	1.63	2.80	1.60%	9.04%
Trademarks with indefinite lives:								
WMG brands*	9.63	124.45	3.67%	9.32%	9.77	61.85	2.00%	8.68%
Fundador brands	7.43	21.53	2.60%	6.59%	7.43	18.70	1.60%	9.04%
Domecq brands**	2.96	3.99	1.50%	4.50%	2.74	3.99	1.50%	4.50%
Grupo Garvey brands**	0.09	0.10	0.50%	7.65%	0.09	0.10	0.50%	7.65%

* Amounts are translated at closing rates as of the end of the reporting periods in accordance with PAS 21, The Effects of Changes in Foreign Exchange Rates.

** Management believes that, after the impairment provided for Grupo Garvey brands in 2019, the value-in-use as of December 31, 2022 and 2021 approximates its carrying value.

The value-in-use of each group of cash generating unit was determined using cash flow projections for five years, taking into consideration the impact of COVID-19, and extrapolating cash flows beyond the projection period using a perpetual terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash generating units.

The amortization of trademarks with finite useful lives amounted to P1.6 million each in 2022, 2021 and 2020. These are shown as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

As of December 31, 2022 and 2021, the remaining useful life of the Group's "Emperador Deluxe" trademark with definite life is 0.5 years and 1.5 years, respectively [see Note 3.2(h)].

The "The BaR", "Emperador Brandy" and "Generoso Brandy" trademarks were fully amortized since 2018. Consequently, the Group renewed the trademark application of Emperador Brandy with the Intellectual Property Office of the Philippines in 2017.

As of December 31, 2022 and 2021, the Group has no contractual commitments for the acquisition of any additional trademarks, leasehold rights, computer software and franchise fee.

No intangible assets have been pledged as security for liabilities as of December 31, 2022 and 2021.

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The breakdown of these assets as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Land and land improvements	P 848,891,700	P 848,888,000
Buildings	<u>112,853,040</u>	<u>112,852,550</u>
	<u>P 961,744,740</u>	<u>P 961,740,550</u>

In 2019, the Group reclassified to non-current assets held for sale the land development cost made for the construction of Site A that WCI has discontinued in the same year, following the Co-Development Agreement (CDA) with SUN. The transfer of assets did not take place in 2020 since certain obligations under the CDA relating to the development of properties, project management and other conditions were not yet performed as of December 31, 2020. In 2021, the obligations relating to the CDA have been completed and the assets transferred [see Note 31.7(ii)]. This resulted in a gain amounting to P5.8 billion and is presented as Gain on co-development agreement under Other Income (Charges) in the 2021 consolidated statement of comprehensive income.

In 2020, the Group discontinued the use of land and buildings called as “Complejo Bellavista” and “Cerro Viejo Vineyards” previously occupied by a business unit and classified under property, plant and equipment (see Note 13.1). On December 27, 2020, management approved their sale at net book value, at any time until three years after the COVID-19 pandemic has ended, through the signed letter of intent with Global One Real Estate Spain, SAU (see Note 31.8). On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023. The carrying value of the asset held for sale amounting to P1.0 billion is presented under the Emperador segment (see Note 4.4).

The Group believes that the sale of these assets is highly probable.

17. TRADE AND OTHER PAYABLES

The breakdown of this account follows (see Note 2.13):

	Notes	2022	2021
Trade payables	30.1	P 52,945,506,113	P 35,979,279,416
Accrued expenses	30.3, 31.2(b), 31.4(e), 31.5	17,752,702,498	15,149,125,243
Retention payable		5,230,223,498	5,237,458,717
Accrued interest payable	18, 19	2,055,784,035	1,644,499,305
Refund liability		1,495,318,078	1,598,037,403
Gaming license fees payable	29.3	896,358,197	341,328,168
Slot jackpot liability	2.5	693,883,849	585,151,683
Due to related parties	30.5	360,249,006	360,249,006
Withholding tax payable		278,297,639	292,632,642
Unredeemed gaming points	3.2(l)	210,845,523	201,220,177
Output VAT payable		123,149,878	602,515,558
Dividends payable	22.5	-	642,658,461
Others		2,578,370,504	1,938,479,953
		<u>P 84,620,688,818</u>	<u>P 64,572,635,732</u>

Trade payables significantly comprise of obligations to subcontractors and suppliers of construction materials for the Group’s projects and suppliers of raw materials. These also include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips under control or in custody, casino deposit certificates from patrons and other gaming-related liabilities.

Accrued expenses include accruals for salaries and other benefits, utilities, local and overseas travel, training and recruitment, dues and subscriptions, advertising, rentals, marketing and other operating expenses of the Group.

Retention payable pertains to amount withheld from payments made to contractors for construction work performed to ensure compliance and completion of contracted projects. Upon completion of the contracted projects, the retained amounts are returned to the contractors.

Refund liability pertains to amounts payable to customers due to real estate sales cancellation in respect of instalment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act*, otherwise known as the Maceda Law.

The unredeemed gaming points liability represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Group [see Notes 2.16 and 3.2(l)].

Dividends payable represents the non-controlling interest share on the dividends declared by AGI in 2021 payable on January 2022 (see Note 22.5).

Others include unearned rental, payables to government and other regulatory agencies, and various unreleased checks which are reverted to liability.

18. INTEREST-BEARING LOANS

The composition of the Group's outstanding interest-bearing loans is shown below.

	<u>2022</u>	<u>2021</u>
Current:		
Philippine Pesos	P 26,109,562,529	P 39,841,780,389
Foreign currencies	<u>6,394,677,915</u>	<u>40,462,169,350</u>
	<u>32,504,240,444</u>	<u>80,303,949,739</u>
Non-current:		
Philippine Pesos	74,156,409,544	69,562,138,334
Foreign currencies	<u>62,131,296,240</u>	<u>23,546,603,888</u>
	<u>136,287,705,784</u>	<u>93,108,742,222</u>
	P 168,791,946,228	P 173,412,691,961

The summarized terms and conditions of each availed loan as of December 31, 2022 and 2021 are as follows:

<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2022</u>	<u>2021</u>				
<i>Megaworld</i>					
P 9,931,367,300	P -	(a)	Floating rate	Unsecured	2027
5,227,152,002	5,963,383,173	(b)	Higher of 3-month BVAL or BSP Overnight plus certain spread	Unsecured	2026
3,740,280,220	4,980,567,033	(c)	Floating rate based on a 5-day average reference rate plus a certain spread	Unsecured	2025
3,806,531,342	4,971,765,905	(d)	Fixed at 4.00%	Unsecured	2026
4,666,425,417	4,967,256,443	(e)	Higher of 3-month BVAL or 28-day BSP T-bill rate	Unsecured	2026
2,346,432,074	3,515,246,092	(f)	Higher of 4.75% fixed rate and floating rate plus certain spread	Unsecured	2024
2,341,894,585	3,325,544,496	(g)	Floating rate on a 3-month LIBOR plus a certain spread	Unsecured	2024
1,664,555,691	3,325,434,376	(h)	Fixed at 7.8488%	Unsecured	2023
-	1,255,042,517	(i)	Floating rate on a 3-month LIBOR plus a certain spread	Unsecured	2022
-	769,230,769	(j)	Fixed at 5.25%	Unsecured	2022
-	416,666,666	(k)	Fixed at 5.6286%	Unsecured	2022
P 33,724,638,631	P 33,490,137,470				

<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2022</u>	<u>2021</u>				
<i>EELHI</i>					
P 1,000,000,000	P 1,000,000,000	(l)	Floating rate of 3.5%	Unsecured	2028
-	250,000,000	(m)	Fixed at 5.4% for 2 tranches; floating rate of 3.2% - 3.5% subject to quarterly repricing for the third tranche	Unsecured	2022
P 1,000,000,000	P 1,250,000,000				
<i>SPI</i>					
P 1,375,000,000	P 1,925,000,000	(n)	Floating rate of 4.5% subject to repricing every 30 to 180 days	Unsecured	2025
500,000,000	-	(o)	Fixed at 5.0%	Unsecured	2029
400,000,000	400,000,000	(p)	Fixed at 4.38%	Unsecured	2027
380,900,562	924,807,289	(q)	Variable prevailing market rate of 5.5% to 15.0%	Secured	Upon collection of related assigned receivables
300,000,000	300,000,000	(r)	Fixed at 5.25%	Unsecured	2023
300,000,000	300,000,000	(s)	Floating rate of 4.5% subject to repricing	Unsecured	2027
200,000,000	200,000,000	(p)	Fixed at 4.38%	Unsecured	2027
200,000,000	200,000,000	(t)	Fixed at 4.00%	Unsecured	2023
100,000,000	100,000,000	(p)	Fixed at 4.38% subject to repricing	Unsecured	2027
P 3,755,900,562	P 4,349,807,289				
<i>GERI</i>					
P 705,882,340	P 1,176,470,580	(u)	Floating interest rate	Unsecured	2024
916,666,667	1,000,000,000	(v)	Fixed at 5.26%	Unsecured	2025
916,666,667	1,000,000,000	(w)	Fixed at 5.37%	Unsecured	2025
500,000,000	500,000,000	(x)	Floating interest rate	Unsecured	2027
500,000,000	500,000,000	(y)	Floating interest rate	Unsecured	2027
-	500,000,000	(z)	Floating interest rate	Unsecured	2022
P 3,539,215,674	P 4,676,470,580				
<i>TLC</i>					
P 131,250,000	P 206,250,000	(aa)	Floating interest rate	Unsecured	2024
218,750,000	343,750,000	(aa)	Floating interest rate of 5%-5.3% subject to 30-180 days repricing	Unsecured	2024
87,500,000	137,500,000	(aa)	Floating interest rate	Unsecured	2024
P 437,500,000	P 687,500,000				
<i>MREIT</i>					
P 7,201,241,354	P 7,195,789,259	(bb)	Fixed at 3.64% subject to repricing in 2024	Unsecured	2031
<i>EIL</i>					
P 19,140,082,500	P 20,126,000,000	(cc)	1.05% plus EURIBOR	Unsecured	2024
<i>WMG</i>					
P 2,748,115,215	P 2,633,833,596	(dd)	0.85% over Sterling Overnight Index Average	Secured	2023
<i>DBLC</i>					
P 1,512,989,720	P 1,681,597,050	(ee)	Fixed at 1.6%	Unsecured	2027
<i>PAI</i>					
P 400,000,000	P 400,000,000	(ff)	Fixed at 4.0% in 2021; Fixed at 4.25% latest	Unsecured	2023

<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity Date</u>
<u>2022</u>	<u>2021</u>				
<i>GADC</i>					
P 575,895,504	P 814,021,739	(gg)	Fixed at 4.5%	Unsecured	2025
343,750,000	437,500,000	(hh)	Fixed at 4.5%	Unsecured	2025
275,000,000	350,000,000	(ii)	Fixed at 4.5%	Unsecured	2025
<u>P 1,194,645,504</u>	<u>P 1,601,521,739</u>				
<i>Travellers</i>					
P 13,500,000,000	P -	(qq)	Fixed at 8.5%	Unsecured	2029
7,125,000,000	7,456,035,645	(jj)	Fixed at 4.75%	Unsecured	2027
6,202,287,482	11,487,825,815	(jj)	Fixed at 7.0%	Unsecured	2025
5,000,000,000	-	(nn)	Fixed at 7.8%	Unsecured	2036
4,812,500,000	4,972,203,209	(kk)	Floating rate subject to repricing	Unsecured	2026
4,434,782,613	5,888,914,647	(jj)	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	2025
2,625,000,000	4,368,305,826	(ll)	Fixed at 6.6% to date	Unsecured	2024
2,000,000,000	-	(qq)	Fixed at 6.75%	Unsecured	2023
1,650,000,000	1,747,099,416	(kk)	Fixed at 7.3%, subject to 5.3% floor both plus 1.15% spread	Unsecured	2024
1,562,500,000	2,803,824,270	(kk)	Fixed at 8.2%	Unsecured	2024
1,333,333,333	1,328,776,342	(mm)	Floating rate subject to repricing plus a spread of 1.0% in 2019; with a floor rate of 5.25% in 2020	Unsecured	2023
1,000,000,000	-	(rr)	Floating rate subject to repricing	Unsecured	2023
500,000,000	-	(jj)	Fixed at 7.0%	Unsecured	2023
-	3,000,000,000	(ll)	Fixed at 4.0%	Unsecured	2022
-	2,167,130,435	(jj)	Fixed at 4.75%	Unsecured	2022
-	2,000,000,000	(ll)	Fixed at 4.5%	Unsecured	2022
-	1,500,000,000	(ll)	Fixed at 4.5%	Unsecured	2022
-	1,500,000,000	(ll)	Fixed at 4.0%	Unsecured	2022
-	1,500,000,000	(ll)	Fixed at 4.5%	Unsecured	2022
-	1,500,000,000	(ll)	Fixed at 4.5%	Unsecured	2022
-	1,000,000,000	(kk)	Floating rate subject to repricing	Unsecured	2022
-	975,000,000	(kk)	Fixed at 5.8%	Unsecured	2022
-	312,500,000	(kk)	Floating rate subject to repricing	Unsecured	2022
-	175,000,000	(kk)	Floating rate subject to repricing	Unsecured	2022
-	75,000,000	(kk)	Floating rate subject to repricing	Unsecured	2022
<u>P 51,745,403,428</u>	<u>P 55,757,615,605</u>				
<i>AGI</i>					
<u>P 3,783,288,931</u>	<u>P 4,575,663,794</u>	(oo)	Fixed at 4.5%; subject to repricing at the end of fifth year	Unsecured	2027
<i>AG Cayman</i>					
P 27,596,166,973	P -	(pp)	Floating rate subject to repricing	Unsecured	2027
5,534,340,887	-	(pp)	Floating rate subject to repricing	Unsecured	2027
5,478,416,849	-	(pp)	Floating rate subject to repricing	Unsecured	2027
-	24,993,359,598	(pp)	Fixed at 4.1456%	Unsecured	2022
-	4,997,782,244	(pp)	Fixed at 3.9%	Unsecured	2022
-	4,995,613,737	(pp)	Fixed at 3.8330%	Unsecured	2022
<u>P 38,608,924,709</u>	<u>P 34,986,755,579</u>				
<u>P 168,791,946,228</u>	<u>P 173,412,691,961</u>				

Explanatory Notes:

- (a) Five-year loan amounting to P10,000.0 million obtained by Megaworld in September 2022 from a local bank. Principal is payable quarterly in installments at the end of the fifth quarter from the drawdown date.
- (b) Five-year loan amounting to P6,000.0 million obtained by Megaworld in May 2021 from a local bank. The loan is payable quarterly beginning August 2022. Interest is payable quarterly.
- (c) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2020 from a local bank. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayments on the loan shall commence in June 2022 and interest is paid quarterly.
- (d) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2021 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022.
- (e) Five-year loan amounting to P5,000.0 million obtained by Megaworld in August 2021 from a local bank. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly.
- (f) Five-year loan amounting to P5,000.0 million obtained by Megaworld in December 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly.
- (g) Five-year loan amounting to U.S.\$95.62 million obtained by Megaworld in September 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly. Megaworld entered into a cross-currency agreement to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 21).
- (h) Five-year loan amounting to P5,000.0 million obtained by Megaworld from a local bank in December 2018. The principal repayment is quarterly after two years from availment. Interest is payable quarterly.
- (i) Five-year foreign-currency denominated loan obtained by Megaworld from a local bank in December 2017 amounting to U.S. \$98.87 million payable quarterly with a grace period of one year upon availment. The principal repayment shall commence in March 2019 and a floating interest is paid quarterly. Megaworld entered into a cross-currency swap agreement to hedge the U.S. dollar exposure of the loan (see Note 21).
- (j) Seven-year loan amounting to P5,000.0 million obtained by Megaworld from a local bank in November 2015. The principal repayments commenced in November 2016 and interest is payable semi-annually.

- (k) Seven-year loan obtained by Megaworld from a local bank in two tranches in March and June 2015 totalling P10,000.0 million to fund various real estate projects and to retire currently maturing obligations. Quarterly principal repayment on this seven-year loan commenced in June 2016 and interest is paid quarterly.
- (l) Seven-year loan amounting to P1,000.0 million obtained by EELHI from a local bank in February 2021. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.
- (m) Seven-year loan amounting to P2,000.0 million obtained by EELHI in 2015 from a local bank released in three tranches from 2015-2016. Proceeds were used to fund development of various real estate projects. In 2022, EELHI has paid in full its outstanding loan balance.
- (n) Seven-year loan amounting to P2,200.0 million obtained by SPI from a local bank in 2018 to fund the acquisition of STLI. Principal repayments is payable on a monthly basis after a grace period of three years from the date of availment.
- (o) Seven-year loan obtained by SPI from a local bank. The principal amount is payable monthly after a grace period of three years from date of availment.
- (p) Six-year loans amounting to P200.0 million, P100.0 million, and P400.0 million obtained by SPI in February 2021, August 2021, and October 2021, respectively, from a local bank. The principal amount is payable on a monthly basis after a grace period of three years from the date of availments.
- (q) Loans obtained by SPI from a local bank through assignment of trade receivables (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans and interests are being paid as the receivables are collected.
- (r) Outstanding balance of short-term and one-year loans availed in 2020 by SPI from local banks. In 2022, the loan was renewed for another year.
- (s) Seven-year loan amounting to P300.0 million obtained by SPI in 2020 from a local bank. The loan bears a floating interest and is payable upon maturity.
- (t) Outstanding balance of a short-term loan availed by SPI in 2021 from a local bank. In 2022, the loan was renewed for another year.
- (u) Five-year loan amounting to P2,000.0 million obtained by GERI in 2019 from a local bank payable quarterly for a term of five years, plus interest.
- (v) Five-year loan amounting to P1,000.0 million obtained by GERI in 2020 from a local bank payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan shall commence in December 2022. The loan bears a fixed interest rate and is payable quarterly.

- (w) Four-year loan amounting to P1,000.0 million obtained by GERI in July 2021 from a local bank. The loan is payable quarterly for a term of four years commencing on the beginning of the fifth quarter from the date of availment.
- (x) Seven-year loan amounting to P500.0 million obtained by GERI in 2020 from a local bank. The loan is payable quarterly with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly.
- (y) Six-year loan amounting to P500.0 million obtained by GERI in March 2021 from a local bank. The loan is payable quarterly for a term of six years with a grace period of two years upon availment.
- (z) Five-year loan amounting to P2,000.0 million obtained by GERI in December 2017 from a local bank payable quarterly commencing on the beginning of the fifth quarter from the initial drawdown date. Interest is payable quarterly.
- (aa) Five-year loan amounting to P300.0 million and P200.0 million obtained by TLC in August and November 2019, respectively, from a local bank. The loans are payable in quarterly installments commencing in November 2020. In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loan bears floating interest rates and quarterly installments beginning in November 2020 are due until the loan will be fully settled in 2024.
- (bb) Ten-year term loan amounting to P7,250.0 million acquired by MREIT in December 2021 from a local bank to finance the acquisition of investment properties from Megaworld. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term.
- (cc) Five-year foreign-currency denominated loan obtained in 2019 from a syndicate of foreign financial institutions at a lower margin to prepay existing loans.
- (dd) WMG has an existing asset-based lending facility with a foreign bank (different bank from July 2021). The loan is secured by way of floating charge against WMG's inventories (see Note 8). The interest and the principal can be paid anytime up to, or balloon payment at, maturity.
- (ee) Foreign-currency-denominated loans of DBLC totaling P3,000.0 million used in relation to asset acquisition in 2017 and maturing in 2027.
- (ff) In 2020, PAI obtained short-term loans at a total amount of P400.0 million from a local bank for working capital purposes. The loan is renewable and repriced every six months.
- (gg) Five-year US dollar loan with a principal amount of P1,000.0 million obtained by GADC from a local bank in March 2020. GADC has a Cross Currency Swap (CCS) agreement with the local bank, whereby GADC will receive and settle the dollar loan and its interest at a fixed foreign exchange rate of P50.60 per US\$1 or total of P1,000.0 million (see Note 21). The loan is payable quarterly and bears a fixed interest rate.

- (hh) Five-year loan obtained by GADC from a local bank in June 2020 payable quarterly starting from September 2021. The loan bears a fixed interest.
- (ii) Five-year loan obtained by GADC from another local bank in June 2020 payable in 20 quarters from September 2020 to June 2025. Interest payments are fixed.
- (jj) In prior years, a local bank approved a credit line which grants Travellers to borrow P33,500.0 million. In 2019, Travellers made an additional drawdown amounting to P7,500.0 million as a short-term loan. In 2021 and 2020, it converted some of the omnibus loans into a long-term loan and made additional borrowings amounting to P2,200.0 million. The loans are outstanding as of December 31, 2022 and 2021.

Further, during the year, Travellers settled the rolled P2.2 billion short-term loan and availed an omnibus loan in the same bank amounting to P0.5 billion which will mature next year.

- (kk) In 2017, Travellers entered into various credit line agreements with a total maximum loanable amount of P10,000.0 million from a local bank. As of December 31, 2018, drawdowns totaled P10,000.0 million, half of which pertains to term loans and the other half to omnibus loans. In 2019, the Group obtained another term loan facility with the bank amounting to P5,000.0 million. This was utilized through the conversion of the P5,000.0 million omnibus loan to a long-term loan. Following the conversion, the Group obtained various short-term loans in 2019 amounting to P3,000.0 million. In 2020, additional omnibus loans amounting to P2,000.0 million were borrowed.

In 2021, the Group availed another long-term facility with the bank amounting to P5.0 billion, which is fully utilized during the year. Following the additions made, the Group obtained other various short-term loans in 2021 amounting to P1.6 billion.

- (ll) Seven-year loans totalling P7,000.0 million obtained by Travellers in 2017 from a P7,000.0 million credit line with a local bank.

In 2021, Travellers opened an omnibus credit facility with the bank in the amount of P15.0 billion and drew P11.0 billion. This was subsequently rolled to another short-term loan which will mature in 2022, resulting to a total unutilized credit line of P4.0 billion as of December 31, 2021.

- (mm) Five-year loan amounting to P4,000.0 million obtained by Travellers from a P5,000.0 million credit line with a local bank in 2018. In 2019, Travellers obtained a P1,000.0 million omnibus loan from a remaining unutilized credit line.
- (nn) During the year, Travellers availed another long-term facility with the bank amounting to P5.0 billion which were remained outstanding as of December 31, 2022.

- (oo) Seven-year loan amounting to P5,000.0 million obtained by AGI in July 2020 from a local bank. The loan is payable quarterly commencing after the one-year grace period, as provided in the loan agreement. The loan bears a fixed rate for the first five years, subject to repricing at the end of the fifth year. The interest is payable quarterly in arrears.
- (pp) Five-year U.S. dollar-denominated loans obtained by AG Cayman in 2017 from a foreign bank totaling to US\$700.0 million with interest payable semi-annually in arrears. The loans are unconditionally and irrevocably guaranteed by AGI. In 2022, these loans were refinanced for another five years.
- (qq) In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. These loans also remained outstanding as of December 31, 2022. In addition, the company obtained other various short-term loans in 2022 amounting to P15.5 billion and paid the P13.5 billion during the year, resulting to an outstanding loan of P2.0 billion which will mature next year.
- (rr) In 2022, no further additions were noted for long-term facility with the bank during the year. These loans also remained outstanding as of December 31, 2022. Further, the Company obtained and settled other various short-term loans in 2022, a short-term loan amounting to P1.0 billion remain outstanding as of December 31, 2022.

As of December 31, 2022 and 2021, the Group has complied with related loan covenants, including maintaining certain financial ratios, at the reporting dates except for Travellers was not able to meet some financial covenants of the loans such as current ratio and debt service coverage ratio for which Travellers was able to secure debt covenant waivers certified by the banks before December 31, 2022.

Total interest expense attributable to these loans, including amortization of capitalized transaction costs, amounted to P3,997.0 million, P4,941.5 million and P4,684.9 million for the years ended December 31, 2022, 2021 and 2020, respectively, and are presented as part of Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). Interest charges capitalized for the years ended December 31, 2022, 2021 and 2020 are included as part of additions to Construction in progress under Property, Plant and Equipment account (see Note 13.1), Investment Properties (see Note 14) and Real estate for sale under Inventories account (see Note 8). The amounts of outstanding accrued interest as of December 31, 2022 and 2021 are presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

19. BONDS PAYABLE

This account consists of bonds payable of the Parent Company's subsidiary as follows:

	<u>2022</u>	<u>2021</u>
U.S. Dollar	P 33,249,112,781	P 30,000,109,334
Philippine peso	<u>11,989,962,729</u>	<u>11,981,932,912</u>
	<u>P 45,239,075,510</u>	<u>P 41,982,042,246</u>

The significant terms of the bonds are discussed below.

<u>Face Amount</u>	<u>Outstanding Principal Balance</u>		<u>Explanatory Notes</u>	<u>Interest Rate</u>	<u>Nature</u>	<u>Maturity</u>
	<u>2022</u>	<u>2021</u>				
\$250.0 million	P 14.0 billion	P 12.5 billion	(a)	Fixed at 4.25%	Unsecured	2023
P 12.0 billion	12.0 billion	12.0 billion	(b)	Fixed at 5.3535%	Unsecured	2024
\$350.0 million	19.2 billion	<u>17.5 billion</u>	(c)	Fixed at 4.125%	Unsecured	2027
	<u>P 45.2 billion</u>	<u>P 42.0 billion</u>				

- (a) On April 17, 2013, Megaworld issued 10-year term bonds with semi-annual interest payments in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by Megaworld for general corporate purposes. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST).
- (b) On March 28, 2017, Megaworld issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.3535% per annum and interest is payable semi-annually in arrears every March 28 and September 28. The notes are listed in the Philippine Dealing & Exchange Corporation (PDEX).
- (c) On July 30, 2020, Megaworld issued seven-year term senior unsecured notes totaling to U.S. \$350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes are listed in the SGX-ST.

Megaworld has complied with the bond covenants, including maintaining certain financial ratios, at the end of the reporting periods.

Total interest incurred on these bonds amounted to P2,139.4 million, P1,983.9 million and P1,496.5 million in 2022, 2021 and 2020, respectively. Of these amounts, portion charged as expense amounted to P1,209.5 million, P1,103.1 million and P872.2 million in 2022, 2021 and 2020, respectively, and are presented as part of Interest expense under Finance Cost and Other Charges account in the consolidated statements of income (see Note 27). Interest charges capitalized for the years ended December 31, 2022, 2021 and 2020 are included as part of additions to Construction in progress under Property, Plant and Equipment account (see Note 13.1), Investment Properties account (see Note 14) and Real estate for sale under Inventories account (see Note 8). The outstanding interest payable as of December 31, 2022 and 2021 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains and losses in relation to these foreign bonds are presented as part of Foreign currency gains – net under Finance and Other Income and Foreign currency losses – net under Finance costs and other charges account, respectively, in the consolidated statements of comprehensive income (see Note 27).

Interest capitalized amounted to P840.2 million, P799.4 million and P581.2 million in 2022, 2021 and 2020, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 3.89% in 2022, 3.87% in 2021 and 2.89% in 2020.

The reconciliation of the unamortized loans issue costs is presented below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	P 151,754,133	P 106,676,331	P 136,794,038
Additions	75,000,000	120,000,000	37,500,000
Amortization	(73,429,132)	(74,922,198)	(67,617,707)
Balance at end of year	<u>P 153,325,001</u>	<u>P 151,754,133</u>	<u>P 106,676,331</u>

The amortization of bonds issue costs is recognized as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of income.

20. REDEEMABLE PREFERRED SHARES

The Group's redeemable preferred shares pertain to preferred shares issued by GADC and TLC as presented below and in the succeeding page. The preferred shares are considered as financial liabilities. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance which is subsequently adjusted for any foreign exchange gains and losses and classified in the consolidated statements of financial position as shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Current – TLC	20.2	P -	P 251,597,580
Non-current – GADC	20.1	<u>1,537,091,539</u>	<u>1,365,641,108</u>
		<u>P 1,537,091,539</u>	<u>P 1,617,238,688</u>

20.1 GADC's Redeemable Preferred Shares

The shares were issued in March 2005 to McDonald's Restaurant Operations ("MRO"), a company incorporated in the U.S.A. and is a subsidiary of McDonald's Corporation. The features of these preferred shares with par value per share of P61,066 each are presented below (in exact amounts).

<u>Class</u>	<u>Voting</u>	<u>No. of Shares Authorized and Issued</u>	<u>Total Par Value (Undiscounted)</u>	<u>Additional Payment in the Event of GADC's Liquidation</u>
A	No	778	P 47,509,348	U.S.\$1,086 per share or the total peso equivalent of U.S.\$845,061
B	Yes	25,000	1,526,650,000	U.S.\$1,086 per share or the total peso equivalent of U.S.\$27,154,927

Additional features of the preferred shares are as follows:

- (a) Redeemable at the option of the holder after the beginning of the 19th year from the date of issuance (March 2005) for a total redemption price equivalent to the peso value on the date that the shares were issued;

- (b) Has preference as to dividends declared by the BOD, but in no event shall the dividends exceed P1 per share; and,
- (c) The holder of preferred shares is entitled to be paid a certain amount of peso equivalent for each class of preferred shares, together with any unpaid dividends, in the event of liquidation, dissolution, receivership, bankruptcy or winding up of GADC.

The redeemable preferred shares are recognized at fair values on the date of issuance which were determined as the sum of all future cash payments, discounted using the prevailing market rates of interest as of the transaction date for similar instruments with similar term of 18 years.

The accretion of GADC's redeemable preferred shares in 2022, 2021 and 2020 amounted to P171.5 million, P152.6 million and P135.3 million, respectively, and is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). The fair value of these shares amounting to P1,424.4 million in 2022 and P1,637.6 million in 2021 were determined by discounting the sum of all future cash flows using prevailing market rates of interest for instrument with similar maturities at a discount rate of 5.21% in 2022 and 3.25% in 2021.

20.2 TLC's Redeemable Preferred Shares

These were issued by TLC in September 2012 consisting of 1,258.0 million shares which are nonvoting and earn dividend at a fixed annual rate of 2.50% subject to the existence of TLC's unrestricted retained earnings. These were issued in exchange for certain parcels of land with total fair value of P1,338.2 million. The issuance through the exchange of land was approved by the SEC on April 17, 2013.

The preferred shares have a maturity of 10 years and shall be redeemed every anniversary date beginning on the sixth anniversary date until expiration of the 10-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10th anniversary date.

The accrued dividends on these preferred shares amounting to P0.5 million as of December 31, 2021 (nil in 2022), respectively, are presented as part of Others under Other Non-Current Liabilities account in the consolidated statements of financial position (see Note 21). The related interest expense recognized for the years ended December 31, 2022, 2021 and 2020 amounting to P11.1 million, P16.9 million and P16.9 million, respectively, (nil in 2022) is presented as part of Interest expense under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 27). As of 2021, the fair values of the redeemable preferred shares on the date of issuance approximate their par values.

All preferred shares issued by TLC were redeemed in full in 2022.

21. OTHER LIABILITIES

The composition of this account is shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Current:			
Customers' deposits	2.16	P 9,430,640,715	P 10,609,013,192
Deferred rental income		3,242,781,577	2,928,397,465
Commission payable		2,077,980,412	2,632,525,561
Advances from customers		1,912,385,149	1,558,113,579
Subscription payable	12.2	1,114,665,008	1,114,665,008
Derivative liability	2.5, 2.13		
	7	-	151,807,136
Others		<u>911,229,204</u>	<u>10,601,280</u>
		<u>P 18,689,682,065</u>	<u>P 19,005,123,221</u>
Non-current:			
Long-term deposits from patrons		4,323,000,000	10,048,277,856
Deferred rental income		3,168,856,447	3,959,090,806
Retention payable		2,507,283,349	3,289,211,913
Customers' deposit	2.16	1,259,789,445	1,281,160,572
Guaranty deposits		579,743,463	546,288,536
Asset retirement obligation	2.9, 2.18,		
	13.2	102,315,608	98,511,914
Provision for onerous lease	3.2(o),		
	13.2	62,872,465	29,061,092
Provision for dilapidations	3.2(n)	189,335,367	375,358,504
Accrued rent		-	10,039,717
Others	20.2	<u>960,594,662</u>	<u>742,288,986</u>
		<u>13,153,790,806</u>	<u>20,379,289,896</u>
		<u>P 31,843,472,871</u>	<u>P 39,384,413,117</u>

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Long-term deposits from patrons relate to cash deposited by patron groups as part of the Group's loyalty program. These deposits are expected to be reclaimed by the patrons beyond 12 months from year-end.

Guaranty deposits consist of rental deposits and utility deposits.

Provision for dilapidations is recognized for the present value of the costs to be incurred by WML for the restoration of the leased properties to a specified condition at the end of the lease term in 2029 as provided in the tenant repairing clauses of lease agreements. Additional provisions are capitalized as part of ROUA in 2022, 2021 and 2020.

Provision for onerous lease pertains to WML's existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provision takes into account the current market conditions, expected future vacant periods, and expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which as of December 31, 2022, 2021 and 2020, is between one to nine years and one to ten years, respectively. In 2022, 2021 and 2020, the Group recognized additional provision amounting to P41.1 million, P38.1 million and P56.3 million, respectively, because of certain changes in assumptions arising from the impact of COVID-19. The additional provision is presented as part of Miscellaneous under Other Operating Expenses account in the consolidated statements of comprehensive income since the related right-of-use assets were fully impaired as of December 31, 2019. The outstanding provision pertains to the remaining services expected to be settled with third party.

The movements in balances of provisions is as follows:

	<u>Onerous Lease</u>	<u>Dilapidations</u>	<u>Total</u>
Balance at January 1, 2022	P 29,061,092	P 375,358,504	P 404,419,596
Additional provisions	41,117,103	19,345,607	60,462,710
Utilized amounts	(7,305,730)	(11,068,744)	(18,374,474)
Reversal of provisions	<u>-</u>	<u>(194,300,000)</u>	<u>(194,300,000)</u>
Balance at December 31, 2022	<u>P 62,872,465</u>	<u>P 189,335,367</u>	<u>P 252,207,832</u>
Balance at January 1, 2021	P 65,648,128	P 157,351,424	P 222,999,552
Reclassification from contingent liability	-	163,200,000	163,200,000
Additional provisions	38,060,790	58,370,186	96,430,976
Utilized amounts	<u>(74,647,826)</u>	<u>(3,563,106)</u>	<u>(78,210,932)</u>
Balance at December 31, 2021	<u>P 29,061,092</u>	<u>P 375,358,504</u>	<u>P 404,419,596</u>

Others, which are currently due, include liabilities on stocks purchases and due to condominium unit holders arising from condo hotel operations while Others, which are not currently due, include accrued dividends on redeemable preferred shares (see Note 20.2) and security and miscellaneous deposits.

22. EQUITY

22.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2022	2021	2020	2022	2021	2020
Common shares – P1 par value						
Authorized	<u>12,950,000,000</u>	<u>12,950,000,000</u>	<u>12,950,000,000</u>	<u>P 12,950,000,000</u>	<u>P 12,950,000,000</u>	<u>P12,950,000,000</u>
Capital stock				<u>P 10,269,827,979</u>	<u>P 10,269,827,979</u>	<u>P10,269,827,979</u>
Additional paid-in capital				<u>34,518,916,029</u>	<u>34,518,916,029</u>	<u>34,518,916,029</u>
Total issued:	<u>10,269,827,979</u>	<u>10,269,827,979</u>	<u>10,269,827,979</u>	<u>44,788,744,008</u>	<u>44,788,744,008</u>	<u>44,788,744,008</u>
Treasury stock – at cost	<u>(1,301,020,300)</u>	<u>(956,709,700)</u>	<u>(686,257,400)</u>	<u>(14,411,741,336)</u>	<u>(10,516,348,052)</u>	<u>(7,596,939,422)</u>
Total outstanding	<u>8,968,807,679</u>	<u>9,313,118,279</u>	<u>9,583,570,579</u>	<u>P30,377,002,672</u>	<u>P 34,272,395,956</u>	<u>P37,191,804,586</u>

On March 12, 1999, the SEC approved the initial public offering of the Company's 336.1 million shares (248.1 million then outstanding and 88.0 million new issues) at P1.27 per share. The shares were initially listed in the PSE on April 19, 1999.

A 10% stock dividend was approved by the SEC and listed in September 1999. Three private placements ensued up to January 2011, of which 1.5 billion shares were listed in 2006. Then, a 10% rights offering of 200.47 million shares and 1:1 stock rights of 2.2 billion shares were approved and listed in 2005 and 2007, respectively. In 2007, there were also a share-swap transaction and a follow-on international offering wherein 4.1 billion shares and 1.8 billion shares, respectively, were issued and listed.

As of December 31, 2022 and 2021, the quoted closing price per share was P11.9 and P11.8, respectively. There are 990 holders, which include nominees, of the Company's total issued and outstanding shares as of December 31, 2022. The percentage of the Company's shares of stock owned by the public is 31.78% and 30.89% as of December 31, 2022 and 2021, respectively.

22.2 Additional Paid-in Capital

APIC consists mainly of P21.9 billion from the stock rights offering, share swap transaction and international offering in 2007. In prior years, the Group reissued treasury shares, resulting in an increase in APIC amounting to P7,237.7 million.

22.3 Treasury Shares

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019, the BOD approved another share repurchase program for P2.5 billion over a 12-month period ending on September 23, 2020. On September 21, 2020, the BOD approved another one-year share repurchase program for P2.5 billion to end on September 23, 2021. On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. As of December 31, 2022, the Parent Company has repurchased 1,142,786,300 shares for P13,237.5 million, which included transaction costs.

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired. Accordingly, the Parent Company's ongoing share repurchase program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares.

There are 158.23 million shares held by subsidiaries at a total cost of P1.17 billion that were reported as part of Treasury Shares in the consolidated statements of changes in equity (see Notes 2.15 and 22.5).

22.4 Other Reserves

The components of Other Reserves are presented below (see Note 2.15).

	Consolidation Reserves	Legal Reserves	Total
Balance as of January 1, 2022	P 19,733,294,956	P 45,217,811	P 19,778,512,767
Effect of change in percentage of ownership	13,670,302,866	-	13,670,302,866
Changes in legal reserves	<u>-</u>	<u>(2,449,420)</u>	<u>(2,449,420)</u>
	<u>13,670,302,866</u>	<u>(2,449,420)</u>	<u>13,667,853,446</u>
Balance as of December 31, 2022	<u>P 33,403,597,822</u>	<u>P 42,768,391</u>	<u>P 33,446,366,213</u>
Balance as of January 1, 2021	P 9,391,857,779	P 44,165,771	P 9,436,023,550
Effect of change in percentage of ownership	10,341,437,177	-	10,341,437,177
Changes in legal reserves	<u>-</u>	<u>1,052,040</u>	<u>1,052,040</u>
	<u>10,341,437,177</u>	<u>1,052,440</u>	<u>10,342,489,617</u>
Balance as of December 31, 2021	<u>P 19,733,294,956</u>	<u>P 45,217,811</u>	<u>P 19,778,512,767</u>
Balance as of January 1, 2020	P 10,952,271,570	P 49,535,301	P 11,001,806,871
Effect of change in percentage ownership	<u>(1,560,413,791)</u>	<u>-</u>	<u>(1,560,413,791)</u>
Changes in legal reserves	<u>-</u>	<u>(5,369,530)</u>	<u>(5,369,530)</u>
	<u>(1,560,413,791)</u>	<u>(5,369,530)</u>	<u>(1,565,783,321)</u>
Balance as of December 31, 2020	<u>P 9,391,857,779</u>	<u>P 44,165,771</u>	<u>P 9,436,023,550</u>

In 2022, AGI disposed a total of 800.6 million shares of EMI through the stock market. The transaction resulted to a credit to Consolidation reserves of P10.8 billion under Other Reserves in the 2022 consolidated statement of changes in equity [see Note 1.1(l)]

Also in 2022, AGI made additional capital infusion to Travellers amounting to P7.8 billion which resulted to a credit to Consolidation reserves of P279.5 million under Other Reserves in the 2022 consolidated statement of changes in equity.

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by Megaworld, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in the Group's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10,448.9 million is credited to Consolidation reserves under Other Reserves in the 2021 consolidated statement of changes in equity.

Various investment activities of the Group from 2020 to 2022 as described in Note 1, apart from those mentioned above, affected AGI's effective ownership over its subsidiaries. The impact to equity attributable to owners of AGI is recorded as part of Consolidation reserves under Other reserves in the consolidated statements of changes in equity.

22.5 Dividends

On November 15, 2022, the BOD approved the declaration of cash dividends of P0.12 per share. Total dividends amounting to P1,132.2 million were payable on December 22, 2022 to stockholders of record as of December 1, 2022. Dividends declared were fully settled during the same year.

On December 1, 2021, the BOD approved the declaration of cash dividends of P0.07 per share. Total dividends amounting to P672.0 million were payable on January 12, 2022 to stockholders of record as of December 17, 2021. The unpaid dividends as of December 31, 2021 were presented, net of P29.4 million final tax, as part of Dividends payable under Trade and Other Payables account in the 2021 consolidated statement of financial position (see Note 17).

On December 1, 2020, the BOD approved the declaration of cash dividends of P0.05 per share. Total dividends amounting to P485.6 million were payable on January 6, 2021 to stockholders of record as of December 15, 2020.

The amounts presented in the consolidated statements of changes in equity are net of dividends paid to subsidiaries (see Note 22.3).

22.6 Share Options

(a) Of the Company

On July 27, 2011, the BOD approved an Executive Share Option Plan (“ESOP”) for the Company’s key executive officers, which was subsequently ratified by the stockholders on September 20, 2011. Under the ESOP, the Company shall initially reserve for exercise of share options up to 300.0 million common shares, or 3% of the outstanding capital stock, which may be issued out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and continue to be exercisable in accordance with terms of issue. Modification of any part of the ESOP is subject to approval by the stockholders before such modification can take effect.

The options shall vest within three years from date of grant (“offer date”) and the holder may exercise only a third of the option at the end of each year of the three-year vesting period. The vested option may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company’s shares for nine months immediately preceding the date of grant.

On December 19, 2011, pursuant to this ESOP, the Company granted share options to certain key executives to subscribe to 46.5 million common shares of the Company, at an exercise price of P9.175 per share. As of December 31, 2019, all of the said options have expired and the related value of the stock option amounting to P123.5 million was reclassified to Additional Paid-in Capital account (see Note 22.2).

On March 14, 2013, the Company granted additional 59.1 million share options to certain key executives at an exercise price of P12.9997. On March 12, 2020, the BOD affirmed the resolution of the Corporate Governance Committee to extend the exercise period for this grant until March 15, 2025 under the same terms and exercise price, and on August 6, 2020, this was ratified by the stockholders. As of December 31, 2022 and 2021, all of the said options vested and none have been exercised.

The fair values of the option granted were estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation of the March 2013 grant:

Original option life		7 years
Share price at grant date	P	21.65
Exercise price at grant date	P	12.9997
Average fair value at grant date	P	9.18
Average standard deviation of share price returns		35.29%
Average dividend yield		2.10%
Average risk-free investment rate		2.92%

The underlying expected volatility was determined by reference to historical prices of the Company's shares over a period of four years.

(b) *Of Megaworld*

On April 26, 2012, Megaworld's BOD approved an ESOP for its key executive officers, and on June 15, 2012, the stockholders adopted it.

The options shall generally vest on the 60th birthday of the option holder and may be exercised until the date of his/her retirement from Megaworld. The exercise price shall be at a 15% discount from the volume weighted average closing price of Megaworld's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, Megaworld granted share options to certain key executives to subscribe to 235.0 million of its common shares, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20.0 million common shares of Megaworld at an exercise price of P2.33 per share. In 2014, additional 40.0 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2022, 2021 and 2020.

Further, in 2021, 15.0 million share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2022 and 2020.

A total of 10.0 million, 10.0 million and 5.0 million share options have vested in 2022, 2021 and 2020, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share both in 2022 and 2020. There was no similar transaction in 2021.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P2.54 to P4.52
Exercise price at grant date	P1.77 to P3.23
Fair value at grant date	P0.98 to P2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of Megaworld's shares over a period of time consistent with the option life.

(c) *Of GERI*

On September 23, 2011, GERI's BOD approved an ESOP for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of GERI, who are largely responsible for its further growth and development, to obtain an ownership interest and thereby encourage long-term commitment to GERI. The ESOP is being administered by the Executive Compensation Committee of GERI's BOD.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of its outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The exercise price shall be at a 15% discount from the volume weighted average closing price of GERI's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period.

As of December 31, 2022, pursuant to this ESOP, GERI has granted the options to its key executive officers to subscribe to 400.0 million GERI shares. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as of December 31, 2019, but none of these have been exercised yet by any of the option holders as of December 31, 2022.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	7 years
Share price at grant date	P1.02 to P2.10
Exercise price at grant date	P1.00 to P1.93
Fair value at grant date	P0.24 to P2.27
Standard deviation of share price return	12.16% to 57.10%
Risk-free investment rate	2.14% to 2.59%

The underlying expected volatility was determined by reference to historical date of GERI's shares over a period of time consistent with the option life.

(d) *Of EMI*

On November 7, 2014, EMI's BOD approved an ESOP for qualified employees of EMI Group and adopted by the shareholders on December 15, 2014. On August 17, 2021 EMI's BOD approved certain amendments to the plan.

The options shall generally vest on the 60th birthday or the date of retirement of the option holder provided that the option holder had continuously served as an employee for 11 years after the option offer date or 3 years from retirement date for option holder who has continuously served for at least 20 years before the option offer date, and may be exercised within 5 years from vesting date, subject to the terms and conditions of the amended ESOP. The exercise price shall be at most a 15% discount from the volume weighted average closing price of EMI's shares of nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2015, share options were granted to certain key executives of EDI to subscribe to 118.0 million common shares of EMI at an exercise price of P7.00 per share. As of December 31, 2022, a total of 9.0 million shares options were cancelled due to resignation.

On March 25, 2021 and August 25, 2021, share options were granted to certain qualified grantees to subscribe to 20.0 million and 55.0 million common shares of EMI, at an exercise price of P10.10 and P10.65 per share, respectively.

On February 11, 2022, share options were granted to a qualified employee of EDI to subscribe to 5.0 million common shares of EMI at an exercise price of P13.95 per share.

The fair value of the options granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	11 – 22 years
Share price at grant date	P8.90 – P22.50
Exercise price at grant date	P7.00 – P13.95
Average fair value of option at grant date	P3.26 – P13.35
Average standard deviation of share price returns	10.24% - 13.13%
Average dividend yield	1.08% - 1.10%
Average risk-free investment rate	4.44% - 5.24%

The underlying expected volatility was determined by reference to historical prices of EMI's shares over a period of one year.

The Group recognized a total of P92.8 million, P55.1 million and P48.3 million Share-option benefit expense in 2022, 2021 and 2020, respectively, as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of comprehensive income and a corresponding credit to Equity and through Non-controlling Interest account for the portion related to the other shareholders of the subsidiaries (see Notes 26 and 28.3).

22.7 Appropriated Retained Earnings

In 2022 and 2021, GADC's BOD approved the appropriation of P7.1 billion and P6.5 billion, respectively, for its continuing business expansion projects which include construction of new stores and business extensions, renovation of existing stores and development of information technology projects. The construction of new stores and renovation of existing stores are projected to be completed within 2023. The appropriation in 2021 was fully utilized and reversed in 2022, through the opening of 27 new company-owned McDonald's restaurants, renovation of 23 company-owned McDonald's restaurants and development of information technology projects. In 2020, GADC's BOD appropriated P6.0 billion for the continuing business expansion which was fully utilized and reversed in 2021.

In 2021, AWGI reversed the appropriated retained earnings of P800.0 million for capital expenditures. Also, in 2021, AWGI appropriated P1,200.0 million for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant which are expected to be completed in 2025.

22.8 Perpetual Capital Securities

On April 11, 2018, Megaworld issued bonds amounting \$200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are listed in the Singapore Exchange. The financial instruments are treated as equity securities. These bonds may be voluntarily redeemed by Megaworld on April 11, 2023 or on any distribution date thereafter. The amount was previously presented as part of Non-controlling interest (NCI). As of December 31, 2020, the perpetual capital securities do not appear in the consolidated statements of financial position because all are held within the Group.

In 2021, Megaworld fully redeemed its perpetual capital securities for P9.8 billion. The excess of carrying amount of perpetual capital securities over the redemption price was directly credited to the consolidated retained earnings for the amount of P333.7 million and to NCI for the amount of P150.6 million as presented in the 2021 consolidated statement of changes in equity [see Notes 3.1(i)].

22.9 Equity-linked Debt Securities

Equity-linked debt securities (“ELS”) instrument arises from the subscription agreement between EMI and Arran Investment Private Limited (“the Holder” or “Arran”) for the issuance of additional common shares of EMI. The ELS may be converted into a fixed number of common shares (“conversion shares”) of EMI. The ELS bears a fixed annual interest rate (5.0% initially; 0% as amended in 2017) and variable interest (equal to the same dividend price declared and payable to common shareholders). On June 15, 2017, the ELS was amended, stipulating among others the change in the fixed number of Conversion Shares (728,275,862 new and fully paid-up) and in the Share Market Price (greater than P7.25 per share) for the mandatory conversion at any time from Redemption Date and ending on the Extended Redemption Date (December 4, 2021).

On December 23, 2019, the parties further agreed to give the Holder the right to two tranches of conversion and allowed the Holder to transfer ELS to an affiliate of EMI. Furthermore, on January 31, 2020, the parties agreed to remove the mandatory conversion of the ELS when the Share Market Price is reached; and on February 5, 2020, the Holder exercised its Tranche 1 Conversion for P1,836,250,000 into 253,275,862 shares. As of December 31, 2020, the Holder has not yet exercised its Tranche 2 Conversion right corresponding to P3,443,750,000 into 475,000,000 shares.

On December 31, 2021, the Holder exercised its right to Tranche 2 Conversion and EMI was given a period until February 28, 2022 to issue the Tranche 2 Shares. Pursuant to this, EMI derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion. Such amount is presented as part of NCI in the consolidated statements of financial position.

Through a series of amendments, the Conversion Period was extended up to August 12, 2023 or such other date as may be mutually agreed in writing by the Holder and EMI. The issuance of Tranche 2 Shares is expected to happen in 2023.

The related interest expense amounted to P152.0 million and P52.3 million in 2021 and 2020, respectively, (no declaration in 2022) and is presented as part of Interest expense under Finance Cost and Other Charges account in the consolidated statements of comprehensive income (see Note 27).

On January 26, 2023, EMI and Arran executed an agreement that clarified the continuation of Variable Interest on the Tranche 2 Shares effective from the date of agreement until August 12, 2023 or the issuance of the Tranche 2 Shares, whichever comes earlier. (See Note 37.1).

22.10 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material NCI are shown below (in thousands).

Name	Proportion of Ownership Interest and Voting Rights Held by NCI		Subsidiary's Consolidated Profit Allocated to NCI		Accumulated Equity of NCI	
	2022	2021	2022	2021	December 31, 2022	December 31, 2021
Megaworld	30%	31%	P 4,092,083	P 4,178,119	P 90,762,224	P 87,459,353
Travellers	40%	50%	426,729	(287,691)	24,978,200	21,796,074
GADC	51%	51%	932,983	443,287	3,882,544	2,052,137
Emperador	19%	14%	1,939,737	1,413,987	15,100,824	14,053,492

Dividends paid to NCI amounted to P1.9 billion in 2022, P1.4 billion in 2021 and P0.8 billion in 2020.

The summarized financial information of the subsidiaries, before intragroup eliminations, is shown below and in the succeeding page (in thousands).

	December 31, 2022			
	Megaworld	Travellers	GADC	Emperador
Current assets	P 224,315,419	P 23,042,816	P 19,728,124	P 77,393,838
Non-current assets	184,896,118	101,306,729	24,009,252	63,817,286
Total assets	P 409,211,537	P 124,349,545	P 43,737,376	P 141,211,124
Current liabilities	P 75,253,963	P 39,582,028	P 15,025,518	P 28,350,052
Non-current liabilities	92,937,051	46,449,000	18,929,693	24,271,650
Total liabilities	P 168,191,014	P 86,031,028	P 33,955,211	P 52,621,701
Revenues	P 59,527,257	P 26,908,741	P 34,446,543	P 62,767,070
Profit (loss) for the year attributable to:				
Owners of Parent	P 13,455,476	P 1,057,307	P 1,829,378	P 10,060,876
NCI	1,918,810	(4,159)	(16,919)	150,847
Profit (loss) for the year	15,374,286	1,053,148	1,812,459	10,211,723
Other comprehensive income (loss) attributable to:				
Owners of Parent	(247,040)	182,085	352,919	(717,904)
NCI	-	-	-	-
Other comprehensive income (loss) for the year	(247,040)	182,085	352,919	(717,904)
Total comprehensive income for the year	P 15,127,246	P 1,235,233	P 2,165,378	P 9,493,819
Net cash from (used in)				
Operating activities	P 7,735,371	P 12,566,366	P 6,927,766	P 7,689,062
Investing activities	(12,426,678)	(4,934,751)	(2,872,116)	(2,679,339)
Financing activities	11,348,730	(3,507,207)	(2,917,169)	(1,605,389)

	December 31, 2021			
	Megaworld	Travellers	GADC	Emperador
Current assets	P 227,834,770	P 18,774,333	P 16,615,717	P 64,945,196
Non-current assets	<u>170,142,481</u>	<u>98,999,830</u>	<u>21,153,272</u>	<u>63,571,181</u>
Total assets	<u>P 397,977,251</u>	<u>P 117,774,163</u>	<u>P 37,768,989</u>	<u>P 128,516,377</u>
Current liabilities	P 61,908,026	P 41,344,617	P 11,463,479	P 23,523,398
Non-current liabilities	<u>106,365,234</u>	<u>43,263,835</u>	<u>18,087,267</u>	<u>26,274,744</u>
Total liabilities	<u>P 168,273,260</u>	<u>P 84,608,452</u>	<u>P 29,550,746</u>	<u>P 49,798,142</u>
Revenues	<u>P 50,754,291</u>	<u>P 13,182,574</u>	<u>P 24,937,193</u>	<u>P 55,936,272</u>
Profit (loss) for the year attributable to:				
Owners of Parent	P 13,434,467	(P 568,783)	P 896,191	P 9,971,065
NCI	<u>943,926</u>	<u>287,946</u>	<u>(26,947)</u>	<u>177,294</u>
Profit (loss) for the year	<u>14,378,393</u>	<u>(280,837)</u>	<u>869,244</u>	<u>10,148,359</u>
Other comprehensive income (loss) attributable to:				
Owners of Parent	1,841,957	150,220	(65,488)	3,704,272
NCI	<u>23,590</u>	<u>-</u>	<u>-</u>	<u>44,363</u>
Other comprehensive income (loss) for the year	<u>1,865,547</u>	<u>150,220</u>	<u>(65,488)</u>	<u>3,748,635</u>
Total comprehensive income (loss) for the year	<u>P 16,243,940</u>	<u>(P 130,617)</u>	<u>P 803,756</u>	<u>P 13,896,994</u>
Net cash from (used in)				
Operating activities	P 5,623,613	P 9,351,369	P 3,964,750	P 16,414,417
Investing activities	(6,921,007)	(3,193,095)	(1,250,043)	(1,569,297)
Financing activities	4,925,244	(5,871,615)	(1,891,452)	(13,045,506)

	December 31, 2020			
	Megaworld	Travellers	GADC	Emperador
Current assets	P 210,673,607	P 18,708,341	P 14,853,146	P 61,961,498
Non-current assets	<u>165,016,813</u>	<u>102,035,670</u>	<u>22,378,388</u>	<u>60,490,654</u>
Total assets	<u>P 375,690,420</u>	<u>P 120,744,011</u>	<u>P 37,231,534</u>	<u>P 122,452,152</u>
Current liabilities	P 72,720,150	P 46,992,201	P 11,387,313	P 25,808,376
Non-current liabilities	<u>90,439,790</u>	<u>40,455,481</u>	<u>18,411,734</u>	<u>29,279,460</u>
Total liabilities	<u>P 163,159,140</u>	<u>P 87,447,682</u>	<u>P 29,799,047</u>	<u>P 55,087,836</u>

	December 31, 2020			
	Megaworld	Travellers	GADC	Emperador
Revenues	P 43,470,998	P 12,181,142	P 19,809,392	P 52,834,305
Profit (loss) for the year attributable to:				
Owners of Parent	P 9,885,989	(P 5,499,895)	(P 580,096)	P 7,967,262
NCI	702,576	(4,461)	(16,116)	69,378
Profit (loss) for the year	10,588,565	(5,504,356)	(596,212)	8,036,640
Other comprehensive income (loss) attributable to:				
Owners of Parent	(201,271)	(150,207)	137,359	3,211,809
NCI	(27,755)	-	-	180,399
Other comprehensive income (loss) for the year	(229,026)	(150,207)	137,359	3,392,208
Total comprehensive income (loss) for the year	P 10,359,539	(P 5,654,563)	(P 458,853)	P 4,644,432
Net cash from (used in)				
Operating activities	P 19,099,531	P 1,424,806	P 2,618,085	P 7,552,125
Investing activities	(6,333,457)	(3,230,337)	(823,304)	(732,972)
Financing activities	(4,295,806)	2,142,372	23,954	(6,998,589)

23. EARNINGS PER SHARE

Earnings per share is computed as follows:

	2022	2021	2020
Basic and diluted:			
Net profit attributable to owners of the parent company	P 16,107,842,209	P 16,944,095,592	P 8,829,293,379
Divided by the weighted average number of outstanding common shares	8,968,807,679	9,313,118,279	9,583,570,579
	P 1.7960	P 1.8194	P 0.9213

The actual number of outstanding common shares approximates the weighted average for each year.

The basic and diluted earnings per share are the same for the years ended December 31, 2022, 2021 and 2020, as the potentially dilutive shares from the Group's ESOP are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the ESOP.

24. REVENUES

24.1 Disaggregation of Revenues

The Group disaggregates revenues recognized from contracts with customers into the operating business segments presented in Notes 4.1 and 4.4 that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The same disaggregation is used in earnings releases, annual reports and investor presentations.

The breakdown of revenues from sale of goods and rendering of services is presented below:

	Notes	2022	2021	2020
Sale of Goods:				
Sales of consumer goods	2.16(a)	P 61,385,216,633	P 56,906,491,121	P 52,156,126,415
Real estate sales	2.16(b, c)	36,849,992,605	31,129,417,724	24,858,537,303
		<u>P 98,235,209,238</u>	<u>P 88,035,908,845</u>	<u>P 77,014,663,718</u>
Rendering of Services:				
Sales by company-operated quick-service restaurants	2.16(f)	P 31,305,279,964	P 22,745,083,827	P 18,045,120,784
Net gaming revenues	2.16	21,602,642,230	10,330,110,235	9,398,336,935
Rental income	2.18, 14	15,946,271,670	13,781,184,993	13,170,220,536
Hotel operations	2.16(d, e)	6,729,972,701	4,245,502,111	3,581,296,104
Franchise revenues	2.16(g), 31.5	3,141,263,464	2,192,109,300	1,764,272,777
Others	2.16(h)	1,787,253,632	1,616,239,176	1,581,467,111
		<u>P 80,512,683,661</u>	<u>P 54,910,229,642</u>	<u>P 47,540,714,247</u>

Other revenues include income from commissions, construction, property management operations, cinema operations, parking, bingo, tournaments and production shows.

The disaggregation of revenues for each reportable segment is presented below.

	2022					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 36,849,992,605	P -	P -	P60,671,033,945	P 714,182,688	P 98,235,209,238
Rendering of services	19,125,469,664	26,906,252,986	34,480,810,931	150,080	-	80,512,683,661
	<u>P 55,975,462,269</u>	<u>P26,906,252,986</u>	<u>P34,480,810,931</u>	<u>P 60,671,184,025</u>	<u>P 714,182,688</u>	<u>P178,747,892,899</u>
	2021					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 31,129,417,724	P -	P -	P54,845,254,471	P 2,061,236,650	P 88,035,908,845
Rendering of services	16,723,156,919	13,178,792,085	24,981,223,562	14,613,920	12,443,156	54,910,229,642
	<u>P 47,852,574,643</u>	<u>P13,178,792,085</u>	<u>P24,981,223,562</u>	<u>P 54,859,868,391</u>	<u>P 2,073,679,806</u>	<u>P142,946,138,487</u>
	2020					
	Megaworld	Travellers	GADC	Emperador	Unallocated	Total
Sale of goods	P 24,858,537,303	P -	P -	P51,395,295,032	P 760,831,383	P 77,014,663,718
Rendering of services	15,501,186,258	12,167,008,299	19,872,519,690	-	-	47,540,714,247
	<u>P 40,359,723,561</u>	<u>P12,167,008,299</u>	<u>P19,872,519,690</u>	<u>P 51,395,295,032</u>	<u>P 760,831,383</u>	<u>P124,555,377,965</u>

24.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as of December 31 are as follows:

	2022		2021	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
Balance at beginning of year	P 19,922,247,362	P 7,403,695,808	P 19,380,726,313	P 5,843,629,303
Transfers from contract assets recognized at the beginning of year to trade receivables	(8,200,052,415)	-	(6,331,845,183)	-
Increase due to satisfaction of performance obligation over time, net of cash collection	7,897,728,826	-	6,873,366,232	-
Revenue recognized that was included in contract liabilities at the beginning of year	-	(3,679,150,615)	-	(1,704,149,276)
Increase due to cash received in excess of performance to date	-	4,521,876,337	-	3,264,215,781
Balance at end of year	<u>P 19,619,923,773</u>	<u>P 8,246,421,530</u>	<u>P 19,922,247,362</u>	<u>P 7,403,695,808</u>

The current and non-current classification of the Group's Contract Assets account as presented in the consolidated statements of financial position is shown below.

	2022	2021
Current	P 13,613,227,726	P 11,970,852,843
Non-current	<u>6,006,696,047</u>	<u>7,951,394,519</u>
	<u>P 19,619,923,773</u>	<u>P 19,922,247,362</u>

The current and non-current classification of the Group's Contract Liabilities account as presented in the consolidated statements of financial position is shown below.

	2022	2021
Current	P 3,392,947,567	P 2,447,089,883
Non-current	<u>4,853,473,963</u>	<u>4,956,605,925</u>
	<u>P 8,246,421,530</u>	<u>P 7,403,695,808</u>

The outstanding balance of trade receivables arising from contracts with real estate and hotel customers amounted to P31.8 billion and P27.5 billion as of December 31, 2022 and 2021, respectively, are presented as part of Trade receivables (see Note 6).

24.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Other Current Assets and Other Non-current Assets accounts in the consolidated statements of financial position (see Note 9). These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commissions under Other Operating Expenses (see Note 26).

The movements in balances of deferred commission in 2022 and 2021 are presented below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 3,574,921,741	P 3,360,073,323
Additional capitalized costs net of sales cancellations	743,317,115	1,035,710,361
Amortization for the year	(1,320,989,599)	(820,861,943)
Balance at end of year	<u>P 2,997,249,257</u>	<u>P 3,574,921,741</u>

The breakdown of deferred commission as of December 31, 2022 and 2021 is presented Below (see Note 9).

	<u>2022</u>	<u>2021</u>
Current	P 1,962,421,561	P 1,552,396,393
Non-current	<u>1,034,827,696</u>	<u>2,022,525,348</u>
	<u>P 2,997,249,257</u>	<u>P 3,574,921,741</u>

24.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P43.7 billion and P47.1 billion as of December 31, 2022 and 2021, respectively, which the Group expects to recognize as follows:

	<u>2022</u>	<u>2021</u>
Within a year	P 23,100,331,580	P 21,139,283,515
More than one year to three years	16,480,982,363	19,761,215,172
More than three years to five years	<u>4,155,242,262</u>	<u>6,225,643,643</u>
	<u>P 43,736,556,205</u>	<u>P 47,126,142,330</u>

25. COST OF GOODS SOLD AND SERVICES

The components of cost of goods sold and services are as follows:

	Notes	2022	2021	2020
Cost of Goods Sold:	2.16			
Cost of consumer goods sold:				
Direct materials used		P 35,638,751,036	P 30,423,454,664	P 20,559,491,616
Salaries and employee benefits	28.1	1,838,973,857	1,498,786,389	1,404,287,077
Depreciation and amortization	13	1,129,963,712	1,178,508,887	1,188,004,363
Indirect materials and other consumables		571,133,440	352,562,619	279,932,536
Utilities		551,953,927	359,775,061	269,051,436
Repairs and maintenance		431,130,827	325,965,699	255,517,659
Change in work in process and finished goods		(415,171,560)	617,875,112	10,746,888,171
Taxes and licenses		354,927,471	129,182,495	191,844,422
Outside services	30.1	319,568,784	266,880,588	240,130,937
Supplies		211,353,831	161,066,562	73,696,771
Other direct and overhead costs	8	1,410,700,887	999,179,638	668,338,522
		42,043,286,212	36,313,237,714	35,877,183,510
Cost of real estate sales:				
Contracted services		15,157,644,269	13,921,991,148	9,505,319,098
Land costs		2,423,993,776	1,870,060,652	3,598,926,919
Borrowing costs		722,695,142	792,405,811	462,338,695
Other costs		250,422,205	289,825,668	223,941,120
	2.7	18,554,755,392	16,874,283,279	13,790,525,832
		P 60,598,041,604	P 53,187,520,993	P 49,667,709,342
Cost of Services:	2.16			
Food, supplies and other consumables		P 14,988,495,307	P 10,198,881,316	P 8,364,214,634
Salaries and employee benefits	28.1	6,462,541,398	4,933,089,160	5,465,068,304
Gaming license fees	29.3	6,086,970,292	3,147,619,690	2,636,024,717
Depreciation and amortization	13, 14	5,455,523,991	4,925,177,592	5,020,689,064
Rental	13.4	3,064,223,374	1,770,757,012	1,417,386,202
Outside services		1,488,424,410	1,081,226,866	1,245,013,053
Hotel operations		1,061,319,773	814,552,675	668,681,337
Casino operating expenses		693,510,630	471,180,190	318,685,528
Flight operations		81,381,792	-	19,138,932
Entertainment, amusement and recreation		20,657,431	28,957,341	31,548,612
Other direct and overhead costs		3,530,701,426	2,648,327,741	2,102,844,938
		P 42,933,749,824	P 30,019,769,583	P 27,289,295,321

Other direct and overhead costs include, among others, costs incurred for real property taxes, insurance, repairs and maintenance, utilities, other operating supplies, service fees charged by online ordering platforms and waste disposal.

26. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

	Notes	2022	2021	2020
Advertising and promotions		P 8,393,105,734	P 5,925,905,035	P 5,442,508,371
Salaries and employee benefits	22.6, 28.1	7,117,368,960	5,992,663,117	6,010,147,091
Depreciation and amortization	13, 14, 15	4,714,033,687	4,975,102,483	4,633,694,543
Professional fees and outside services		2,472,439,754	2,054,907,104	1,754,679,361
Utilities		1,998,216,345	1,087,053,472	950,790,339
Commissions	24.3	1,885,117,123	1,252,692,456	1,261,848,815
Royalty	31.5	1,716,009,757	1,123,511,292	889,229,140
Taxes and licenses		1,623,283,048	1,643,980,830	1,580,851,219
Transportation and travel		1,132,976,003	747,272,335	737,193,346
Repairs and maintenance		814,300,385	778,336,829	688,799,285
Loss on cancellation of sales contract		777,544,878	682,473,797	659,918,645
Management fees	30.3, 31.4	639,178,363	233,416,658	167,636,473
Freight and handling		491,265,922	415,133,136	559,511,059
Dues and subscriptions		471,922,019	457,350,127	524,970,742
Insurance		358,202,494	335,358,996	380,788,445
Donations and contributions		344,386,041	276,209,267	374,992,440
Rental	13.4	331,533,574	212,051,183	368,647,671
Representation and entertainment		289,079,427	175,792,091	403,893,371
Write-down of inventories	8	162,489,934	24,429,762	64,913,811
Supplies		135,561,005	58,819,245	53,973,816
Communication and office expenses		108,161,351	58,597,847	59,837,455
Impairment of receivables	6	37,657,409	70,025,018	234,331,971
Meal expenses		21,542,293	26,610,043	31,717,898
Impairment of PPE and intangibles	13, 15	-	1,970,737,642	337,678,063
Miscellaneous	13.2, 21, 31.2	1,887,521,492	1,464,938,209	1,104,639,912
		<u>P 37,922,896,998</u>	<u>P 32,043,367,974</u>	<u>P 29,277,193,282</u>

Miscellaneous expenses include expenses incurred for security services, supplies and other consumables, donations, training and development, dues and subscriptions, and various other expenses.

These other operating expenses are classified by function as follows:

	2022	2021	2020
General and administrative expenses	P 23,522,854,985	P 21,580,879,470	P 19,221,601,871
Selling and marketing expenses	14,400,042,013	10,462,488,504	10,055,591,411
	<u>P 37,922,896,998</u>	<u>P 32,043,367,974</u>	<u>P 29,277,193,282</u>

27. OTHER INCOME AND CHARGES

Other income and charges provide details of Finance and Other Income account and Finance Costs and Other Charges account as presented in the consolidated statements of comprehensive income.

	Notes	2022	2021	2020
Finance and other income:				
Interest income	2.4, 5, 6, 7, 9	P 3,202,355,753	P 2,158,373,961	P 2,160,829,212
Gain from COVID-19-related rent concessions	3.1(m)	239,692,435	509,232,978	413,426,144
Reversal of impairment losses on PPE	13.1	74,555,614	182,933,013	296,042,370
Reversal of impairment losses on receivables	6	35,684,766	95,700,853	7,575,360
Gain on sale of financial assets at FVTPL	7	9,465,006	79,576,615	-
Gain from derecognition of right-of-use assets and lease liabilities	13.2, 13.3	6,920,584	32,926,577	51,149,786
Dividend income		1,631,280	19,524,671	7,117,104
Gain on co-development agreement	16, 31.8(ii)	-	5,849,603,560	-
Foreign currency gains – net	19	-	-	593,679,386
Fair value gains – net	7	-	-	130,149
Miscellaneous – net	8	1,294,031,090	918,505,558	589,288,599
		<u>P 4,864,336,528</u>	<u>P 9,846,377,786</u>	<u>P 4,119,238,110</u>

	Notes	2022	2021	2020
Finance costs and other charges:				
Interest expense	13.3, 18, 19, 20, 28.2	P 8,517,493,283	P 7,239,976,324	P 6,840,980,033
Foreign currency losses – net		1,339,128,933	1,180,044,788	-
Day one loss	6	543,289,914	483,265,727	269,781,190
Loss on disposal of PPE and investment properties – net	13	65,065,014	91,383,298	174,787,449
Fair value losses – net	7	20,898,129	2,772,787	-
Loss on sale of financial assets at FVTPL	7	-	1,306,930	818,378
Miscellaneous		315,023,356	452,421,513	363,916,470
		<u>P 10,800,898,629</u>	<u>P 9,451,171,367</u>	<u>P 7,650,283,520</u>

Interest income mainly pertains to interest earned from the Group's financial assets at amortized cost and financial assets at FVTPL.

Miscellaneous income includes gain on sale of other non-current assets, marketing fees and others.

Miscellaneous expenses pertain to amortization of discounts on security deposits, bank charges and other related fees.

28. SALARIES AND EMPLOYEE BENEFITS

28.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2022	2021	2020
Short-term employee benefits		P 14,708,369,255	P 11,832,690,140	P 12,343,924,950
Post-employment defined benefit	2.21(b), 28.2	362,189,477	334,441,221	281,743,665
Post-employment defined contribution	28.2	255,534,650	202,274,995	205,493,775
Share option benefit expense	2.21(e), 22.6, 28.3, 30.8	92,790,833	55,132,310	48,340,082
		<u>P 15,418,884,215</u>	<u>P 12,424,538,666</u>	<u>P 12,879,502,472</u>

These are classified in the consolidated statements of comprehensive income as follows:

	Notes	2022	2021	2020
Cost of services	25	P 6,462,541,398	P 4,933,089,160	P 5,465,068,304
Cost of goods sold	25	1,838,973,857	1,498,786,389	1,404,287,077
Other operating expenses	26	7,117,368,960	5,992,663,117	6,010,147,091
		<u>P 15,418,884,215</u>	<u>P 12,424,538,666</u>	<u>P 12,879,502,472</u>

28.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

Megaworld Group, EDI, EELHI, GADC and WML maintain funded, tax-qualified, noncontributory post-employment benefit plans, except that EELHI is partially-funded and GADC allows voluntary employee contribution. Each of the plans is being administered by a trustee bank that is legally separated from the Group. GERI and GADC's subsidiaries have unfunded, noncontributory post-employment benefit plans. All of plans mentioned cover all qualified regular and full-time employees.

The Parent Company and all other subsidiaries have no established corporate retirement plans. AWGI and TEI compute their retirement obligations based on the provisions of R.A. No. 7641, *The Retirement Pay Law*. Whereas, the Parent Company and the other subsidiaries within the Group have not accrued any post-employment benefit obligation as each entity has less than ten employees. The Group's management believes that non-accrual of the estimated post-employment benefits will not have any material effect on the Group's consolidated financial statements.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2022 and 2021.

The amounts of retirement benefit obligation as of the end of the reporting periods, presented as a non-current liability in the consolidated statements of financial position, are determined as follows:

	<u>2022</u>	<u>2021</u>
Present value of the obligation	P11,854,948,509	P18,570,053,950
Fair value of plan assets	(11,100,024,776)	(17,588,309,672)
	754,923,733	981,744,278
Unrecognized asset due to the effect of the asset ceiling	<u>-</u>	<u>307,852</u>
	<u>P 754,923,733</u>	<u>P 982,052,130</u>

The movements in the present value of retirement benefit obligation are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 18,570,053,950	P 18,527,265,539
Current service and interest costs	804,832,997	830,559,014
Past service cost	(2,508,894)	-
Remeasurements –		
Actuarial losses (gains) arising from changes in:		
Financial assumptions	(6,729,674,004)	(558,350,712)
Demographic assumptions	522,858,158	(151,408,891)
Experience adjustments	(457,950,348)	(241,412,419)
Benefits paid	(632,624,350)	(760,774,581)
Effects of foreign currency adjustment	(220,039,000)	<u>924,176,000</u>
Balance at end of year	<u>P 11,854,948,509</u>	<u>P 18,570,053,950</u>

The movements in the fair value of plan assets of funded retirement plans of the Group are presented below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 17,588,309,672	P 16,094,952,613
Interest income	337,754,923	299,784,055
Effects of foreign exchange adjustment	(238,539,000)	924,032,000
Contributions paid into the plan	195,357,342	450,972,940
Return (loss) on plan assets (excluding amounts included in net interest)	(6,249,181,321)	415,944,842
Benefits paid	(533,676,840)	(597,376,778)
Balance at end of year	<u>P 11,100,024,776</u>	<u>P 17,588,309,672</u>

The plan assets of MEG, EMI, GADC and Travellers as of December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Investments in:		
Long-term equity securities	44.14%	65.07%
Debt securities	43.91%	25.54%
Unit investment trust fund	2.67%	2.54%
Cash and cash equivalents	5.06%	2.42%
Property	4.21%	4.43%
Others	0.01%	0.01%
	<u>100.00%</u>	<u>100.00%</u>

Actual loss on plan assets in 2022 amounted to P5.9 billion while actual returns on plan assets in 2021 amounted to P715.7 million.

As of December 31, 2022 and 2021, the funds include investments in securities of its related parties (see Note 30).

The carrying amount and fair value of investments in debt securities of entities within the Group as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively, while the carrying amount and fair value as of December 31, 2021 amounted to P101.4 million and P101.4 million, respectively. Unrealized fair value losses on these securities as of December 31, 2022 amounted to P0.3 million.

The carrying amount and fair value of investments in equity securities of entities within the Group as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively, while the carrying amount and fair value as of December 31, 2021 amounted to P48.9 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2022 and December 31, 2021 amounted to P4.0 million and P 13.0 million, respectively.

The fair value of the investments in other securities and debt instruments, long-term equity investments and cash and cash equivalents is at Level 1 in the fair value hierarchy. Unit investment trust fund is at Level 2, while loans and receivables and property are at Level 3 (see Note 34).

The amounts of post-employment benefits expense recognized as part of Salaries and employee benefits in profit or loss (see Note 28.1) and other comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in consolidated profit or loss –</i>			
Current service cost	P 364,698,371	P 334,441,221	P 279,267,174
Past service cost	(2,508,894)	-	2,476,491
	<u>P 362,189,477</u>	<u>P 334,441,221</u>	<u>P 281,743,665</u>
<i>Reported in consolidated other comprehensive income:</i>			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	P6,729,674,004	P 558,350,712	(P 1,205,855,326)
Demographic assumptions	(522,858,158)	151,408,891	(278,476,360)
Experience adjustments	457,950,348	241,412,419	(127,875,106)
Return on plan assets (excluding amounts in net interest expense)	(6,249,181,321)	415,944,842	1,215,280,925
Change in effect of asset ceiling	<u>323,524</u>	<u>(149,511)</u>	<u>-</u>
	415,908,397	1,366,967,353	(396,925,867)
Tax income (expense)	(70,320,718)	(278,240,315)	(208,421,283)
	<u>P 345,587,679</u>	<u>P 1,088,727,038</u>	<u>(P 605,347,150)</u>

In 2022, 2021 and 2020, post-employment benefit expense amounting to P255.5 million, P202.3 million and P205.5 million, respectively, were incurred for WML's defined contribution plan.

The amounts of post-employment benefits expense are included as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

The net interest costs are presented as part of Interest expense under Finance Costs and Other Charges account (see Note 27).

In determining the post-employment benefit obligation, the following actuarial assumptions were used:

	<u>2022</u>	<u>2021</u>
Discount rates	3.60% - 7.54%	3.58% - 5.20%
Expected rates of salary increases	1.00% - 6.00%	3.00% - 7.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The discount rates assumed were based on the yields of long-term government bonds, as of the valuation dates. The applicable period used approximate the average years of remaining working lives of the Group's employees.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) *Investment and Interest Rate Risks*

Discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plans have placed majority of its plan assets in investments in equity and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) *Inflation Risk*

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Group's liability.

(d) *Other Information*

(i) *Sensitivity Analysis*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

	<u>Change in Assumption</u>	<u>Impact on Post-employment Obligation</u>	
		<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2022</u>			
Discount rate	+/-0.25% to +/-7.22%	(P 929,542,828)	P 507,546,192
Salary increase rate	+/-1.0% to +/-4.00%	487,770,205	(399,254,572)
<u>December 31, 2021</u>			
Discount rate	+/-0.25% to +/-1.00%	(P 1,886,148,261)	P 2,178,649,103
Salary increase rate	+/-1.0%	1,708,903,998	(1,375,674,225)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing and selling of equities and debt securities that match the benefit payments as they fall due and in the appropriate currency.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P754.9 million based on the Group's latest actuarial valuations. While there is no minimum funding requirement in the Philippines, the size of the underfunding may pose a cash flow risk in about 17 years' time when a significant number of employees is expected to retire.

The maturity profile of undiscounted expected benefit payments from the plan as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Within one year	P 704,020,232	P 676,454,272
More than one year to five years	1,799,123,731	1,653,749,357
More than five years to ten years	1,596,468,049	1,450,798,473
More than ten years to 15 years	399,266,717	758,411,681
More than 15 years to 20 years	777,949,467	1,258,063,321
More than 20 years	<u>3,716,837,078</u>	<u>6,437,395,444</u>
	<u>P 8,993,665,274</u>	<u>P 12,234,872,548</u>

The Group expects to contribute P112.3 million and P40.0 million to the retirement plan maintained for Megaworld and GADC, respectively, in 2022. GERI and EMI have yet to decide the amount of future contributions to their existing retirement plans.

28.3 Share Option Benefits

The Group's share option benefit expense includes the amounts recognized by the Company, Megaworld, GERI and EMI over the vesting period of the options granted by them (see Note 22.6). Options for 465.0 million shares and 465.0 million shares have vested and exercisable as of December 31, 2022 and 2021, respectively. Share option benefits expense, included as part of Salaries and employee benefits amounted to P92.8 million in 2022, P55.1 million in 2021 and P48.3 million in 2020 (see Note 28.1).

29. TAXES

29.1 Current and Deferred Taxes

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and took effect on April 11, 2021 (15 days after publication). The following are the major changes brought about by the CREATE Act, which are relevant to and considered by AGI and its Philippine subsidiaries:

- regular corporate income tax ("RCIT") rate was decreased from 30% to 25% starting July 1, 2020;
- minimum corporate income tax ("MCIT") rate was decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings was repealed; and,
- the allowable deduction for interest expense is reduced by 20% (from 33%) of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate starting July 1, 2020, the current income tax expense and income tax payable, as presented in each 2020 annual income tax returns ("ITR"), would be lower by P340.8 million than the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to the effective tax rates that applies to the components. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P1,548.0 million and such was recognized as tax expense in the 2021 profit or loss (P1,514.1 million) and in other comprehensive income (P33.9 million).

In UK, an increase in corporate tax rates from 19% to 25% shall take effect on April 1, 2023 by the Royal Assent received on June 10, 2021. Accordingly, deferred tax assets and deferred tax liabilities were remeasured at the new tax rate which resulted in additional tax expense of which P672.4 million pertains principally to intangibles at the consolidation level. This deferred tax adjustment was taken up in the consolidated financial statements only, does not affect stand-alone operating results of UK business, and it would not be realized or paid unless the business is liquidated or sold in the far future.

The tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below (see Note 37.1).

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in consolidated profit or loss:</i>			
Current tax expense:			
RCIT at 30%, 25%, 19% and 10%	P 4,803,318,966	P3,029,364,593	P 4,190,172,616
Final tax at 20% and 15%	143,115,306	54,703,063	95,025,628
MCIT at 1% in 2021 and 2% in 2020 and 2019	17,183,247	17,600,870	124,145,803
Preferential tax rate at 5%	9,375,586	3,903,409	2,470,548
Adjustment in 2020 income tax due to change in tax rate	-	(340,765,934)	-
Others	89,502,198	56,277,237	10,851,633
	<u>5,062,495,303</u>	<u>2,821,083,238</u>	<u>4,422,666,228</u>
Deferred tax expense (income):			
Relating to origination and reversal of temporary differences	1,063,725,584	2,307,573,325	223,043,409
Due to the effect of change in income tax rate	-	(1,514,083,174)	-
Relating to effect of change in income tax rate on fair value of assets/intangibles	-	672,384,000	-
	<u>1,063,725,584</u>	<u>1,465,874,151</u>	<u>223,043,409</u>
	<u>P 6,126,220,887</u>	<u>P4,286,957,389</u>	<u>P4,645,709,637</u>
<i>Reported in consolidated other comprehensive income –</i>			
Deferred tax expense (income):			
Relating to origination and reversal of temporary differences	P 105,259,794	P 323,953,231	P 203,940,044
Due to the effect of change in income tax rate	-	(33,899,505)	-
	<u>P 105,259,794</u>	<u>P 290,053,726</u>	<u>P 203,940,044</u>

The Company and its Philippine subsidiaries are subject to the higher of RCIT at 25% in 2022 and 2021 and at 30% in 2020 of net taxable income or MCIT at 1% in 2022 and 2021 and at 25 in 2020 of gross income, as defined under the Philippine tax regulations. The foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the respective countries or jurisdictions where they operate.

MREIT is registered as a real estate investment trust entity under R.A. No. 9846 which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC, SEDI, Travellers, DHRI and LSHRI are Philippine Economic Zone Authority – registered entities which are entitled to 5% preferential tax rate on gross income from registered activities in lieu of all local and national taxes and to other tax privileges.

In May 2014, the Board of Investments approved SPI's application for registration on a certain project. SPI is entitled to income tax holiday for four years from May 2014 or actual start of commercial operations/selling, whichever is earlier but in no case earlier than the date of registration, with certain terms. In May 2018, the registration with Board of Investments on the certain project has expired.

The reconciliation of tax on consolidated pretax income computed at the applicable statutory rates to consolidated tax expense is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on consolidated pretax income at 25% in 2022 and 2021 and 30% in 2020	P 7,828,790,860	P 7,018,985,557	P 4,471,596,117
Adjustment for income subjected to different tax rates	(38,378,993)	(320,059,170)	(278,695,172)
Effect of change in income tax rate	-	(1,182,465,108)	-
Tax effects of:			
Income not subject to RCIT	(10,107,789,126)	(7,393,882,844)	(6,892,435,488)
Nondeductible expenses	7,215,389,157	5,158,999,200	6,048,086,449
Tax benefit arising from unrecognized deferred tax asset	971,705,579	1,048,647,814	1,389,201,783
Adjustments in claiming			
Optional Standard Deduction (“OSD”)	(163,500,895)	(424,113,544)	(216,046,654)
Others	420,004,305	380,845,484	124,002,602
Tax expense reported in consolidated profit or loss	<u>P 6,126,220,887</u>	<u>P4,286,957,389</u>	<u>P4,645,709,637</u>

The deferred tax assets and liabilities as of December 31 presented in the consolidated statements of financial position relate to the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets – net:			
Lease liabilities	P 4,253,571,410	P 3,978,266,773	P 4,823,535,729
Net operating loss carry-over (“NOLCO”)	213,093,053	55,723,231	192,766,983
Difference between the fair value and carrying value of net assets acquired	114,104,045	141,225,062	141,225,062
Retirement benefit obligation	102,338,177	367,021,184	807,752,626
Allowance for impairment losses	93,913,943	191,624,535	165,110,241
MCIT	34,499,314	45,469,960	112,734,340
Allowance for inventory write-down	8,758,382	19,183,175	31,677,025
Allowance for property development costs	7,689,776	7,689,776	9,227,732
Unrealized foreign currency loss	-	(232,104)	-
Others	234,995,543	164,567,491	67,577,647
	<u>P 5,062,963,643</u>	<u>P 4,970,539,083</u>	<u>P 6,351,607,385</u>
Deferred tax liabilities – net:			
Uncollected gross profit	P 7,635,045,037	P 7,095,801,281	P 6,623,820,829
Capitalized interest	4,778,368,158	3,914,130,209	4,161,467,864
Right-of-use asset	3,281,027,200	3,018,701,667	3,694,709,140
Brand valuation	2,524,261,489	2,491,991,522	1,807,354,161
Unrealized foreign currency loss – net	(1,899,090,099)	(690,783,131)	(374,269,984)
Rent income differential	1,280,542,497	1,037,372,316	1,071,596,877
Fair value adjustment	391,580,821	386,575,763	280,794,649
Retirement benefit obligation	322,668,666	73,078,395	(86,226,360)
Uncollected rental income	79,275,569	65,973,836	37,264,192
Others	929,634,536	774,321,872	575,792,787
	<u>P19,323,313,874</u>	<u>P 18,167,163,730</u>	<u>P17,792,304,155</u>

The net deferred tax expense (income) reported in the consolidated statements of comprehensive income is shown below.

	Consolidated Profit or Loss			Consolidated Other Comprehensive Income		
	2022	2021	2020	2022	2021	2020
Deferred tax expense (income):						
Capitalized interest	P 864,237,949	(P 247,337,655)	P 592,193,899	P -	P -	P -
Uncollected gross profit	539,243,756	471,980,452	(669,620,316)	-	-	-
Retirement benefit obligation	414,513,248	321,795,882	48,321,237	70,320,718	278,240,315	208,421,283
Rent income differential	243,170,181	(34,224,561)	(101,636,241)	-	-	-
Allowance for impairment losses	108,135,385	(12,482,488)	10,536,958	-	-	-
Brand valuation	32,269,966	684,637,361	195,287,001	-	-	-
Uncollected rental income	12,648,431	28,709,644	(3,683,975)	-	-	-
MCIT	10,808,070	67,264,380	(110,680,266)	-	-	-
Fair value adjustments	5,005,059	105,781,114	30,779,550	-	-	-
Unrealized foreign currency losses - net	(1,243,208,998)	(328,094,454)	331,585,199	-	-	-
NOLCO	(157,369,822)	137,043,752	(187,000,354)	-	-	-
Accrued rent	-	1,537,956	3,399,573	-	-	-
Translation adjustments	-	-	-	34,939,076	11,813,411	(4,481,239)
Others	234,272,359	269,262,768	83,561,144	-	-	-
Net deferred tax expense	<u>P1,063,725,584</u>	<u>P 1,465,874,151</u>	<u>P 223,043,409</u>	<u>P105,259,794</u>	<u>P290,053,726</u>	<u>P 203,940,044</u>

The details of NOLCO, which can be claimed as deduction from the respective subsidiaries' future taxable income, are shown below. Specifically, NOLCO incurred in 2020 and 2021 can be claimed as a deduction within five years after the year it was incurred, pursuant to Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act* (otherwise known as Bayanihan II) and as implemented under Revenue Regulations No. 25-2020.

Year	Original Amount	Applied	Expired Balance	Remaining Balance	Valid Until
2022	P 4,271,830,950	-	P -	P 4,271,830,950	2025
2021	3,894,565,470	-	-	3,894,565,470	2026
2020	5,095,100,079	(236,880)	-	5,094,863,199	2025
2019	2,554,636,847	(40,663,361)	(2,473,525,234)	-	2022
	<u>P15,816,133,346</u>	<u>(P 40,900,241)</u>	<u>(P2,473,525,234)</u>	<u>P13,261,259,619</u>	

Some companies within the Group are subject to the MCIT. The details of excess MCIT over RCIT, which can be applied as deduction from the entities' respective future RCIT payable within three years from the year the MCIT was paid, are shown below.

Year	Original Amount	Applied	Expired Balance	Remaining Balance	Valid Until
2022	P 14,774,154	P -	P -	P 14,774,154	2025
2021	19,339,585	-	-	19,339,585	2024
2020	115,231,299	(258,234)	-	114,973,065	2023
2019	21,359,451	(154,982)	(21,204,469)	-	2022
	<u>P 170,704,489</u>	<u>(P 413,216)</u>	<u>(P 21,204,469)</u>	<u>P 149,086,804</u>	

The table below summarizes the amount of NOLCO and other deductible temporary differences as of the end of 2022, 2021 and 2020 for which the related deferred tax assets have not been recognized by certain subsidiaries within the Group based on their assessments that the related tax benefits may not be realized within the prescriptive period.

	2022		2021		2020	
	Amount	Tax Effect	Amount	Tax Effect	Amount	Tax Effect
NOLCO	P 12,408,887,407	P 3,102,221,852	P 11,241,860,980	P 2,810,465,245	P 5,653,621,307	P 1,696,086,392
Allowance for impairment	-	-	2,284,099,176	571,024,794	447,338,780	134,201,634
Share-based compensation	-	-	523,704,160	130,926,040	523,704,160	157,111,248
MCIT	114,587,490	114,587,490	110,047,159	110,047,159	93,622,327	93,622,327
Retirement benefit obligation	76,570,000	19,142,500	63,808,600	15,952,150	74,443,367	22,333,010
Unrealized foreign currency gains (losses) – net	6,361,032	1,590,258	(3,690,160)	(922,540)	10,920,953	3,276,286
	<u>P 12,606,405,929</u>	<u>P 3,237,542,100</u>	<u>P 14,219,829,915</u>	<u>P 3,637,492,848</u>	<u>P 6,803,650,894</u>	<u>P 2,106,630,897</u>

The total amount of MCIT for which no deferred tax assets have been recognized as of December 31, 2022 and 2021, would expire in full at the end of 2025 and 2024, respectively, while unrecognized deferred taxes from NOLCO as of December 31 2022 and 2021 will expire in full in 2025 and 2026, respectively. All other unrecognized deferred tax assets do not expire.

29.2 Optional Standard Deduction

Philippine corporate taxpayers have an option to claim either itemized deductions or OSD equivalent to 40% of gross sales. Once the option to use OSD is made at the beginning of the year, it shall be irrevocable for that particular taxable year.

In 2022, 2021 and 2020, the Philippine companies within the Group opted to continue claiming itemized deductions in computing for its income tax due, except for EDI, PAI and AWGI which opted to claim OSD during the said taxable years. In 2022, the Company, EDI, PAI, AWGI, MDC, LFI and MREIT opted to claim OSD.

29.3 Taxation of Casino Operations

Under the Provisional License Agreement with PAGCOR, Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by Travellers to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (“BIR”) issued Revenue Memorandum Circular (“RMC”) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 31.2(c)].

In August 2016, the SC, in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that “all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.” The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR has issued through a circular which sought to clarify the tax treatment of the PAGCOR, the franchise tax, which is defined as 5% of the Gross Gaming Revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office (“RDO”) where the licensee, in the case, the Company, is registered.

Total license fees recognized amounted to P6.1 billion, P3.1 billion and P2.6 billion in 2022, 2021 and 2020, respectively, and are presented as Gaming license fees as part of Cost of Services account in the consolidated statements of comprehensive income (see Note 25). The outstanding liabilities are presented as Gaming license fees payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

30. RELATED PARTY TRANSACTIONS

The Group’s related parties include its stockholders, associates, jointly controlled entities, the Group’s key management personnel and retirement fund, and others (see Note 2.27). The summary of the Group’s transactions and balances with its related parties as of and for the years ended December 31, 2022, 2021 and 2020 are as follows:

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2022	2021	2020	2022	2021
Parent Company and subsidiaries’ stockholders:						
Management fees	30.3	P 440,871,113	P 151,282,459	P 100,326,466	(P 666,258,120)	(P 225,387,007)
Casino transactions	30.2	-	(66,579)	23,697,780	-	-
Accounts payable	30.5	-	(32,629,934)	-	(315,040,576)	(315,040,576)
Acquisition of investment	30.7	-	-	5,898,135,038	-	-
Sale of financial asset at FVOCI – at cost	11	-	-	1,960,000	-	-
Related party under common ownership:						
Purchase of raw materials	30.1	2,512,076,307	1,414,490,208	2,775,139,348	(319,428,263)	(621,856,151)
Advances granted	30.4	1,827,132,490	413,989,152	222,908,412	4,451,721,820	2,624,589,330
Purchase of finished goods	30.1	545,924,474	16,516,490	14,824,943	-	(972,593)
Management services	30.1	83,550,611	60,000,000	60,000,000	(115,500,000)	(33,000,000)
Associates:						
Advances granted	30.4	155,505	(89,575,462)	2,252,794	1,009,892,937	1,009,737,832
Deposit from an associate	31.7	-	(9,901,072,000)	9,901,072,000	-	-
Others:						
Advances	30.6	841,776,784	(288,090,816)	(62,738,157)	(1,627,756,528)	(2,469,533,312)
Accounts receivable	30.5	393,203,082	97,356,165	145,115,805	1,244,633,704	851,430,622
Sale of investment property	30.10	(378,391,250)	-	-	-	378,391,250
Accounts payable	30.5	-	(20,000,000)	-	(45,208,430)	(45,208,430)
Donations	31.2(b)	216,574,106	119,946,847	103,557,015	(18,066,970)	(13,436,801)
Retirement plan –						
Investments in equity and debt securities	28.2(b)	-	-	-	134,696,111	137,411,428

Unless otherwise stated, the outstanding balance of the Group's transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

30.1 Purchase of Goods and Management Agreement

Emperador imports raw materials such as alcohol, flavorings and other items, and finished goods through Andresons Global, Inc., a related party under common ownership. These transactions are normally being paid within 30 days. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC, which is considered a related party under joint control.

Moreover, Emperador had a management agreement with Consolidated Distillers of the Far East, Inc., a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant. The total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 25).

The outstanding liability related to these purchases is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

30.2 Casino Transactions with GHL

Travellers recognized outstanding payables to GHL [see Note 1.1(p)] representing show money received by Travellers from foreign patrons which the counterparty will later remit to the other. There is no outstanding balance as of December 31, 2022 and 2021.

30.3 Operations and Management Agreement with GHL

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented as part of Management fees under the Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

30.4 Advances to Associates and Related Parties under Common Ownership

Entities within the Group grant advances to associates and related parties under common ownership for working capital purposes. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of Advances to associates and other related parties, which are shown as part of Due from related parties under Trade and Other Receivables account in the consolidated statements of financial position, are presented in the succeeding page [see Note 6].

	<u>2022</u>	<u>2021</u>
Associates	P 1,009,892,937	P 1,009,737,832
Other related parties	<u>4,451,721,820</u>	<u>2,624,589,330</u>
	<u>P 5,461,614,757</u>	<u>P 3,634,327,162</u>

The movements in the advances to associates and other related parties are as follows:

	<u>2022</u>	<u>2021</u>
<i>Advances to associates</i>		
Balance at beginning of year	P 1,009,737,832	P 1,099,313,294
Cash advances granted	155,105	-
Collections	<u>-</u>	<u>(89,575,462)</u>
Balance at end of year	<u>P 1,009,892,937</u>	<u>P 1,009,737,832</u>
<i>Advances to related parties under common ownership</i>		
Balance at beginning of year	P 2,624,589,330	P 2,210,600,178
Cash advances granted	<u>1,827,132,490</u>	<u>413,989,152</u>
Balance at end of year	<u>P 4,451,721,820</u>	<u>P 2,624,589,330</u>

As of December 31, 2022 and 2021, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized (see Note 32.2).

30.5 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billing, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of Due from/to Related Parties are presented under Trade and Other Receivables (see Note 6) and Trade and Other Payables (see Note 17) accounts, respectively, in the consolidated statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
<i>Due from Related Parties</i>		
Officers and employees	P 1,162,499,493	P 400,085,062
Other related parties	<u>82,134,211</u>	<u>451,345,560</u>
	<u>P 1,244,633,704</u>	<u>P 851,430,622</u>
<i>Due to Related Parties</i>		
Stockholders	P 315,040,576	P 315,040,576
Other related parties	<u>45,208,430</u>	<u>45,208,430</u>
	<u>P 360,249,006</u>	<u>P 360,249,006</u>

The details of the due from/to related parties are as follows:

	<u>2022</u>	<u>2021</u>
<i>Due from officers and employees</i>		
Balance at beginning of year	P 400,085,062	P 346,821,504
Additions	911,615,287	88,154,871
Collections	(149,200,856)	(34,891,313)
Balance at end of year	<u>P 1,162,499,493</u>	<u>P 400,085,062</u>
<i>Due from other related parties</i>		
Balance at beginning of year	P 451,345,560	P 407,252,953
Additions	27,726,269	60,447,369
Collections	(396,937,618)	(16,354,762)
Balance at end of year	<u>P 82,134,211</u>	<u>P 451,345,560</u>
<i>Due to stockholders</i>		
Balance at beginning of year	P 315,040,576	P 347,670,510
Repayments	<u>-</u>	(32,629,934)
Balance at end of year	<u>P 315,040,576</u>	<u>P 315,040,576</u>
<i>Due to other related parties</i>		
Balance at beginning of year	P 45,208,430	P 65,208,430
Repayments	<u>-</u>	(20,000,000)
Balance at end of year	<u>P 45,208,430</u>	<u>P 45,208,430</u>

As of December 31, 2022 and 2021, based on management's assessment, the outstanding balances of Due from officers and employees and related parties are not impaired; hence, no impairment losses were recognized.

30.6 Advances from Other Related Parties

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements.

Advances from golf share partners and lot owners which amounted to P348.0 million and P333.2 million in 2022 and 2021, respectively, and is presented as part of Advances from Related Parties in the consolidated statements of financial position (see Note 10.2).

The movements in advances from related parties are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P2,469,533,312	P2,181,442,496
Advances availed	1,592,209,958	336,874,510
Advances paid	(2,433,986,742)	(48,783,694)
Balance at end of year	<u>P1,627,756,528</u>	<u>P2,469,533,312</u>

30.7 Acquisition of Investments

In 2020, AGI acquired additional 184.8 million shares of Megaworld and 524.9 million shares of Emperador at a total cost of P5.9 billion. The outstanding liability was settled in full in 2020. There was no acquisition of investments from the Parent Company and subsidiaries' stockholders in 2022 and 2021.

30.8 Key Management Personnel Compensation

The compensation of key management personnel is broken down as follows (see Note 28.1):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	P 918,784,958	P 761,807,640	P 664,530,027
Retirement benefit expense	95,025,813	90,881,624	109,436,279
Share option benefit expense	<u>50,666,956</u>	<u>20,226,506</u>	<u>25,594,399</u>
	<u>P1,064,477,727</u>	<u>P 872,915,770</u>	<u>P 799,560,705</u>

30.9 Transactions with the Retirement Plans

The Group has a formal retirement plan established separately for each significant subsidiary, particularly Megaworld, GERI, EELHI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plan maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

The retirement funds include investments in securities of entities within the group [see Note 28.2(b)]. The fair value, carrying amount and the composition of the plan assets as of December 31, 2022 and 2021 are shown in Note 28.2.

30.10 Sale of Investment Property

In 2017, GADC sold a parcel of land to a certain related party with an aggregate cost of P555.7 million for a total consideration of P565.5 million. Receivable from the sale of land amounted to P378.4 million as of December 31, 2021. The receivable is collectible upon the completion and submission of required documents by the buyer. The amount was collected in full in 2022.

31. COMMITMENTS AND CONTINGENCIES

31.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under non-cancellable operating lease agreements covering various office and commercial spaces. The leases have terms ranging from 3 to 20 years, with renewal options, and include annual escalation rate of 5% to 10%.

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group’s revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management’s expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months’ rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Deferred rental income under Other Current Liabilities and Other Non-current Liabilities in the consolidated statements of financial position (see Note 21).

Future minimum lease receivables under these leases as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Within one year	P 16,954,000,233	P 15,346,826,374	P 12,632,761,053
After one year but not more than two years	18,969,350,475	19,794,874,132	20,521,928,927
After two years but not more than three years	20,073,548,227	20,409,706,265	21,458,334,550
After three years but not more than four years	20,902,530,811	22,140,397,894	23,144,750,760
After four years but not more than five years	22,417,321,069	22,902,976,810	25,236,915,271
More than five years	<u>28,155,620,943</u>	<u>28,951,568,529</u>	<u>29,407,145,172</u>
	<u>P127,472,371,758</u>	<u>P 129,546,350,004</u>	<u>P132,401,835,733</u>

31.2 Provisional License Agreement of Travellers with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License (“License”) authorizing Travellers to participate in the development of a portion of certain entertainment sites (Site A and B), which is part of a larger scale integrated tourism project envisioned by PAGCOR, and to establish and operate casinos, and engage in gaming activities in Sites A and B. The term of Travellers’ License shall be co-terminus with PAGCOR’s franchise which will expire on July 11, 2033, and shall be renewed subject to the terms of the PAGCOR Charter.

(a) *Investment Commitments*

Under the terms of the License, Travellers and WCI formerly, “WCRWI” are required to complete its U.S.\$1.3 billion (about P66.0 billion) investment commitment in phases, which amount is divided into Site A and Site B with the minimum investment of U.S.\$1.1 billion (about P55.8 billion) and U.S.\$216.0 million (about P11.0 billion), respectively (collectively, the “Project”).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Group in 2014, PAGCOR approved a revised project implementation plan for the Westside City Project. WCI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, Travellers transferred U.S.\$100.0 million (about P5.1 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and Travellers. At any given time, the escrow account shall have a maintaining balance of not lower than U.S.\$50.0 million (about P2.5 billion) (see Note 9). If the funds fall below the maintaining balance at any given time, Travellers is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause Travellers to be charged by PAGCOR an amount equal to P2.5 million for every 15-calendar day period, or a fraction thereof, until the balance is maintained. While the Project is on-going, all funds for the development of the Project shall pass through the escrow deposit and all drawdown therefrom must be applied to the Project, unless Travellers is allowed to use other funds.

As of December 31, 2022, Travellers has spent P94.8 billion for its casino projects pursuant to its investment commitment under the License. It has restricted short-term placements amounting to U.S.\$46.9 million (about P2.6 billion) and U.S.\$58.3 million (about P3.0 billion) as of December 31, 2022 and 2021, respectively, to meet its requirements with PAGCOR in relation to these investment commitments (see Note 9).

(b) *Requirement to Establish a Foundation*

Travellers, in compliance with the requirement of PAGCOR to incorporate and register a foundation for the restoration of cultural heritage, incorporated Resorts World Philippines Cultural Heritage Foundation Inc. (or the “Foundation”), on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by Travellers by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) restoration of cultural heritage; (ii) education infrastructure; and, (iii) environment and health. As of December 31, 2022, the following are the completed and on-going projects of the Foundation:

- Construction of school buildings in partnership with the Philippine Department of Education ("DepEd") whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;
- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy ("PMA") in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;
- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center; and,
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts.

Donations to the Foundation are recorded as part of Miscellaneous under Other Operating Expenses account (see Note 26). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, noninterest-bearing and payable in cash upon demand, as of December 31, 2022 and 2021 is presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

(c) *Tax Contingencies of Casino Operations*

Under the Travellers' License with the PAGCOR, Travellers is subject to the 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues. In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 29.3).

In August 2016, the SC confirmed that “all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.” The SC Decision has been affirmed with finality by the SC in a Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

31.3 Participation in the Incorporation of Entertainment City Estate Management, Inc. (“ECEMI”)

As a PAGCOR licensee, Travellers committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila. As of December 31, 2022 and 2021, contributions made to ECEMI booked in favor of Travellers amounted to P1.3 million and is presented as part of Others under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

31.4 Various Hotel Agreements Entered by Travellers

(a) Marriott Group (Marriott and Courtyard Iloilo)

Travellers has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as “Marriott Group”) for the license, supervision, direction, control and management of operations of the Travellers’ Marriott, including the monitoring of its compliance with Marriott Group’s standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants Travellers a non-exclusive and non-transferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with Travellers’ Marriott hotels and brands.

(b) Holiday Inn Express

In 2017, Travellers also entered into a Hotel Management Agreement (“HMA”) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards.

The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with Travellers' Holiday Inn Express.

(c) *Hotel Okura Manila*

Also in 2017, Travellers and Hotel Okura Co., Ltd ("Okura") signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants Travellers a non-exclusive and non-transferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila, which opened in December 2021.

(d) *Sheraton Manila Hotel*

In 2017, an Operating Services Agreement ("OSA") was executed between LSHRI and Starwood Asia Pacific Hotels & Recreation PTE. LTD ("Starwood"), a fully-owned company of Marriott Group, for the license, supervision, direction, control and management of operations of the Sheraton Manila Hotel, including the monitoring of its compliance with Marriott Group's standards.

The OSA also includes certain services similar to those covered by the existing agreement with the Marriott Group. Likewise, the license and royalty agreement with Starwood grants LSHRI similar rights provided by Marriott Group to Travellers. In January 2019, Sheraton Manila Hotel started its commercial operations.

(e) *Hilton Manila*

Also in 2017, a Management Agreement ("MA") was executed between DHRI and Hilton International Manage LLC ("Hilton") for the license, supervision, direction, control and management of operations of Hilton Manila, including the monitoring of its compliance with Hilton's standards.

The MA includes design and decoration of the Hilton Manila, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Hilton employees, special services and programs, and the reservations system, property management system and other systems.

The MA grants DHRI a nonexclusive and nontransferable right to use the Hilton Trademarks for hotel services and other related goods and services offered only in connection with the Hilton Manila. The Hilton Manila started operations in October 2018.

Payments to be made by Travellers for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total expenses recognized from these transactions in 2022, 2021 and 2020 totaled P132.8 million, P70.5 million and P59.4 million, respectively, and are presented as part of Management fees under the Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as of December 31, 2022 and 2021 amounted to P22.5 million and P36.9 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

31.5 License Agreements with MRO

MRO granted GADC the nonexclusive right to adopt and use the McDonald's System in its restaurant operations in the Philippines. In March 2005, the license agreement was renewed for another 20 years, and provides for a royalty fee based on certain percentage of gross sales from the operations of GADC's restaurants, including those operated by the franchisees. GADC recognized royalty expenses amounting to P1,716.0 million, P1,123.5 million and P889.2 million in 2022, 2021 and 2020, respectively, which are presented under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 26). The outstanding payable to MRO relating to royalty expenses amounted to P314.8 million and P780.0 million as of December 31, 2022 and 2021, respectively, and presented as part of Accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

Individual sublicense arrangements granted to franchisees and joint venturers generally include a lease and a license to use the McDonald's system in the Philippines and, in certain cases, the use of restaurant facility, generally for a period of 10 years provided, however, that should GADC's license rights from McDonald's be terminated at an earlier date or not renewed for any reason whatsoever, these sublicense agreements shall thereupon also be terminated. Revenues recognized from sublicense agreements are presented as Franchise revenues under Rendering of Services in the consolidated statements of comprehensive income (see Note 24.1).

31.6 Skytrain Project

In October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal has undergone review and evaluation at NEDA Board.

31.7 CDA between WCI and SUN

The principal terms of the co-development agreement are as follows (see Note 11.1):

- (i) *WCI and the Travellers Shall Lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN.*

WCI and Travellers shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P540.6 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCI and the Parent Company entered into a lease agreement with SUN.

- (ii) *SUN Shall Finance the Development and Construction of a Hotel Casino.*

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain a fixed amount to WCI for the initial cost of the project.

In 2020, WCI received payment of US\$200.0 million (approximately P9.9 billion) in relation to the CDA. As the obligations relating to such CDA have not been completed yet as of December 31, 2020 (see Note 13), the gain was not recognized and the entire amount received was recorded as Deposit from SUN.

In 2021, these conditions specified in the CDA have been fulfilled and the transfer of assets has been completed (see Note 13). Accordingly, such deposit was derecognized in the 2021 consolidated statement of financial position and the gain arising from such transaction amounting to P5.8 billion was recognized as Other income in the 2021 consolidated statement of comprehensive income (see Note 27).

- (iii) *WCI Shall Enter into an Agreement with SUN, for the Latter to Operate and Manage a Hotel Casino.*

WCI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms of the operations and management agreement to be mutually agreed between the WCI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

In accordance with the agreement, WCI's share on the gross gaming revenues shall be as follows (which payment shall only be payable when the hotel casino commences operation):

- (a) 1% of the gross gaming revenue on VIP of the Casino; and,
- (b) 3% of the gross gaming revenue on slot machines and mass market tables of the Casino of the hotel casino, based on the gross gaming revenue as is submitted to PAGCOR from time to time.

As of December 31, 2022, the hotel casino has not yet commenced its operation, hence agreement above has not yet materialized.

(iv) WCI and Travellers as Warrantors

Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCI and the Parent Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCI's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as of the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Travellers' management assessed that since the put option transfers significant risk to the Group, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.5(d)].

In accordance with the ECL model, the option price that WCI and Travellers are committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of December 31, 2022 and 2021 amounted to P4.1 billion and P3.9 billion, respectively, and the SUN shares are priced in the PSE at P0.99 per share in 2022 (P3.7 billion in total) and P1.12 per share in 2021 (P4.1 billion in total). As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as of December 31, 2022 and 2021.

31.8 Purchase and Sale Commitment

On December 27, 2020, the management approved the sale of certain land and buildings in Spain through the signed letter of intent with Global One. The letter of intent stated that the Group will sell and Global One will purchase the assets at a purchase price of €16.6 million (equivalent to P961.7 million), which is equivalent to the net book value of the property, at any time from the date of signature of the letter of intent until three years after COVID-19 pandemic has ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023. The assets remain unsold as of December 31, 2022 and is presented as part of Non-current assets classified as held for sale in the consolidated statements of financial position (see Note 16).

31.9 Others

As of December 31, 2022 and 2021, the Group has unused lines of credit from banks and financial institutions totaling P48.5 billion and P35.6 billion, respectively (see Note 18).

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, interest-bearing loans, bonds payable, trade receivables and payables and derivative liabilities which arise directly from the Group's business operations. The financial debts were issued to raise funds for the Group's capital expenditures or working capital requirements. The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk (which includes other price risk), credit risk and liquidity risk.

32.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group's consolidated financial statements.

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at period-end closing rate are as follows:

	2022		2021	
	U.S. Dollars	HK Dollars	U.S. Dollars	HK Dollars
Financial assets	P 13,151,297,538	P 2,877,528,389	P 8,527,714,209	P 1,894,349,341
Financial liabilities	(37,410,095,996)	(912,338,548)	(39,578,899,793)	(628,939,237)
	<u>(P 24,258,798,458)</u>	<u>P 1,965,189,841</u>	<u>(P 31,051,185,584)</u>	<u>P 1,265,410,104</u>

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 10.63% and +/- 7.54% changes in exchange rate for the years ended December 31, 2022 and 2021, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 10.62% and +/- 7.56% changes for the years ended December 31, 2022 and 2021. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased by P2.6 billion and P2.3 billion for the years ended December 31, 2022 and 2021, respectively. If in 2022 and 2021, the Philippine peso had strengthened against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased by P0.2 billion and P0.1 billion for the years ended December 31, 2022 and 2021, respectively.

However, if the Philippine peso had weakened against the U.S. dollar and the HK dollar by the same percentages, then consolidated profit before tax would have changed at the opposite direction by the same amounts.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows as part of the Group's foreign exchange risk management strategy consistent with its use and/or entering into cross currency swap agreements.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) *Interest Rate Sensitivity*

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and variable interest rates. All other financial assets are subject to fixed interest rates.

The sensitivity of the consolidated income before tax for the period to a reasonably possible change in interest rates of +/- 6.90% for Philippine peso and +/- 3.61% for U.S. dollar in 2022 and +/- 0.47% for Philippine peso and +/- 0.38% for U.S. dollar in 2021 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous year and 12 months, respectively, estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held as of December 31, 2022 and 2021, with effect estimated from the beginning of the period. All other variables held constant, the consolidated income before tax would have decreased by P4.0 billion and P0.2 billion for the years ended December 31, 2022 and 2021, respectively. Conversely, if the interest rates decreased by the same percentage, consolidated income before tax would have been higher by the same amount.

32.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, and placing deposits.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as follows:

	Notes	2022	2021
Cash and cash equivalents	5	P 79,929,420,988	P 82,278,122,850
Trade and other receivables	6	52,720,008,119	59,279,230,664
Contract assets	24.2	19,619,923,773	19,922,247,362
Due from related parties	6	6,706,248,461	4,485,757,784
Restricted short-term placements and time deposits	9	2,758,627,215	3,086,649,157
Refundable and other deposits	9	1,970,809,241	1,925,728,464
Property mortgage receivable	9	-	646,636,072
		<u>P 163,705,037,796</u>	<u>P 171,624,372,353</u>

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution.

In 2022, the property mortgage receivable was reversed upon the Group's acquisition of the subject property, which was classified as part of Buildings and improvements under Property, Plant and Equipment in the 2022 consolidated statement of financial position and the related right-of-use assets and lease liabilities were also derecognized. The resulting gain on lease termination is presented as part of Other income – net undet Revenues and Other Income in the 2022 consolidated statement of comprehensive income.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

The expected loss rates are based on the payment profiles of sales. Further, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Based on the Group's assessment, total loss allowance amounted to P1.4 billion as of December 31, 2022 and 2021, which is mostly coming from receivables from real estate sales.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

The estimated fair value of collateral and other security enhancements held against trade receivables are as follows:

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
<u>2022</u>			
Real estate sales receivables	P 35,581,092,269	P 54,507,205,178	P -
Contract assets	19,619,923,773	34,329,119,184	-
Rental receivables	<u>5,245,485,618</u>	<u>26,120,508,183</u>	<u>-</u>
	<u>P 60,446,501,660</u>	<u>P 114,956,832,545</u>	<u>P -</u>
<u>2021</u>			
Real estate sales receivables	P 24,648,043,135	P 47,366,699,973	P -
Contract assets	19,922,247,362	39,245,568,476	-
Rental receivables	<u>6,484,362,991</u>	<u>6,868,267,197</u>	<u>-</u>
	<u>P 51,054,653,488</u>	<u>P 93,480,535,646</u>	<u>P -</u>

Trade and other receivables that are past due but not impaired are as follows:

	<u>2022</u>	<u>2021</u>
Not more than 30 days	P 3,861,672,009	P 3,008,898,748
31 to 60 days	1,417,672,772	960,552,139
Over 60 days	<u>4,373,030,052</u>	<u>4,604,130,704</u>
	<u>P 9,652,374,833</u>	<u>P 8,573,581,591</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis [see Note 31.8(iv)].

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off. In 2022, 2021 and 2020, the Group wrote off receivables amounting to P0.06 million, P1.0 million and P0.4 million respectively.

32.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fundraising activities may include obtaining bank loans and capital market issues.

As of December 31, 2022 and 2021, the Group's financial liabilities (excluding lease liabilities – see Note 13.3) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
December 31, 2022:				
Trade and other payables	P 67,392,418,143	P 16,615,977,635	P -	P -
Interest-bearing loans	5,851,631,880	31,990,367,818	138,338,513,952	10,023,845,002
Bonds payable	14,700,473,956	824,365,975	35,204,540,481	-
Advances from other related parties	132,574,884	1,497,837,117	-	-
Redeemable preferred shares	-	-	1,537,091,539	-
Subscription payable	-	1,114,665,008	-	-
Guaranty deposits	-	53,706,819	130,902,420	556,145,047
Other liabilities	696,323,501	2,077,980,412	7,767,744,257	28,298,162
	<u>P88,773,422,364</u>	<u>P 52,677,063,667</u>	<u>P182,978,792,649</u>	<u>P 10,608,288,211</u>
December 31, 2021:				
Trade and other payables	P 52,147,069,593	P 10,853,593,926	P -	P -
Interest-bearing loans	56,262,294,141	25,601,805,195	89,849,826,309	10,235,411,126
Bonds payable	923,161,125	923,161,125	28,001,900,250	17,506,119,750
Advances from other related parties	-	2,469,533,312	-	-
Redeemable preferred shares	104,259,120	355,856,700	1,365,641,108	-
Subscription payable	-	1,114,665,008	-	-
Guaranty deposits	-	50,613,498	98,056,158	487,325,361
Accrued rent	1,335,701	1,335,701	8,267,316	-
Derivative liabilities	158,536,454	10,743,048	10,299,777	-
Other liabilities	-	2,632,525,561	13,864,779,355	-
	<u>P109,596,656,134</u>	<u>P 44,013,833,074</u>	<u>P133,198,700,273</u>	<u>P 28,228,856,237</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

32.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of December 31, 2022 and 2021 are summarized in the succeeding page.

	Observed		Impact on Equity	
	Volatility Rates			
	Increase	Decrease	Increase	Decrease
2022 - Investment in quoted equity securities at:				
FVOCI	+41.99%	-41.99%	P 16,477,256	(P 16,477,256)
FVTPL	+41.99%	-41.99%	2,022,714,535	(2,022,714,535)
2021 - Investment in quoted equity securities at:				
FVOCI	+37.05%	-37.05%	P 20,266,652	(P 20,266,652)
FVTPL	+37.05%	-37.05%	1,629,039,658	(1,629,039,658)

The maximum additional estimated loss in 2022 and 2021 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past 12 months at 95% confidence level.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its financial instruments at marketable debt securities and derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward. These financial instruments will continue to be measured at fair value based on quoted prices for marketable debt and equity securities, and index reference provided by certain foreign financial institution for derivative financial assets.

33. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

33.1 Carrying Values and Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

Notes	2022		2021		
	Carrying Values	Fair Values	Carrying Values	Fair Values	
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	P 79,929,420,988	P 79,929,420,988	P 82,278,122,848	P 82,278,122,848
Trade and other receivables	6	69,440,374,506	69,157,966,455	68,193,398,557	65,798,626,444
Other financial assets	9	4,729,436,456	4,729,436,456	5,659,013,693	5,700,240,293
		<u>P 154,099,231,950</u>	<u>P 153,816,823,899</u>	<u>P 156,130,535,098</u>	<u>P 153,776,989,585</u>
Financial assets at FVTPL:					
Marketable debt and equity securities	7	P 14,832,361,525	P 14,832,361,525	P 13,509,438,840	P 13,509,438,840
Derivative assets	7	129,818,974	129,818,974	3,294,192	3,294,192
		<u>P 14,962,280,499</u>	<u>P 14,962,180,499</u>	<u>P 13,512,773,032</u>	<u>P 13,512,733,032</u>
Financial assets at FVOCI –					
Equity securities	11	P 342,843,851	P 342,843,851	P 420,870,489	P 420,870,489

Notes	2022		2021	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities				
Financial liabilities at FVTPL:				
	P	P	P	P
Derivative liabilities	-	-	179,579,279	179,579,279
Slot jackpot liability	17, 21	<u>693,883,849</u>	<u>585,151,683</u>	<u>585,151,683</u>
	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
	<u>693,883,849</u>	<u>693,883,849</u>	<u>736,958,819</u>	<u>736,958,819</u>
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	17	P 83,314,511,929	P 83,314,511,929	P 62,415,511,836
Interest-bearing loans	18	32,504,240,444	34,154,302,378	80,303,949,739
Bonds payable	19	14,026,453,110	13,889,177,501	-
Commission payable	21	2,077,980,412	2,077,980,412	2,632,525,561
Advances from related parties	30	1,627,756,525	1,627,756,525	2,469,533,312
Lease liabilities	13	1,361,900,994	1,361,900,994	1,309,447,535
Subscription payable	21	1,114,665,008	1,114,665,008	1,114,665,008
Redeemable preferred shares	20	-	-	251,597,580
		<u>P 136,027,508,422</u>	<u>P 137,540,294,747</u>	<u>P150,497,230,571</u>
				<u>P149,599,818,685</u>
Non-current:				
Interest-bearing loans	18	P 136,287,705,784	P 134,744,736,331	P 93,108,742,222
Bonds payable	19	31,212,622,400	30,907,147,331	41,982,042,246
Lease liabilities	13	16,405,976,571	16,344,827,051	15,336,726,680
Casino deposit certificates	17	4,323,000,000	4,323,000,000	10,048,277,856
Retention payable	21	2,507,283,349	2,507,283,349	3,289,211,913
Redeemable preferred shares	20	1,537,091,539	1,424,353,069	1,365,641,108
Security deposits	21	853,524,893	853,524,893	809,239,196
Accrued rent	21	-	-	10,039,717
		<u>P 193,127,204,536</u>	<u>P 191,104,872,024</u>	<u>P165,949,920,938</u>
				<u>P162,717,686,194</u>

See Notes 2.4 and 2.13 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

33.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set off financial instruments in 2022 and 2021 and does not have relevant offsetting arrangements, except as disclosed in Note 30.4, 30.5 and 30.6. Currently, the Group's financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balance. Further, certain receivables with carrying amount of P0.4 billion and P0.9 billion as of December 31, 2022 and 2021, respectively, were assigned on a with-recourse basis which may be offset against the related outstanding borrowings from local banks of the same amounts [see Note 18(q)].

34. FAIR VALUE MEASUREMENT AND DISCLOSURES

34.1.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

34.2 Financial Instruments Measurements at Fair Value

The tables below and in the succeeding page show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2022 and 2021.

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial assets:</i>				
Financial assets at FVTPL:				
Debt and equity securities	P 14,832,361,525	P -	P -	P 14,832,361,525
Derivative asset	-	129,818,974	-	129,818,974
Financial assets at FVOCI – Equity securities	<u>39,240,905</u>	<u>166,700,000</u>	<u>136,902,946</u>	<u>342,843,851</u>
	<u>P 14,871,602,430</u>	<u>P 296,518,974</u>	<u>P 136,902,946</u>	<u>P 15,305,024,350</u>
<i>Financial liabilities:</i>				
Financial liabilities at FVTPL – Slot jackpot liability				
	P -	P 693,883,849	P -	P 693,883,849
	<u>P -</u>	<u>P 693,883,849</u>	<u>P -</u>	<u>P 693,883,849</u>

	2021			Total
	Level 1	Level 2	Level 3	
<i>Financial assets:</i>				
Financial assets at FVTPL – Debt and equity securities	P 13,512,733,032	P -	P -	P 13,512,733,032
Financial assets at FVOCI – Equity securities	<u>54,700,815</u>	<u>149,600,000</u>	<u>216,569,674</u>	<u>420,870,489</u>
	<u>P 13,567,433,847</u>	<u>P 149,600,000</u>	<u>P 216,569,674</u>	<u>P 13,933,603,521</u>
<i>Financial liabilities:</i>				
Financial liability at FVTPL – Slot jackpot liability	P -	P 585,151,683	P -	P -
Derivative liabilities	<u>-</u>	<u>179,579,279</u>	<u>-</u>	<u>-</u>
	<u>P -</u>	<u>P 764,730,962</u>	<u>P -</u>	<u>P 736,958,819</u>

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

Described below are the information about how the fair values of the Group's classes of financial assets are determined.

(a) *Equity Securities*

As of December 31, 2022 and 2021, equity securities classified as financial assets at FVTPL or at FVOCI included in Level 1 were valued based on their market prices quoted in various stock exchanges and converted into Philippine peso amounts at the translation rates at the end of each reporting period.

Golf club shares classified as financial assets at FVOCI in 2022 and 2021 are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity securities held in private companies are included in Level 3 since its market value is not quoted in an active market. The fair value was determined using the discounted cash flows model as the valuation technique. In determining the fair value, the management assumes a discount rate of 5%, terminal growth rate of 1% to 5%, using three-to-five year financial projections. Management assessed that based on the valuation technique used, the fair value of these financial instruments approximate their carrying values and any fair value changes are not material to the consolidated financial statements.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2022 and 2021 is shown below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 216,569,674	P 210,866,525
Fair value gains (losses)	(6,166,728)	5,703,149
Disposal	(73,500,000)	-
Balance at end of year	<u>P 136,902,946</u>	<u>P 216,569,674</u>

(b) *Debt Securities*

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

(c) *Derivative Financial Instruments*

The fair value of derivative financial instruments is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2. The fair value is derived from prices set in the derivative contracts.

34.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The tables below show the fair value hierarchy of the Company's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2022 and 2021.

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 79,929,420,988	P -	P -	P 79,929,420,988
Trade and other receivables	-	34,307,558	69,123,658,897	69,157,966,455
Other financial assets	<u>2,758,627,215</u>	<u>-</u>	<u>1,970,809,241</u>	<u>4,729,436,456</u>
	<u>P 82,688,048,203</u>	<u>P 34,307,558</u>	<u>P 71,094,468,138</u>	<u>P 153,816,823,899</u>
Financial liabilities:				
Current:				
Bonds payable	P 13,889,177,501	P -	P -	P 13,889,177,501
Trade and other payables	-	-	83,314,511,929	83,314,511,929
Interest-bearing loans	-	-	34,154,302,378	34,154,302,378
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	1,627,756,525	1,627,756,525
Commission payable	-	-	2,077,980,412	2,077,980,412
Lease liabilities	-	-	1,361,900,994	1,361,900,994
Non-current:				
Bonds payable	30,907,147,331	-	-	30,907,147,331
Lease liabilities	-	-	16,344,827,051	16,344,827,051
Interest-bearing loans	-	-	134,744,736,331	134,744,736,331
Redeemable preferred shares	-	-	1,424,353,069	1,424,353,069
Retention payable	-	-	2,507,283,349	2,507,283,349
Security deposits	-	-	853,524,893	853,524,893
Accrued rent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 44,796,324,832</u>	<u>P -</u>	<u>P 279,525,841,939</u>	<u>P 324,322,166,771</u>
2021				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 82,278,122,848	P -	P -	P 82,278,122,848
Trade and other receivables	-	62,214,193	65,736,412,251	65,798,626,444
Other financial assets	<u>3,086,649,157</u>	<u>-</u>	<u>2,613,591,136</u>	<u>5,700,240,293</u>
	<u>P 85,364,772,005</u>	<u>P 62,214,193</u>	<u>P 68,350,003,387</u>	<u>P 153,776,989,585</u>

	2021			
	Level 1	Level 2	Level 3	Total
<i>Financial liabilities:</i>				
Current:				
Trade and other payables	P -	P -	P 62,415,511,836	P 62,415,511,836
Interest-bearing loans	-	-	79,406,537,853	79,406,537,853
Lease liabilities	-	-	1,309,447,535	1,309,447,535
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	2,469,533,312	2,469,533,312
Redeemable preferred shares	-	-	251,597,580	251,597,580
Commission payable	-	-	2,632,525,561	2,632,525,561
Non-current:				
Bonds payable	42,567,948,736	-	-	42,567,948,736
Lease liabilities	-	-	15,336,726,680	15,336,726,680
Interest-bearing loans	-	-	88,973,326,321	88,973,326,321
Redeemable preferred shares	-	-	1,637,560,105	1,637,560,105
Retention payable	-	-	3,289,211,913	3,289,211,913
Security deposits	-	-	854,594,866	854,594,866
Accrued rent	-	-	10,039,717	10,039,717
	<u>P 42,567,948,736</u>	<u>P -</u>	<u>P 259,701,278,287</u>	<u>P 302,269,227,023</u>

For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values. The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes 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 determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

34.4 Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the Level 3 fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of December 31, 2022 and 2021, the fair value of the Group's investment property amounted to P563.0 billion and P562.7 billion, respectively (see Note 14) and is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach, which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2022 and 2021.

35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

It monitors capital using the liabilities-to-equity ratio as shown below.

	<u>2022</u>	<u>2021</u>
Total liabilities	P 382,052,038,281	P 368,737,306,684
Total equity	<u>365,968,112,336</u>	<u>335,222,638,790</u>
Liabilities-to-equity ratio	<u>1.04:1.00</u>	<u>1.10:1.00</u>

The Group has complied with financial covenant obligations that require maintaining certain liabilities-to-equity ratios for both periods.

36. SUPPLEMENTAL INFORMATION ON CASH FLOWS

36.1 Reconciliation of Liabilities from Financing Activities

The reconciliation of liabilities arising from financing activities in 2022, 2021 and 2020 is presented below and in the succeeding pages. The details of net cash flows are presented in the consolidated statements of cash flows.

	Interest-bearing Loans (see Note 18)	Bonds Payable (see Note 19)	Derivative Liabilities (see Note 21)	Redeemable Preferred Shares (see Note 20)	Total*
Balance as of January 1, 2022	P 173,412,691,961	P 41,982,042,246	P 151,807,137	P 1,617,238,688	P 217,163,780,032
Cash flows from financing activities:					
Payment of borrowings	(29,902,560,084)	-	-	-	(29,902,560,084)
Borrowings availed	21,473,670,017	-	-	-	21,473,670,017
Redemption of preferred shares	-	-	-	(251,597,580)	(251,597,580)
Non-cash activities:					
Foreign currency adjustment	3,417,178,126	3,167,315,697	-	-	6,584,493,823
Amortization of transaction costs	390,966,208	89,717,567	-	-	480,683,775
Unrealized loss on cash flow hedges	-	-	(151,807,137)	-	(151,807,137)
Accretion of redeemable preferred shares	-	-	-	171,450,431	171,450,431
Balance at December 31, 2022	<u>P 168,791,946,228</u>	<u>P 45,239,075,510</u>	<u>P -</u>	<u>P 1,537,091,539</u>	<u>P 215,819,710,857</u>

*Excluding lease liabilities (see Note 13.3)

	Interest-bearing Loans <u>(see Note 18)</u>	Bonds Payable <u>(see Note 19)</u>	Derivative Liabilities <u>(see Note 21)</u>	ELS <u>(see Note 21)</u>	Redeemable Preferred Shares <u>(see Note 20)</u>	<u>Total*</u>
Balance as of January 1, 2021	P 173,916,940,959	P 40,282,855,986	P 849,006,544	P 3,443,750,000	P 1,716,257,119	P 220,208,810,608
Cash flows from financing activities:						
Payment of borrowings	(44,311,503,846)	-	-	-	-	(44,311,503,846)
Borrowings availed	41,661,571,715	-	-	-	-	41,661,571,715
Redemption of preferred shares	-	-	-	-	(251,597,580)	(251,597,580)
Non-cash activities:						
Foreign currency adjustment	2,069,183,447	1,617,763,016	-	-	-	3,686,946,463
Transfer to equity component	-	-	-	(3,443,750,000)	-	(3,443,750,000)
Amortization of transaction costs	76,499,686	81,423,244	-	-	-	157,922,930
Unrealized loss on cash flow hedges	-	-	(697,199,407)	-	-	(697,199,407)
Accretion of redeemable preferred shares	-	-	-	-	152,579,149	152,579,149
Balance at December 31, 2021	<u>P 173,412,691,961</u>	<u>P 41,982,042,246</u>	<u>P 151,807,137</u>	<u>P -</u>	<u>P 1,617,238,688</u>	<u>P 217,163,780,032</u>

*Excluding lease liabilities (see Note 13.3)

	Interest-bearing Loans <u>(see Note 18)</u>	Bonds Payable <u>(see Note 19)</u>	Derivative Liabilities <u>(see Note 21)</u>	ELS <u>(see Note 21)</u>	Redeemable Preferred Shares <u>(see Note 20)</u>	<u>Total*</u>
Balance as of January 1, 2020	P 179,153,113,712	P 24,623,883,690	P 242,417,137	P 5,280,000,000	P 1,832,512,909	P 211,131,927,448
Cash flows from financing activities:						
Borrowings availed	23,111,920,680	16,692,935,192	-	-	-	39,804,855,872
Payment of borrowings	(26,034,969,977)	-	-	-	-	(26,034,969,977)
Redemption of preferred shares	-	-	-	-	(251,597,580)	(251,597,580)
Non-cash activities:						
Foreign currency adjustment	(2,352,752,914)	(1,077,137,260)	-	-	-	(3,429,890,174)
Conversion of ELS	-	-	-	(1,836,250,000)	-	(1,836,250,000)
Unrealized loss on cash flow hedges	-	-	606,589,407	-	-	606,589,407
Accretion of redeemable preferred shares	-	-	-	-	135,341,790	135,341,790
Amortization of transaction costs	<u>39,629,458</u>	<u>43,174,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,803,822</u>
Balance at December 31, 2020	<u>P 173,916,940,959</u>	<u>P 40,282,855,986</u>	<u>P 849,006,544</u>	<u>P 3,443,750,000</u>	<u>P 1,716,257,119</u>	<u>P 220,208,810,608</u>

*Excluding lease liabilities (see Note 13.3)

36.2 Supplemental Information on Non-cash Investing and Financing Activities

The following discusses the supplemental information on non-cash investing and financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020:

- In 2022, property mortgage receivable was reversed upon acquisition of the subject property. This was reclassified as part of Buildings and leasehold improvements under Property, Plant and Equipment (see Notes 9 and 13.1). The related right-of-use assets and lease liabilities were also terminated and provisions renewed (see Notes 13.2, 13.3 and 21).
- In 2022, 2021 and 2020, the Group recognized additional right-of-use assets and lease liabilities amounting to P2,757.9 million, P1,232.3 million and P2,952.9 million, respectively. In addition, the Group and its lessors have agreed for certain lease modifications pertaining to leased plant and warehouses, which were not accounted for as a separate lease. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right-of-use assets amounting to P92.4 million and P386.6 million in 2021 and 2020, respectively (nil in 2022) [see Note 13.2].
- In 2022, 2021 and 2020, the Group transferred Investment Properties with carrying amounts of P503.1 million, P0.4 million and P169.3 million, respectively, to Property, Plant and Equipment following a change in use (see Notes 13.1 and 14).
- In 2022, 2021 and 2020, the Group capitalized borrowing costs amounting to P3,005.7 million, P4,762.5 million and P5,505.0 million, respectively, as part of Inventories, Property, Plant and Equipment and Investment Properties (see Notes 18 and 19).
- In 200, the Group reclassified certain real estate properties with a carrying amount of P14.4 million from Inventories to Investment Properties following a change in use (see Note 14). No similar transaction occurred in 2022 and 2021.
- In 2020, Property, Plant and Equipment amounting to P1.0 billion were reclassified to Non-current assets classified as held for sale (see Note 13.1).

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

37.1 Equity-linked Securities

On January 26, 2023, EMI and Arran executed an agreement that clarified the continuation of Variable Interest on the Tranche 2 Shares effective from date of the agreement until August 12, 2023 or the issuance of the Tranche 2 shares, whichever comes earlier (see Note 22.9).

On March 30, 2023, the BOD declared dividends of P0.29 per share payable on May 25, 2023 to all stockholders on record as of May 2, 2023. The Tranche 2 shares will receive interest at the same rate as the dividends.

37.2 Property-for-share Swap

On March 23, 2023, the SEC confirmed the valuation of the property-for-share swap transaction between MEG and MREIT. Accordingly, four Grade A properties will be transferred from MEG to MREIT in exchange for 263.7 million common shares of MREIT with a total subscription price of P5,274.0 million. The transaction will increase the effective ownership of AGI over MREIT from 44% to 51%.

38. OTHER MATTERS

38.1 Impact of Russia – Ukraine Conflict on the Group’s Business

The full-scale unprovoked invasion of Ukraine by Russia on February 24, 2022, and continuing as of date of this report has caused far-reaching impact for economies, markets, and businesses. The sanctions against Russia, including certain Russian entities and individual, contributed to disruptions in global supply chains and commodity flows that affected commodity prices such as energy cereals, fertilizers iron and steel altered routes and prolonged lead time.

Overall impact to the Group is not significant and therefore, management has not determined material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

38.2 Continuing Impact of COVID-19 Pandemic on the Group’s Business

The COVID-19 pandemic began to spread in the Philippines in early March 2020, and its impact has continued until the date of the approval of these financial statements. In 2022, the country’s economic condition improved because of resumption of local and international travels as well as the easing of health restrictions brought about by the pandemic. Demand and supply are gradually returning to pre-pandemic levels. As a result, the impact of the COVID-19 pandemic to the Group has been lessened, and the Group’s operations are already nearing the pre-pandemic levels.

Management projects that the Group will continue to report positive results of operations and will remain liquid to meet current obligations as they near maturity. Accordingly, it has not determined a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern because of the pandemic.



Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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**The Board of Directors and the Stockholders
Alliance Global Group, Inc. and Subsidiaries**
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Global Group, Inc. and subsidiaries (the Group) for the year ended December 31, 2022, on which we have rendered our report dated March 30, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2012 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 30, 2023

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

- A. Statement of Management’s Responsibility for the Consolidated Financial Statements**
- B. Independent Auditors’ Report on the SEC Supplementary Schedules
Filed Separately from the Basic Consolidated Financial Statements**
- C List of Supplementary Information**

Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68

	<u>Page No.</u>
A. Financial Assets	1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements	3
D. Long-term Debt	4
E. Indebtedness to Related Parties (Long-term Loans from Related Companies)	8
F. Guarantees of Securities of Other Issuers	9
G. Capital Stock	10

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Map Showing the Relationship Between and Among the Company and its Related Entities

Alliance Global Group, Inc. and Subsidiaries
Schedule A - Financial Assets (Marketable Securities)
December 31, 2022

Financial Asset/Name of Banks	Amount Shown in Statement of Financial Position	Income Received and Accrued
Financial Assets at Fair Value Through Profit or Loss		
HSBC Private Bank	P 14,779,704,950	P 3,740,000
Bank of Singapore	1,882,575	54,295
Various marketable debt securities	50,774,000	956,564
Derivative financial assets	129,918,974	-
	<u>14,962,280,499</u>	<u>4,750,859</u>
Financial Assets at Fair Value Through Other Comprehensive Income		
Various unquoted equity instruments	112,674,776	-
Various quoted equity instruments	63,469,075	-
Various club shares	166,700,000	-
	<u>342,843,851</u>	<u>-</u>
Total Financial Assets	P 15,305,124,350	P 4,750,859

Alliance Global Group, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2022

<i>Name and Designation of Debtor</i>	<i>Balance at the Beginning of Period</i>		<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at the End of Period</i>							
			<i>Additions</i>	<i>Amounts Collected</i>	<i>Impairment</i>	<i>Current</i>		<i>Non-current</i>						
Advances to Officers and Employees:														
Travellers - Officers and employees	P	116,639,281	P	5,988,197	P	-	P	-	P	122,627,478	P	-	P	122,627,478
Travellers - Other related parties		78,806,417		27,726,269		24,398,475		-		82,134,211		-		82,134,211
Megaworld - Officers and employees		1,654,435		2,194,198		1,540,498		-		2,308,135		-		2,308,135
Emperador - Officers and employees		103,446,030		726,908,169		147,660,358		-		682,693,841		-		682,693,841
GADC - Officers and employees		178,345,316		176,524,723		-		-		354,870,039		-		354,870,039
GADC - Other related parties		372,539,143		-		372,539,143		-		-		-		-
	P	851,430,622	P	939,341,556	P	546,138,474	P	-	P	1,244,633,704	P	-	P	1,244,633,704

Legend:

Megaworld - Megaworld Corporation
Travellers - Travellers International Hotel Group, Inc.
Emperador - Emperador Inc.
GADC - Golden Arches Development Corporation

Alliance Global Group, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2022

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at End of Period</i>
			<i>Amounts Collected</i>	<i>Amounts Written off</i>	<i>Current</i>	<i>Not current</i>	
<i>Due from Related Parties</i>							
New Town Land Partners, Inc.	P 2,846,317,740	P -	P 353,890,531	P -	P 2,492,427,209	p -	P 2,492,427,209
Venezia Universal, Ltd.	3,623,475,187	1,737,347,519	-	-	5,360,822,706	-	5,360,822,706
Greenspring Investment Holdings Properties Ltd.	1,717,344,213	129,300,632	-	-	1,846,644,845	-	1,846,644,845
Alliance Global Group Cayman Islands, Inc.	392,368,897	220,088,262	-	-	612,457,159	-	612,457,159
McKester Pik-nik International Limited	16,976,831,707	418,336,518	-	-	17,395,168,225	-	17,395,168,225
Empire East Land Holdings Inc.	356,728,531	-	39,682,540	-	317,045,991	-	317,045,991
Travellers International Hotel Group, Inc.	2,556,134,304.00	-	-	-	2,556,134,304	-	2,556,134,304
	25,913,066,275.00	2,505,072,931.35	393,573,071.00	-	28,024,566,135.35	-	28,024,566,135.35

Alliance Global Group, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2022

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
Loans:			
Interest-bearing loans	P 100,265,972,073	P 26,109,562,529	P 74,156,409,544
Foreign borrowings:			
AG Cayman	\$ 700,000,000	-	38,608,924,710
Megaworld	\$ 95,620,000	2,943,574,480	3,572,287,530
Emperador	€ 330,000,000	-	19,140,082,500
Emperador	€ 26,085,917	702,988,220	810,001,500
Emperador	£ 41,016,645	2,748,115,215	-
		32,504,240,444	136,287,705,784
Bonds Payable:		32,504,240,444	136,287,705,784.00
Issuer:			
Megaworld	P 11,989,962,729	-	11,989,962,729
Megaworld	\$ 600,000,000	14,026,453,110	19,222,659,671
		14,026,453,110	31,212,622,400
		P 46,530,693,554	P 167,500,328,184

a Interest-bearing loans include loans obtained by Megaworld pertaining to the following:

- 1.) Five-year loan amounting to P10,000.0 million obtained by Megaworld from a local bank. Principal is payable quarterly in installments at the end of the fifth quarter from the drawdown date.
- 2.) Five-year loan amounting to P6,000.0 million obtained by Megaworld in May 2021 from a local bank. The loan is payable quarterly beginning August 2022. Interest is payable quarterly.
- 3.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2020 from a local bank. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayments on the loan shall commence in June 2022 and interest is paid quarterly.
- 4.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in March 2021 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022.
- 5.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in August 2021 from a local bank. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly.
- 6.) Five-year loan amounting to P5,000.0 million obtained by Megaworld in December 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly.
- 7.) Five-year loan amounting to U.S.\$95.62 million obtained by Megaworld in September 2019 from a local bank. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayments on this loan commenced in December 2020 and interest is payable quarterly. Megaworld entered into a cross-currency agreement to hedge the U.S. Dollar and interest rate exposure of the loan.
- 8.) Five-year loan amounting to P5,000.0 million obtained by Megaworld from a local bank in December 2018. The principal repayment is quarterly after two years from availment. Interest is payable quarterly.
- 9.) Five-year foreign-currency denominated loan obtained by Megaworld from a local bank in December 2017 amounting to U.S. \$98.87 million payable quarterly with a grace period of one year upon availment. The principal repayment shall commence in March 2019 and a floating interest is paid quarterly. Megaworld entered into a cross-currency swap agreement to hedge the U.S. dollar exposure of the loan.
- 10.) Seven-year loan amounting to P5,000.0 million obtained by Megaworld from a local bank in November 2015. The principal repayments commenced in November 2016 and interest is payable semi-annually.

Alliance Global Group, Inc. and Subsidiaries
Schedule D - Long-Term Debt (continuation)
December 31, 2022

11.) Seven-year loan obtained by Megaworld from a local bank in two tranches in March and June 2015 totalling P10,000.0 million to fund various real estate projects and to retire currently maturing obligations. Quarterly principal repayment on this seven-year loan commenced in June 2016 and interest is paid quarterly.

b Interest-bearing loans include loans obtained by EELHI pertaining to the following:

- 1.) Seven-year loan amounting to P1,000.0 million obtained by EELHI from a local bank in February 2021. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.
- 2.) Seven-year loan amounting to P2,000.0 million obtained by EELHI in 2015 from a local bank released in three tranches from 2015-2016. Proceeds were used to fund development of various real estate projects. In 2022, EELHI has paid in full its outstanding loan balance.

c Interest-bearing loans obtained by SPI include the following:

- 1.) Seven-year loan obtained by SPI from a local bank in 2018 to fund the acquisition of STLI. Principal repayment is payable on a monthly basis after a grace period of three years from the date of availment.
- 2.) Seven-year loan obtained by SPI from a local bank. The principal amount is payable monthly after a grace period of three years from date of availment.
- 3.) Six-year loans amounting to P200.0 million, P100.0 million, and P400.0 million obtained by SPI in February 2021, August 2021, and October 2021, respectively, from a local bank. The principal amount is payable on a monthly basis after a grace period of three years from the date of availments.
- 4.) Outstanding balance of short-term loans availed in 2021 by SPI from local banks.
- 5.) Loans obtained by SPI from a local bank in 2015 through assignment of trade receivables. The loans are being paid as the receivables are collected.
- 6.) Outstanding balances of short-term and one-year loans availed by SPI from local banks. The short-term loans were partially settled in 2021.
- 7.) Seven-year loan amounting to P300.0 million obtained by SPI in 2020 from a local bank. The loan bears a floating interest and is payable upon maturity.

d Interest-bearing loans obtained by GERI include the following:

- 1.) Five-year loan obtained by GERI in 2019 from a local bank payable quarterly for a term of five years, plus interest.
- 2.) Five-year loan amounting to P1,000.0 million obtained by GERI in 2020 from a local bank payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan shall commence in December 2022. The loan bears a fixed interest rate and is payable quarterly.
- 3.) Four-year loan amounting to P1,000.0 million obtained by GERI in July 2021 from a local bank. The loan is payable quarterly for a term of four years commencing on the beginning of the fifth quarter from the date of availment.
- 4.) Seven-year loan obtained by GERI in 2020 from a local bank. The loan is payable quarterly with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly.
- 5.) Six-year loan amounting to P500.0 million obtained by GERI in March 2021 from a local bank. The loan is payable quarterly for a term of six years with a grace period of two years upon availment.
- 6.) Five-year loan amounting to P2,000.0 million obtained by GERI in December 2017 from a local bank payable quarterly commencing on the beginning of the fifth quarter from the initial drawdown date. Interest is payable quarterly.

e Five-year loan obtained by TLC in August and November 2019 from a local bank. The loan is payable in quarterly installments commencing November 2020. In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million.

Alliance Global Group, Inc. and Subsidiaries
Schedule D - Long-Term Debt (continuation)
December 31, 2022

- f** Ten-year loan obtained by MREIT from a local bank payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly subject to repricing.
- g** Five-year foreign-currency denominated loan obtained in 2019 from a syndicate of foreign financial institutions at a lower margin to prepay existing loans.
- h** Seven-year loan amounting to P5,000.0 million obtained by AGI in July 2020 from a local bank. The loan is payable quarterly commencing after the one-year grace period, as provided in the loan agreement. The loan bears a fixed rate for the first five years, subject to repricing at the end of the fifth year. The interest is payable quarterly in arrears.
- i** Foreign-currency denominated loan obtained by WMG from a foreign bank. The loan is secured by way of floating charge against WMG's inventories.
- j** Foreign-currency-denominated loans of DBLC totaling P3.0 billion used in relation to asset acquisition in 2017. In 2018, DBLC acquired an additional loan amounting to P0.1 million. In 2022, 2021 and 2020, DBLC paid portion of the loans amounting to P636.5 million, P535.3 million and P430.1 million, respectively. Maturing in 2027.
- k** In 2020, PAI obtained short-term loans totaling P400 million from a local bank for working capital purposes renewable and re-priced every 6 months.
- l** Interest-bearing loans obtained by GADC include the following:
- 1.) Five-year US dollar loan with a principal amount of P1,000.0 million obtained by GADC from a local bank in March 2020. GADC has a Cross Currency Swap (CCS) agreement with the local bank, whereby GADC will receive and settle the dollar loan and its interest at a fixed foreign exchange rate of P50.60 per US\$1 or total of P1,000.0 million. The loan is payable quarterly and bears a fixed interest rate.
 - 4.) Five-year loan obtained by GADC from a local bank in June 2020 payable quarterly starting from September 2021. The loan bears a fixed interest.
 - 5.) Five-year loan obtained by GADC from another local bank in June 2020 payable in 20 quarters from September 2020 to June 2025. Interest payments are fixed.
- m** Interest-bearing loans also include loans obtained by Travellers which includes the following:
- 1.) In prior years, a local bank approved a credit line which grants Travellers to borrow P33,500.0 million. In 2019, Travellers made an additional drawdown amounting to P7,500.0 million as a short-term loan. In 2021 and 2020, it converted some of the omnibus loans into a long-term loan and made additional borrowings amounting to P2,200.0 million. The loans are outstanding as of December 31, 2022 and 2021.

Further, during the year, Travellers settled the rolled P2.2 billion short-term loan and availed an omnibus loan in the same bank amounting to P0.5 billion which will mature in 2023.
 - 2.) In 2017, Travellers entered into various credit line agreements with a total maximum loanable amount of P10,000.0 million from a local bank. As of December 31, 2018, drawdowns totaled P10,000.0 million, half of which pertains to term loans and the other half to omnibus loans. In 2019, the Group obtained another term loan facility with the bank amounting to P5,000.0 million. This was utilized through the conversion of the P5,000.0-million omnibus loan to a long-term loan. Following the conversion, the Group obtained various short-term loans in 2019 amounting to P3,000.0 million. In 2020, additional omnibus loans amounting to P2,000.0 million were borrowed. In 2021, the Group availed another long-term facility with the bank amounting to P5.0 billion, which is fully utilized during the year. Following the additions made, the Group obtained other various short-term loans in 2021 amounting to P1.6 billion.
 - 3.) Five-year loan obtained by Travellers from a credit line with a local bank in 2018. In 2019, Travellers obtained a P1,000.0 million omnibus loan from the remaining unutilized credit line. The loans remained outstanding as of December 31, 2022 and 2021.
 - 4.) In 2022, Travellers availed another long-term facility from a local bank amounting to P5,000.0 million which remained outstanding as of December 31, 2022.
 - 5.) Travellers availed another long-term facility with a local bank amounting P13.5 billion which remained outstanding as of December 31, 2022. In addition, Travellers obtained other various short-term loans amounting to P15.5 billion.
 - 6.) In 2022, no further additions were noted for long-term facility with bank during the year. These loans remained outstanding as of December 31, 2022. Further, Travellers obtained and settled other various short-term loans in 2022, a short-term loan amounting to P1.0 billion remain outstanding as of December 31, 2022.

Alliance Global Group, Inc. and Subsidiaries
Schedule D - Long-Term Debt (continuation)
December 31, 2022

- n** *Five-year U.S. dollar-denominated loans obtained by AG Cayman in 2017 from a foreign bank totaling to US\$700.0 million with interest payable semi-annually in arrears. The loans are unconditional and irrevocably guaranteed. In 2022, these loans were refinanced for another 5 years.*
- o** *On March 28, 2017, Megaworld issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.3535% per annum and interest is payable semi-annually in arrears every March 28 and September 28. The bonds shall mature on March 28, 2024.*
- p** *On April 17, 2013, Megaworld issued 10-year term bond totaling U.S. \$250 million that carries a coupon rate of 4.25% per annum and with semi-annual interest payments every April 17 and October 17. The proceeds of the bond issuance are being used by Megaworld for general corporate purposes.*
- q** *On July 30, 2020, Megaworld issued seven-year term bonds totaling to U.S. \$350.0 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30 and shall mature on July 30, 2027.*

Legend:

AGI - Alliance Global Group, Inc.
Megaworld - Megaworld Corporation
EELHI - Empire East Land Holdings, Inc.
LFI - La Fuerza, Inc.
GERI - Global-Estates Resorts, Inc.
OFPI - Oceanfront Properties, Inc.
EIL - Emperador International Ltd.
EDI - Emperador Distillers, Inc.
WMG - Whyte and Mackay Group Limited
DBLC - Domecq Bodega Las Copas, S.L.
GADC - Golden Arches Development Corporation
Travellers - Travellers International Hotel Group, Inc.
AG Cayman - Alliance Global Group Cayman Islands, Inc.
PAI - ProGreen AgriCorp, Inc.
STLI - Stateland, Inc.

Alliance Global Group, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2022

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Balance at the beginning of year</i>	<i>Balance at the end</i>
--	---------------------------------------	---	---------------------------

-nothing to report-

Alliance Global Group, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2022

<i>Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is Filed</i>	<i>Title of Issue of Each Class of Securities Guaranteed</i>	<i>Total Amount Guaranteed and Outstanding</i>	<i>Amount Owned by Person for which this Statement is Filed</i>	<i>Nature of Guarantee</i>
Alliance Global Group Cayman Islands, Inc. by Alliance Global Group, Inc.	US\$ 700.0 million, 5-year loans, 5.50% to 6.75% interest	P 38,608,924,710	P 38,608,924,710	Guarantee of Principal and Interest

Alliance Global Group, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2022

				<i>Number of shares held by</i>		
<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value	12,950,000,000	9,127,041,679	59,100,000	6,158,918,232	68,688,212	2,899,435,235

Alliance Global Group, Inc.
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Reconciliation of Retained Earnings Available for Dividend Declaration
Annex 68-D
As of December 31, 2022

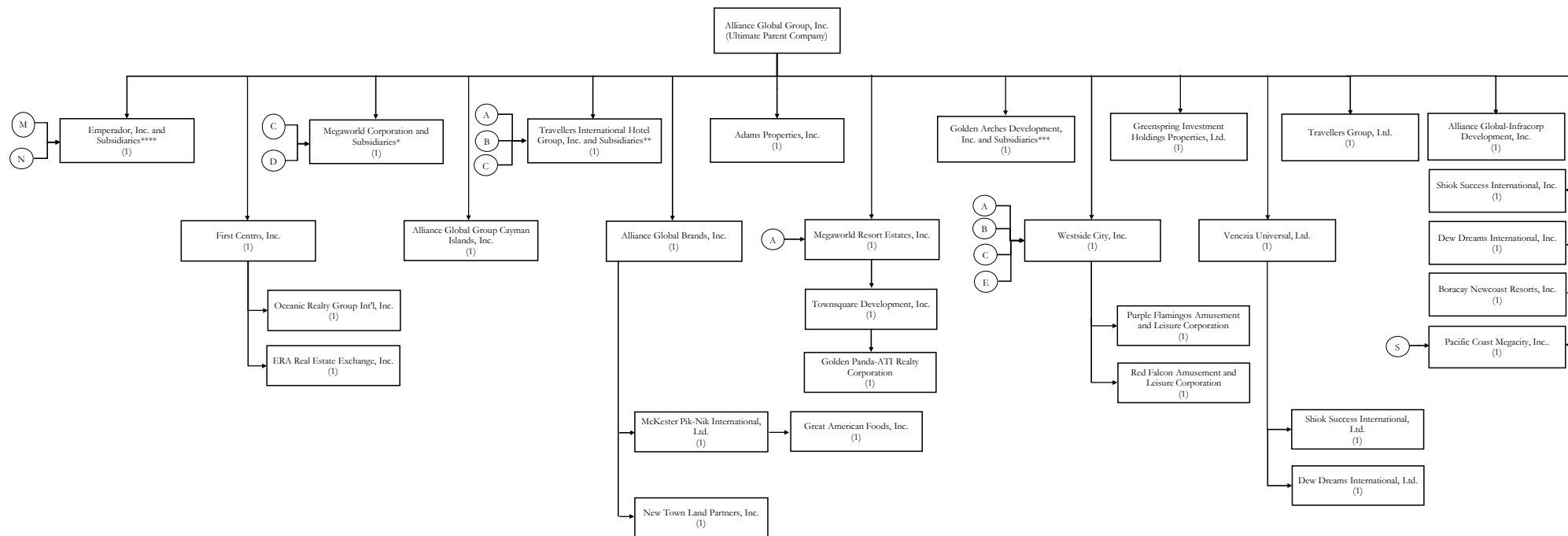
Unappropriated Retained Earnings at Beginning of Year	P	27,998,562,329
Retained Earnings Restricted for Treasury Shares at Beginning*	(	<u>9,342,101,103</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		18,656,461,226
Net income per Audited Financial Statements		<u>8,737,790,681</u>
		27,394,251,907
Other Transaction During the Year		
Acquisition of treasury shares*	(P	3,895,393,284)
Dividends declared	(	<u>1,132,225,485</u>) (<u>5,027,618,769</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		<u>P 22,366,633,138</u>

* In 2017, the Company entered into a two-year share repurchase program of up to P5.0 billion worth of common shares. In 2019, a 12-month share repurchase program for up to P2.5 billion worth of common shares was approved. In 2020, another share repurchase program for a term of 12 months and up to P2.5 billion worth of common shares was approved. In 2021, another share repurchase program for a term of 2.5 years and up to P4.0 billion worth of common shares was authorized by the Company's Board of Directors (BOD). In 2022, the BOD authorized the Company to repurchase an additional P3.0 billion worth of common shares, under the same terms and conditions of the present buy-back program.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties

December 31, 2022

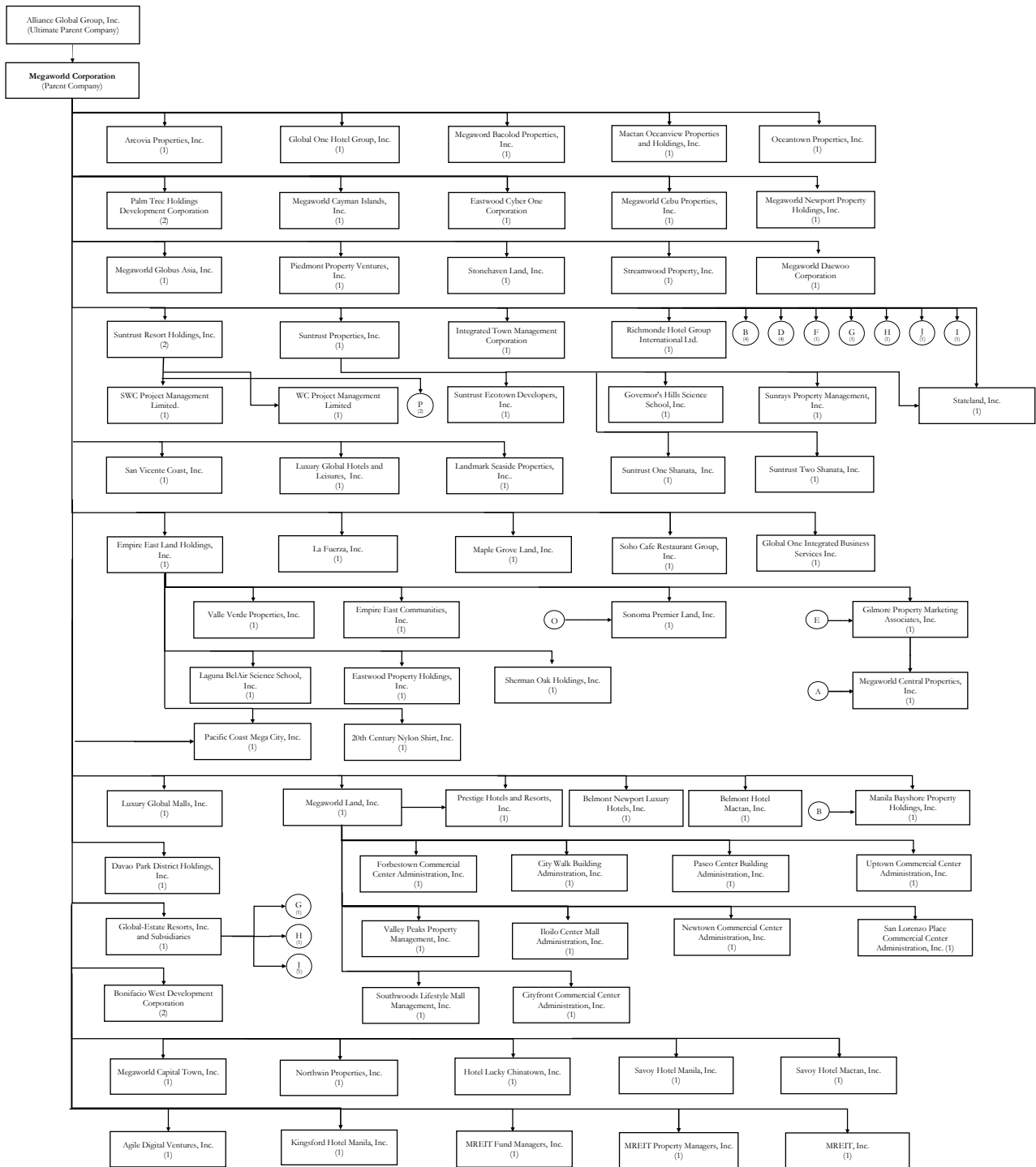


Legend					
(1) Subsidiary	A Megaworld Corporation	F Manila Bayshore Property Holdings, Inc.	K Megaworld Global Estates, Inc.	P Sonoma Premier Land, Inc.	
(2) Associate	B Adams Properties, Inc.	G Westside City, Inc.	L Megaworld Central Properties, Inc.	Q Gilmore Property Marketing Associates, Inc.	
(3) Jointly Controlled Entity	C First Centro, Inc.	H Townsquare Development, Inc.	M ShioK Success International, Ltd.	R Emperor Inc.	
	D Newtown Land Partners, Inc.	I Megaworld Resort Estates, Inc.	N Dew Dreams International, Ltd.	S Empire East Land Holdings, Inc.	
	E Travellers International Hotel Group, Inc.	J Twin Lakes Corporation	O Southwoods Mall, Inc.	T Suntrust Resort Holdings, Inc.	

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group

December 31, 2022



Legend

Relationship with Megaworld Corporation

(1) Subsidiary

(2) Associate

(3) Jointly Controlled Entity

(4) FVOCI

A Megaworld Corporation

B Travellers International Hotel Group

C Manila Bayshore Property Holdings,

D Westside City, Inc.

E Townsquare Development, Inc.

F Megaworld Resort Estates, Inc.

G Twin Lakes Corporation

H Megaworld Global Estates, Inc.

I Megaworld Central Properties, Inc.

J Southwoods Mall, Inc.

K Sonoma Premier Land, Inc.

L Gilmore Property Marketing Associates, Inc.

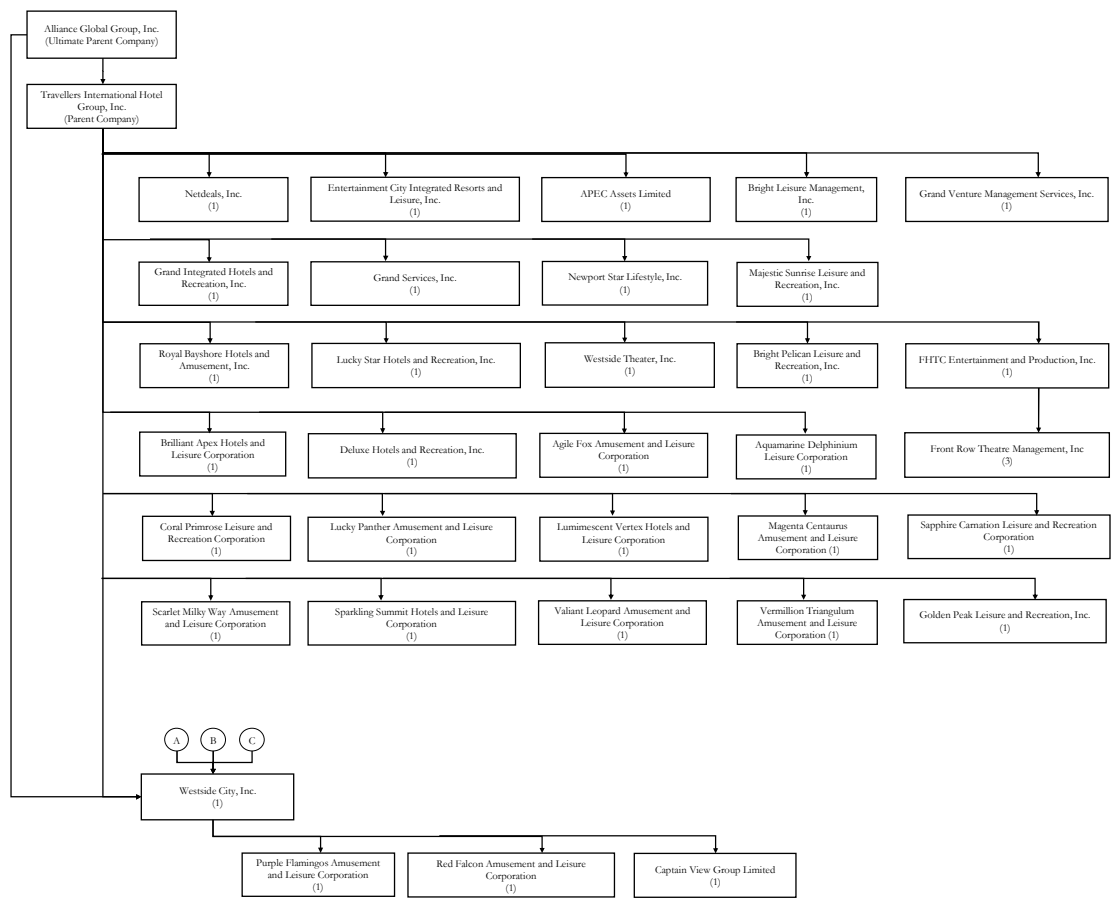
M Empire East Land Holdings, Inc.

N Suntrust Resort Holdings, Inc.

O First Centro, Inc.

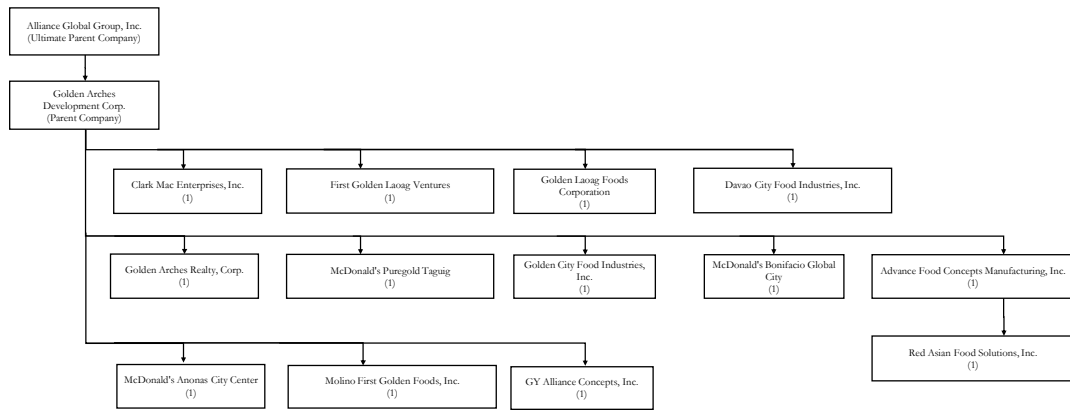
P Suncity WC Hotel Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Travellers Group
 December 31, 2022



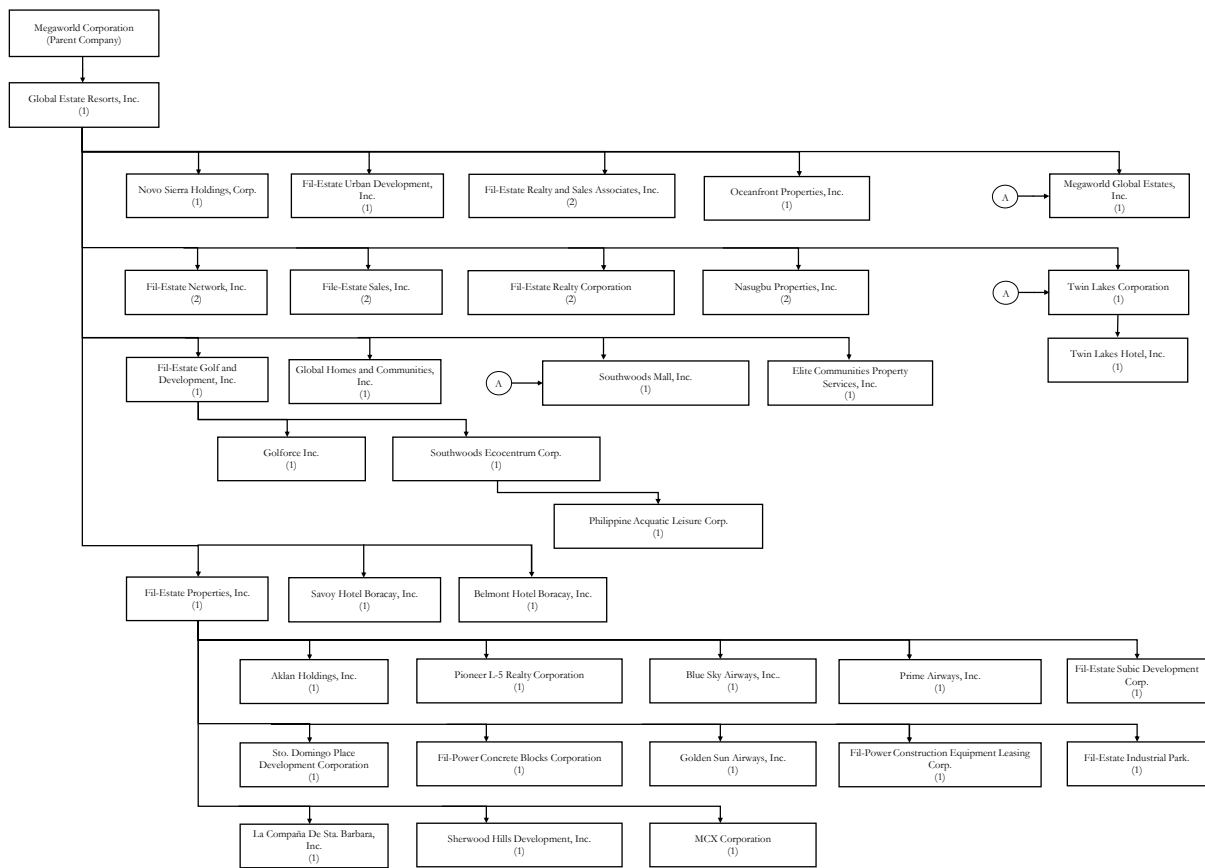
Legend	
<i>Relationship with Travellers International Hotel Group, Inc.</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Cento, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shiok Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Empireador, Inc.
T	Suntrust Resort Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Golden Arches Development Corporation Group
 December 31, 2022



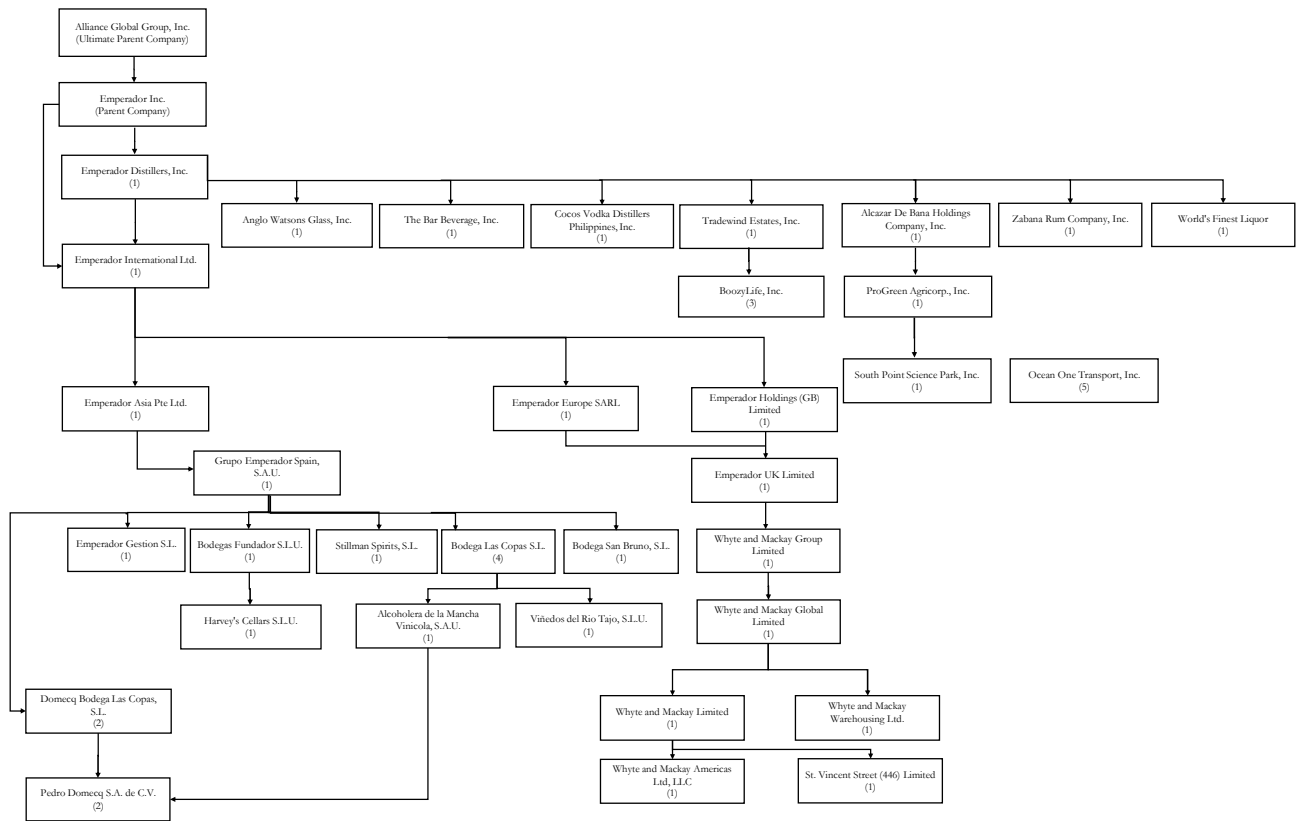
Legend	
<i>Relationship with Golden Arches Development Corporation</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shiok Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Emperador Inc.
T	Suntrust Resort Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between and
 Among Megaworld and Global Estate Resorts Inc. Group
 December 31, 2022



Legend	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shiok Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sosoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Emperador Inc.
T	Suntrust Resort Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Emperor Group
 December 31, 2022



Legend
 Relationship with Emperor Inc.
 (1) Subsidiary (100%)
 (2) Subsidiary (50%)
 (3) Subsidiary (62%)
 (4) Jointly Controlled Entity
 (5) Approved by SEC on January 2023



Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and the Stockholders
Alliance Global Group, Inc. and Subsidiaries**
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Global Group, Inc. and subsidiaries (the Group) for the year ended December 31, 2022 and 2021, on which we have rendered our report dated March 30, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code 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 December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct.13,2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 30, 2023

Alliance Global Group, Inc. and Subsidiaries
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule of Financial Soundness Indicators
Annex 68-E
As of December 31, 2022

Ratio	Formula	2022	2021
Current ratio	Current assets / Current liabilities	2.37	2.04
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	1.09	0.98
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.24	0.20
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	0.58	0.64
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.04	2.10
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	4.68	4.34
Return on investment	Net profit / Total stockholders' equity	0.07	0.07
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.07	0.08
Return on assets	Net profit/ total assets	0.03	0.03
Net profit margin	Net profit / Total revenues	0.14	0.16



 ALLIANCE GLOBAL

Alliance Global Group, Inc. Sustainability Report 2022



Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	Alliance Global Group, Inc.
Location of Headquarters	7/F 1880 Eastwood Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City
Location of Operations	Megaworld Corporation (MEG), Travellers International Hotel Group, Inc. (TIHGI), Golden Arches Development Corporation (GADC) and Infracorp Development, Inc. operate in the Philippines while Emperador Inc. (EMI) operates an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines, United Kingdom, Spain, and Mexico, through its subsidiaries
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Megaworld Corporation (MEG), Travellers International Hotel Group, Inc. (TIHGI), Emperador Inc., and Golden Arches Development Corporation (GADC).
Business Model, including Primary Activities, Brands, Products, and Services	AGI is a holding company with interests in the food and beverage business (manufacturing and trading of consumer products), real estate (investment in and development of real estate, lease of properties, hotel operations and tourism resorts businesses), tourism-entertainment and gaming, and quick service restaurant (McDonald's) business. Through its subsidiaries and associates, the Company focuses on providing and developing products and services that cater to its target markets' needs, demands, and aspirations. The Company believes that it is well-positioned to benefit from consumer demand driven by the expected growth of the middle-income sector.
Reporting Period	January - December 2022
Highest Ranking Person responsible for this report	Kevin Andrew L. Tan

Materiality Process

Materiality: Process and Topics

AGI's materiality assessment provides a list of topics most relevant to the Company for the year 2022. Our topics did not change drastically for 2022 but a new process for assessment was employed based on the latest GRI revisions.

To identify the material topics, actual and potential positive and negative impacts of AGI subsidiaries Megaworld Corporation, Travellers International Hotel Group, Inc. (TIHGI), Emperador Inc., and Golden Arches Development Corp (GADC) were identified according to the previous year's material topics and other relevant resources. The significance of the impacts was then assessed and verified by the sustainability lead/team/representatives of the concerned subsidiary, followed by its top management. Material topics were then extracted from the list of significant impacts and again approved by the subsidiary's top management. From the approved material topics of each subsidiary, common themes were identified to represent and complete the Conglomerate's list.

AGI's Materiality Process



We maintained the previous year's alignment of our material topics into the themes of Employee Experience, Diversity and Inclusion (PEOPLE), Waste and Resource Efficiency (EFFICIENCY), Sustainable Business and Innovation (SUSTAINABILITY), Economic Growth (GROWTH), and Business Ethics, Values, and Corporate Governance (GOVERNANCE). These five themes represent our main areas of action.

PEOPLE	EFFICIENCY	SUSTAINABILITY	GROWTH	GOVERNANCE
Employee Experience, Diversity and Inclusion	Waste, and Resource Efficiency	Sustainable Business and Innovation	Economic Growth	Business Ethics, Values, and Corporate Governance
<ul style="list-style-type: none"> ● Employee diversity, equal opportunity and non-discrimination ● Employee training and development ● Occupational Health and Safety 	<ul style="list-style-type: none"> ● Waste Management ● Energy Use and Efficiency ● Water and Wastewater Management ● GHG Emissions ● Materials Management/ Consumption 	<ul style="list-style-type: none"> ● Business model and product innovation ● Climate action 	<ul style="list-style-type: none"> ● Economic Performance ● Market Presence ● Community Impacts of Development * 	<ul style="list-style-type: none"> ● Business Ethics and Integrity ● Human Rights * ● Procurement *practices ● Regulatory Compliance* ● Customer Health and Safety ● Data Privacy and Security* ● Community relations

*New topics for 2022

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount		Units
	2021	2022	
Direct economic value generated (revenue)	152,792,516,273	183,612,229,427	PhP
Direct economic value distributed:			
a. Operating costs	76,775,415,027	93,606,993,125	PhP
b. Employee wages and benefits	12,424,538,666	15,418,884,215	PhP
c. Payments to suppliers, other operating costs	24,124,902,962	30,320,820,300	PhP
d. Dividends given to stockholders and interest payments to loan providers	7,899,654,336	9,621,325,429	PhP
e. Taxes given to government	6,060,120,714	8,104,431,406	PhP
f. Investments to the community (e.g. donations, CSR)	152,638,570	129,780,267	PhP

AGI, through its different businesses spanning real estate, spirits, integrated tourism, quick-service restaurants, and infrastructures, have been an active economic partner in national development. Through its diverse operations services and products, the Company was able to generate PhP 183.6 billion of revenue and was able to provide direct economic benefits to its employees, suppliers, stockholders, and the government through wages and benefits, payments to services incurred, dividends, and taxes, respectively.

The Company gives back to the community by investing in CSR activities that uplift lives, protect the environment, and strengthen the Company's connection to its customers.

Under the ILE program of Travellers, employees are encouraged to join and volunteer in the different community-related projects of NWR.

The Emperador group actively participated in the celebration of the United Nations declaration of the year 2022 as the International Year of the Glass by providing a resource speaker for a glass

manufacturing webinar series for engineering students dubbed as Glass-Is-Cool. They also sponsored science, technology, and management-related training sessions to equip selected students in surrounding communities with skills needed to succeed in the future.

Megaworld continued its partnerships with different schools and organizations for education and scholarship programs, livelihood enhancement projects targeting low-income communities, and indigenous weavers in Lake Sebu. They also had relief operations where they gave food and slippers. Megaworld also partnered with the DENR for its sea turtle nesting project which protected 135 sea turtle eggs.

This 2022, Megaworld Foundation, Megaworld's CSR arm celebrated its 25th year anniversary, proving the continuous community support the Company has given through the years.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Total energy consumption per AGI subsidiary

Subsidiary	Total energy consumption (GJ)	
	2021* (Restated)	2022
Megaworld	1,492,114	1,831,444
Travellers	420,252**	320,354
Emperador	9,097,953	2,904,305
Golden Arches	501,007	446,719
Total	11,511,324	5,502,822

*AGI and its subsidiaries updated their calculation method to provide accurate values for 2021. As a result, the Group's 2021 total energy consumption is restated for this year's report.

**This is an estimated total energy consumption of the 6 hotels - TIHGI, Sheraton, Marriott, Hilton, HIEx, and Hotel Okura.

AGI'S Management Approach for Energy

In 2022, there is a significant decrease in energy consumption for AGI and its subsidiaries. This can be attributed to Emperador's Progreen's major shift to renewable energy sources from non-renewable ones, specifically the efficient use of biogas and bagasse instead of non-renewable coal. The company now reported a reduction in coal consumption as they have maximized the use of methane and bagasse for their operations. Along with this, they have also successfully achieved savings amounting to Php 12,862,990.05.

Furthermore, AGI and its subsidiaries updated their calculation method to provide accurate values for 2021. The Group's total energy usage for 2021 is therefore revised from 22,121,873 GJ to 10,437,998.84 GJ.

Alliance Global Group, Inc. (AGI) needs energy in the form of electricity, gas, diesel, natural gas, biogas, and solar power for its diverse businesses— property development, food, and beverage manufacturing and distribution, quick-service restaurants, integrated tourism development, and infrastructure development. It uses gasoline and natural gas for furnaces, boilers, turbines, refrigeration processes, diesel for generators, owned transportation, and biogas from sugarcane bagasse. It also purchases its electricity from the grid for its day-to-day operations.

Energy efficiency is a priority of AGI under its climate action thrust as more efficient consumption in this area abates greenhouse gas emissions. To achieve energy efficiency, AGI utilizes the use of solar power as a renewable energy adaptation measure, employs green building practices, and adapts improvements in manufacturing and operation processes.

Emperador's Anglo Watsons Glass, Inc. (AWGI) initiated the installation of a 2-megawatt peak (MWp) solar photovoltaic (PV) system on the rooftops of its production building and internal warehouses. This will provide clean and renewable energy for its glass manufacturing plant in Silangan Industrial Estate, Canlubang, Calamba, Laguna. AWGI also replaced ninety-one (91) conventional perimeter lights with solar-powered perimeter lights, shifting 90% of all perimeter lights to renewable energy. Moreover, the glass-producing company also converted one unit of its drive system for mold cooling blowers of glass-forming machines into Variable Frequency Drive. This lessens overall annual electricity consumption of AWGI by around 2-3% from one unit.

The EDI Biñan plant, also under Emperador, optimized its equipment and machine by utilization of variable speed drives to achieve energy efficiency from 81.83% in 2021 to 85.10% in 2022. Eighty-five (85%) of the plant's lighting system has also been converted to LED.

Emperador plants that are outside the country have energy efficiency measures as well. The Tomelloso Distillery replaced their lighting fixtures outside and inside warehouses with LED. Through this, they reduce 20,000 kWh per year. Furthermore, since April 2022, all Whyte & Mackay distilleries and bottling sites at EDC and Grangemouth are being powered by carbon-neutral electricity. In addition, Bodegas Fundador, has reduced its energy consumption consecutively since 2021 by 1,987,443 kWh and in 2022 by 13,944 GJ through the use of biogas.

Megaworld Hotel and Resort is also committed to energy efficiency and its properties are equipped with climate control systems that are effective in electricity cost reduction, and produce lesser emissions through controlled use of energy in their properties. The company invested in a Chiller Optimization system in Uptown Mall, which helped reduce electricity consumption by 266992.4 kWh in 2022. Asia Affinity, a subsidiary of Megaworld, conducted an operational fine-tuning wherein adjustments in lighting, AC systems, fans, and blowers were made to be able to conserve energy. Asia Affinity also optimized its test run duration of 35 generator sets across all Company properties.

Travellers, under its I Love Earth (ILE) campaign, installed solar panels at Newport World Resorts (Hotel Okura Manila, Marriott Grand Ballroom, and Newport Mall). With 24/7 operations, installation of the solar panels began in 2022 to ensure that part of NWR’s power supply comes from renewable sources.

Other subsidiaries continue to monitor and analyze their energy consumption and overall environmental impact annually to track trends, understand outcomes, and provide guidance to meet the targets of the UN Sustainable Development Goals and the Paris Agreement, which aims to avoid threats of climate change by limiting the global rise in temperature to 2°C above pre-industrial levels while pursuing efforts to limit it to 1.5°C.

Reduction of energy consumption

Subsidiary	
Megaworld	<p>The organization has recorded a reduction in electricity consumption amounting to 2,178.09 GJ as a result of existing factors such as Chiller Optimization Savings through the installation of the fiber-reinforced plastic blade for cooling towers, operations optimization, proper maintenance of facilities and equipment, and conversion to LED lighting systems.</p> <p>Moreover, the organization decreased gasoline consumption by 86 GJ in 2022. This can be attributed to Empire East’s Laguna BelAir Science School (LBASS) cessation of operations.</p>
Travellers	<p>In 2022, none of the hotels observed a reduction in energy consumption, which may be attributed to an increase in business operations following the pandemic and travel restrictions.</p>
Emperador	<p>Bodegas Fundador has reduced its energy consumption consecutively since 2021 by 1,987,443 kWh and in 2022 by 13,944 GJ through the use of biogas. Progreen’s Balayan plant was able to reduce its energy consumption due to the efficient use of biogas and bagasse as well and this year these reduction initiatives resulted in savings amounting to Php 12,862,990.05.</p>

	In addition, Pedro Domecq and Anglo Watsons Glass, Inc (AWGI) use renewable energy in the form of solar photovoltaic energy. This helped AWGI achieve a reduction of 29,492 kWh in electricity consumption. AWGI also continually recycles cullet as a raw material to lessen the amount of energy required to produce glass, other fuel-saving programs, and energy management system standards alignment. WMG recorded an energy ratio of 18.58 MJ of energy per liter of alcohol produced in 2022, which is a reduction compared to the 19.54 MJ of energy per liter of alcohol produced recorded in 2021. This displays a reduction in the consumption of heating fuels used in the production process as a result of conservation and efficiency initiatives. EDI Santa Rosa plant had a reduction in energy consumption amounting to 150,500 kWh through the implementation of energy- and fuel-saving programs and optimization of operations.
Golden Arches	GADC observed a total electricity reduction of 10,715,479 kWh as a result of their use of solar LED lamp posts, LED lights, and Variable Refrigerant Flow (VRF) air-conditioning system.

Water consumption within the organization

Subsidiary	Water withdrawal (in cubic meters)		Water discharge (in cubic meters)		Water consumption (in cubic meters)	
	2021 (Restated)	2022	2021 (Restated)	2022	2021	2022
Megaworld	20,883,579*	18,802,736	18,292,750	13,521,062	2,590,830	5,281,665
Travellers	1,083,312	585,640	9,120	Data not available	1,080,192	585,640
Emperador	8,097,783	7,594,324	3,022,830*	3,654,327	5,074,953	3,939,997
Golden Arches	3,663,000	80,632	3,419,000	64,500	224,000	16,132
Total	33,733,675*	27,063,323	24,743,700	17,239,889	8,969,975	9,823,434

*AGI and subsidiaries recalculated its water data to provide accurate values for 2021. As a result, the Group's 2021 total water withdrawal, and total water discharge are restated for this year's report.

AGI'S Management Approach for Water and Effluents

Water and effluents are important aspects of resource management: water is an important resource that should be conserved, while effluents on the other hand, affect the environment and biodiversity as well as human health when improperly discharged.

AGI subsidiaries withdraw water from third-party sources as well as from groundwater for its projects, construction, daily operations, and water supply for its communities. AGI and its subsidiaries are responsible for the water discharges, water storage of facilities, and performance of annual activities in cleaning and disinfection of water holding tanks to ensure that water being supplied to customers, employees, and communities is clean and within the standard potability level.

However, due to incomplete data from the properties listed under Travellers, Megaworld's 2021 water discharge data only includes two of its three subsidiaries, GADC providing estimation for one store as the basis for GADC's overall data for water disclosures, AGI's total water withdrawal, discharge, and consumption figures are approximations only and may not provide an accurate reflection of the organization's water data and performance.

Furthermore, AGI group is committed to continuous improvement in its water management practices and aims for better reporting and transparency. The company continues to track its water usage to better understand its water consumption patterns, identify inefficiencies in management, and simultaneously implement various resource efficiency measures and contribute to water conservation.

- Megaworld commits 100% compliance to DENR/LLDA Parameter & Standards to train technical personnel to be Pollution Control Officers for monitoring and complying with the Standards.

As a water conservation measure, Megaworld started the utilization of non-potable water from rainwater, and the treated water from its Sewage Treatment Plant (STP) for use in landscape irrigation in its townships. Per month, 322 cubic meters are reused to reduce the usage of fresh water for the purpose of watering the landscape.

Project designs already incorporate low flow rate fixtures, utilization of water discharge for cooling tower water requirements, and water for flushing in the comfort rooms for increased water conservation and consumption efficiency.

Asia Affinity, on the other hand, started bio-augmentation measures for its STPs and grease tanks. Bio-augmentation is a water treatment activity that uses a non-toxic formula that contains bacterial cultures that degrade all kinds of organic wastes. This improved the quality of the water discharge and eliminated odors.

- Travellers consume significant amounts of water sourced from third-party providers. For proper effluent management and compliance with local regulations, used water is discharged to the estate's central STP. The Biological Oxygen Demand (BOD) content

of effluents is monitored by a third-party provider to ensure compliance with local regulations.

Reduction of water and proper water management is part of the goals of the ILE campaign under the Traveller's Environment Pillar. Travellers adopt water conservation programs and practices which are managed by the Facilities and Project Management (FPM). These practices are a combination of Engineering Controls and Information campaigns all throughout the organization and its stakeholders.

- Emperador conducts an annual calibration of flow meters, close monitoring of leaks, and their timely correction to ensure the strict implementation of the plant-wide water conservation program. It also conducts quarterly effluent analysis and water consumption and wastewater discharge monitoring. Effluent parameters are monitored to ensure that these are in compliance with the National Effluent Quality Standard of DENR, ISO 14001 Standards for Bodegas Fundador under Grupo Emperador Spain (GES), as well as the Scottish Environmental Protection Agency's (SEPA) for WMG.

As a water conservation measure this 2022, EDI Biñan recycles wastewater from production for use in comfort rooms. Progreen installed a rainwater catchment system that gathers rainwater in small portions to lessen groundwater extraction.

The Tomelloso plant of Bodegas Fundador also saw a significant decrease in water consumption this year, specifically in the must rectification process. By segregation and reuse of the washing water from must rectification process, about 10,000 to 15,000 m³ in the year 2022 was conserved.

For Progreen, the company's major waste product is strong wastewater, which is treated in a state-of-the-art facility designed to meet strict government standards.

- Golden Arches conducts several measures in water conservation and usage in compliance with RA9275 and PNSDW. McDonald's Stores has significantly reduced its water-related pollution by installing wastewater treatment facilities to reduce water pollution to allowable water quality.

Stores also increase their water conservation campaign through the installation of rainwater harvesting for several stores. McDonald's Philippines is fully committed to environmental regulations such as Clean Water Act and Philippine National Standards for Drinking Water by partnering with several suppliers to install water and wastewater treatment facilities.

Materials used by the organization

Non-renewable materials	Amount (metric tons)
Construction materials and building systems	347,799.01
Office supplies	16.22
Building furnishing	374,867.96
Packaging materials	1,109,600
Alcohol and glass bottle production	82,389,390.77
Others (Cleaning materials, fuel, etc.)	15,959.25
Renewable materials	Amount (metric tons)
Construction materials and building systems	1,111.58
Office supplies	77.13
Packaging materials	4,249,558.18
Alcohol and glass bottle production	446,575.91
Food supplies, dry goods	4,859.29
Others (materials for product transport)	912.05

AGI'S Management Approach for Materials

AGI subsidiaries use both non-renewable and renewable materials for their diverse and large-scale operations. Megaworld and Travellers use a variety of construction materials and building systems for their extensive property development projects including residential, commercial, office developments, educational/training components, multi-cluster condominium projects, multi-phase subdivision, privately-operated gaming facilities with hotel, retail, dining, entertainment and other leisure amenities.

Emperador uses distilled neutral spirit, brandy distillates, grain and malt whiskies, and water, as well as glass bottles and packaging materials. Similarly, Golden Arches requires food and packaging supplies for its McDonald's restaurants nationwide. In addition, AGI subsidiaries also procure office supplies for their general administrative departments to support day-to-day operations.

The building, hospitality, food, and beverage sectors where AGI operates have a significant environmental impact due to resource and energy use, and massive waste production. However, AGI recognizes the importance of economic handling of limited resources and is adopting the circular economy approach. To fulfill this, it requires the reuse of materials and wastes for as long as possible, as well as designing and developing reusable long-lasting products. AGI and its

subsidiaries also promote vendor accreditation programs that ensure that third-party suppliers are aligned with the sustainability standards and practices of the Conglomerate.

Emperador's AWGI, for example, increased the cullet (broken glass) component in their formulation to 72.5%, which is higher than the world average cullet recycling rate of 50%. This will reduce the consumption of virgin materials by 70 metric tons per year, and lessen fuel consumption as fewer virgin materials will mean less energy consumption on our glass furnaces. Without affecting the physical design and capacity of Emperador 750mL and Emperador 1L bottles, AWGI also re-developed bottles to reduce weight by an average of 24 gms per bottle. This will reduce cost, and the consumption of 7,200 metric tons of virgin materials annually. Progreen Nasugbu plant prioritizes the reuse of processed water and uses a Biogas Digester to co-generate energy via methane biogas.

For Pedro Domecq, the design and development of packaging must be in a way that creates the least impact on the environment. Pedro Domecq implements a system of materials requirements planning (MRP) to plan, schedule, and manage its inventory during the manufacturing process. The MRP is also based on having no surplus losses. As a means to evaluate whether they are successful in materials management, a report on their materials consumption is done annually using the Greemko platform for the corresponding indicators of Gonzalez Byass.

Whyte and Mackay Group Ltd. (WMG) implements their Green Print strategy's Mindful Consumption. Specifically, the company focuses on reducing, reusing, and recycling materials to minimize waste. For instance, WMG uses recycled materials, such as glass and paper, in many of its material components.

Megaworld improved its Vendor's Accreditation Program by updating the checklist for accreditation to include the company profile, permits, licenses, more extensive experience qualifications, and member profile, among others. This improvement helps Megaworld to acquire services from more reliable and trustworthy vendors that share the same sustainability goals as the Company. Additionally, Megaworld practices sustainable purchasing for better material selection.

Travellers, under its ILE - Healthy, Responsible, Sustainable Sourcing Pillar, launched the Cage-free eggs project. Led by Chef Meik Brammer of Marriott, the F&B teams of NWR and its hotels commit to using organic cage-free eggs in their restaurant outlets. Travellers, under the same ILE Pillar, also partnered with BoomGrow for the ILE Urban Farm. BoomGrow is a company in Malaysia that does precision farming work to help create a kinder, more sustainable approach to growing vegetables.

Golden Arches' McDonald's guest paper packaging—clamshell containers, paper cups, etc., are made from fiber sourced from 100% certified renewable sources. Additionally, 12% of McDonald's packaging materials are sourced from recycled materials (plastic and/or paper), but not on a closed loop. This is based on the total raw material requirement required for converting finished items into primary packaging.

All subsidiaries continue improving the efficiency of their operations to support long-term business resilience and move towards a circular economy through monthly progress reporting, defining baselines, and setting targets to understand the environmental implications of their own operations and value chain.

Environmental impact management

Air Emissions

GHG

Subsidiary	Direct (Scope 1) GHG Emission (in tCO2e)		Indirect (Scope 2) GHG Emission (in tCO2e)	
	2021 (Restated)	2022	2021 (Restated)	2022
Megaworld	3,568*	13,679	285,540	324,688
Travellers**	1,430*	2,260	79,288	57,238
Emperador	854,217*	230,493	149,034	22,068
Golden Arches	318*	311	82,712	87,547
TOTAL	859,533*	246,744	596,575	491,542

*AGI and subsidiaries updated its calculation method to provide accurate values for 2021. As a result, 2021 Direct (Scope 1) emissions are restated for this year's report.

**This is the estimated GHG Direct (Scope 1) emissions of the 6 hotels - TIHGI, Sheraton, Marriott, Hilton, HIEx, and Hotel Okura.

Air pollutants

Among the AGI subsidiaries, Emperador is the only subsidiary that has available data on air pollutants.

Disclosure	EMI 2022	EMI 2021
NO _x (kg/Ncm)	0.0006223 ^{a,b,d}	0.000835 ^{b,c}
SO _x (kg/Ncm)	0.0009826 ^{a,b,d}	0.001382 ^{b,c}
Particulate matter (kg/Ncm)	0.0001406 ^{a,b}	0.000025 ^{a,b}

Note: Data for this table is from ^aEDI; ^bAWGI; ^cProgreen; ^dBF; ^ePD; and ^fWMG

AGI'S Management Approach for Emissions

The company's direct (scope 1) emissions are derived from various sources, such as the use of gasoline, LPG, diesel, natural gas, and biogas for a range of purposes including the operation of boilers, furnaces, turbines, generator sets, refrigeration processes and, use of owned transportation. These emissions are associated with the company's diverse businesses, which include property development, food, and beverage manufacturing and distribution, quick-service restaurants, integrated tourism development, and infrastructure development. The majority of the company's GHG emissions are indirect (scope 2) emissions and result from the use of purchased electricity from the grid.

Given the company's significant GHG emissions, AGI has set an ambitious target of becoming carbon neutral by 2035

Emperador Group continues to recycle cullet as a raw material in glass bottle production. This process requires less energy to melt compared to the usage of virgin raw materials to manufacture a new glass bottle. Aside from this, its Balayan and Nasugbu distillery plants reduce GHG emissions into the atmosphere by capturing raw CO₂ gas and processing it into liquidized CO₂. They invested in an Anaerobic Digester, which reduces wastewater while generating a useful byproduct, biogas. The biogas produced through this process is used by the plant as a source of renewable energy.

Additionally, Emperador's energy efficiency programs are anchored on the use of natural lighting, natural ventilation, renewable energy, light-emitting diode (LED) bulbs, as well as *transitioning from fossil fuels to renewable fuel sources such as biomass and liquid biofuels. This is an ongoing process as it incorporates these in the design of the existing and upcoming facilities globally, all of which reduce carbon emissions and lower energy consumption.

Megaworld's Empire East Property Development Division engineers have also converted the lighting system of their properties' common areas to LED, enhancing the building's energy efficiency. Currently, 57% of lighting systems in streets, hallways, lobbies, clubhouses, parking, perimeter garden, roof decks, and machine rooms are already converted to LED lighting.

In 2022, AGI experienced a substantial decrease in total energy consumption due to EMI Progreen's major switch to renewable energy sources in their plant operations, specifically the use of biogas instead of non-renewable coal. As a result, the company also experienced a significant decrease in Scope 1 emissions, by 71%.

Furthermore, MEG reported an increase in electricity consumption due to the inclusion of six properties. This resulted in a slight increase in Scope 2 emissions by 5.5%, as shown in the table above, which implies that it is working to boost its transparency in reporting.

AGI recognizes the importance of taking a comprehensive approach to emissions reduction which includes reducing both Scope 1 emissions and Scope 2 emissions. Although EMI Progreen's shift to renewable energy is a positive impact on the entire Group's performance, further efforts should be implemented to reduce the group's overall carbon footprint by 2035.

Other subsidiaries continue to analyze their GHG emissions and establish annual targets to lower them in order to reduce the impact of AGI's business activities on the environment and worsening global temperature rise. As part of this, AGI and subsidiaries reevaluated their Direct (Scope 1) emissions this year using updated calculation methods, resulting in a **n**. By routinely examining and upgrading its computation techniques, the company is able to accurately track and report its emissions, identify areas for improvement, and get closer to a carbon-neutral future. AGI is also committed to implementing strategies to reduce emissions in its own operations and supply chains to acquire competitive advantages over time.

**Emperador - WMG*

Solid and Hazardous Wastes

Travellers 2021 waste data is an estimation of TIHGI, Hilton, Sheraton, and Marriott hotels data only and GADC's overall waste data is estimated for 669 McDonald's stores for 365 days only. As a result, the company's total non-hazardous waste and hazardous waste are approximations only and may not provide an entirely accurate picture of the organization's waste data and management practices. However, the group is committed to enhancing its waste data reporting and other environmental disclosures. As part of this, AGI, and its subsidiaries recalculated their 2021 waste data to provide accurate values for 2021. Consequently, the Group's 2021 total non-hazardous waste and hazardous waste, except Travellers, are restated for this year's report.

Subsidiary	Total non-hazardous waste generated (kg)		Total hazardous waste generated (kg)		Total waste generated (kg)	
	2021 (Restated)	2022	2021 (Restated)	2022	2021	2022
Megaworld	34,207,449*	39,878,628	127,707*	240,937	34,355,156	40,119,565
Travellers	844,214	566,020	25,845	2,714,022	870,060	3,280,042
Emperador	248,701,715*	254,221,426	173,055*	504,417	248,874,770	254,725,844
Golden Arches	481,680*	15,984,000	13,647,600*	8,880,000	14,129,890	24,864,000
Total	284,235,058	310,650,074	13,974,207	12,339,377	298,209,265	322,989,451

**AGI, and its subsidiaries recalculated their 2021 waste data to provide accurate values for 2021. Consequently, the Group's 2021 total non-hazardous waste and hazardous waste, except Travellers, are restated for this year's report.*

AGI'S Management Approach for Waste

On managing waste, AGI's recycling programs are focused on responsible plastic use and the strategic recycling of materials. The Group predominantly uses recyclable and reusable materials for its products, such as glass bottles, fiber boxes, and paper labels.

Digitization of internal and external processes and transactions were also implemented across AGI businesses allowing Companies to go paperless and reduce their waste. Megaworld specifically led this effort: operations utilized new software for efficiency and accuracy in process and reporting; Empire East, a Megaworld subsidiary, switched to online transactions for form applications and payments. Megaworld and its subsidiaries also improved its customer experience platforms by transitioning to paperless communication via the use of a digital device (tablet) during turnover orientation.

In addition, Megaworld continued its collaboration with Plastic Credit Exchange, a non-profit organization that promotes plastic aggregation and collects all types of plastic for reallocation to partner plastic recyclers for plastic credit certificates. Additionally, Megaworld started a trash-to-cashback program in partnership with BEST. The cashback program focuses on recycling paper, cartons, plastics, and metals. 14.5 metric tons of recyclables were exchanged in 2022. The Company also implemented the Lesser Plastics for Tomorrow which repurposed bamboo as keycards, collaterals, and signages.

EDI Biñan has a waste reduction program that includes: 1.) Recycling and reuse of production wastes, 2.) Use of 2nd hand bottles for production, 3.) Improved proper segregation of paper waste at offices, and 3.) Exploration of new waste that can be recycled such as plastic liners. Through these efforts, residual waste to landfill disposal was maintained at less than 1% in 2022; 443,881 cases of 2nd hand bottles were utilized for production; 2.7 MT of paper waste was collected and recycled from offices; and 13.5 MT of plastic liners were recycled.

At Progreen, the distillery operation results in the generation of a large amount of liquid and solid waste that must be managed and disposed of properly to prevent negative impacts on people and the environment. While waste management is crucial for compliance, it also presents a potential financial risk due to the high costs of proper disposal. To manage waste generation, Progreen implements waste segregation and a supplier return policy, as well as a barging operation and fertilization program for discharging waste.

Pedro Domecq purchases dry and wet goods in precise quantities and reduces material scraps to minimize waste-related impacts. The company has also made improvements in its laboratory processes to minimize liquid waste. To manage waste effectively, Pedro Domecq works with a supplier that controls and manages the residues, providing the company with documentation detailing the type and quantity of waste treated.

Empire East also works with contractors which implement proper solid waste disposal through accredited haulers on a regular basis. They sell construction wastes such as scrap metals and office wastes to third-party buyers for processing and recycling.

Travellers has a well-established waste management system. Through their process, they comply with local environmental laws on waste handling and disposal and submit mandatory reports related to waste generation. To extend the lifespan of their equipment, maintenance checks are done regularly, and reuse parts of equipment that can still be utilized.

Travellers, under ILE Environment Pillar, expanded their partnership with ABS-CBN Foundation for their Bantay Langis, Bantay Baterya, and Waste Electrical, and Electronic Equipment

programs. It also has the Reform, Reduce, Resume, Recycle wherein plastic bottles were eliminated from hotel rooms and banquet facilities. Bottled drinking water is now supplied by on-site bottling facilities. Additionally, Travellers is eliminating its use of single-use plastics by supplying hotel bathroom amenities in bulk instead of single packages. Eco-friendly packaging for takeaways is now being used in banquet halls. Other waste reduction practices of the hotel and gaming group is the repurposing of discarded linens into pajamas, kitchen towels, and decorations; repurposing of used pool towels, bed sheets, banquet table cloths, napkins, and uniforms; and the conversion of food scraps into candies, organic cleaning solutions, and compost.

AGI Subsidiaries continue to understand their waste footprint in their own operations and supply chain through improved inventory management. They collaborate with contractors who use accredited haulers to properly dispose of solid and hazardous waste on a regular basis to ensure proper handling and disposal, protecting the environment and communities where we operate.

Golden Arches generates solid and hazardous wastes that can possibly cause harmful environmental and health impacts; these can be controlled through the sustainability efforts of the company, collaboration with the local government units, and guidance of the laws and regulations of the jurisdictions within the store. Additionally, through the Zeroing Plastic usage-global roadmap of Mcdonald's, Golden Arches is slowly removing/reducing the use of its plastic footprint.

Measures conducted to minimize waste generation includes (1) prohibition of the use of single-use plastic bag, (2) reduction in the use of plastic bottles in hotel operations, (3) practice of segregation of waste and (4) conduct of regular recycling drives. Regular wastes are collected by a private third-party service provider while hazardous wastes are collected, transported, and treated by DENR-accredited hazardous waste transporters and treaters.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Subsidiary	2021	2022
Megaworld	The Group has incurred monetary fines for non-compliance with environmental laws and/or regulations and 1 case was resolved through a dispute resolution mechanism in 2021.	*There are no monetary and non-monetary sanctions for non-compliance with environmental laws and/or regulations and no cases were resolved through dispute resolution mechanisms for all AGI subsidiaries in 2022.
Travellers	There are no monetary and non-monetary sanctions for non-compliance with environmental laws and/or regulations and no cases were resolved through dispute resolution mechanisms in 2021.	
Emperador	There are no monetary and non-monetary sanctions for non-compliance with environmental laws	

	and/or regulations. Furthermore, for 2021, the organization had 0 cases of dispute.	
Golden Arches	<p>Golden Arches has incurred monetary fines for non-compliance with environmental laws and/or regulations but was able to resolve 8 cases through dispute resolution mechanisms in 2021</p> <p>3 cases appealed with no penalty – Lagro, Visayas Ave, and Pontevia 5 cases appealed with cost reduction BSU Malolos, Tikay, Guiguinto, Malolos Bayan and San Joaquin</p>	

AGI'S Management Approach for Environmental Compliance

AGI subsidiaries strive to maintain strict compliance to environmental laws and regulations to ensure that the Group's operations and supply chains have the least possible impact on the environment and the communities where they operate. Additionally, the subsidiaries must conform and maintain efficiency in resource management in order to support economic growth and build corporate competitiveness in the long run.

Golden Arches faced environmental compliance issues in 2021 but has made significant progress in resolving these issues. All AGI subsidiaries continued to comply with the environmental laws and regulations in 2022 and have not faced any sanctions or legal issues.

Emperador's AWGI upholds its commitment to permit requirements by establishing programs and remaining transparent with the community regarding environmental concerns related to its operations. AWGI also prioritizes timely permit acquisition and ensures that its permits are up to date when submitting reports to relevant environmental agencies, including the Department of Environment and Natural Resources and the Laguna Lake Development Authority.

In addition, EELHI maintains strict compliance with the codes and requirements of all regulatory agencies, both in the design of projects and during their construction. The Company works with contractors to ensure that full compliance with the requirements of the regulatory body, such as the Environmental Compliance Certificate (ECC) issued by DENR or Laguna Lake Development Authority (LLDA), is implemented. These are laid out in the contracts of both their technical consultants and contractors.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity		Units
	2021	2022	
Total number of employees ¹⁸	38,246	38,863	#
a. Number of female employees	17,472	19,425	#
b. Number of male employees	20,774	19,438	#
Percentage of female employees	45.68%	49.98%	%
Percentage of male employees	54.32%	50.02%	%
Attrition rate*	-0.23	0.29	rate

*Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits*

List of Benefits	% of female employees who availed for the year	% of male employees who availed for the year
Life insurance	13.68%	19.65%
Health care (aside from Philhealth)	23.06%	28.12%
Disability and invalidity coverage	9.54%	14.37%
Parental leave	1.33%	0.63%
Retirement provision (aside from SSS)	0.16%	0.28%
Stock ownership	0.00%	0.01%
Others (please specify)	0.00%	0.01%
SSS	16.58%	31.84%
PhilHealth	16.67%	23.21%
Pag-Ibig	17.18%	20.51%
Vacation leaves	22.82%	27.62%

Sick leaves	16.28%	21.89%
Housing assistance (aside from Pag-Ibig)	0.10%	0.13%
Further education support	9.53%	14.39%
Telecommuting	4.46%	4.17%
Flexible working hours	2.88%	1.60%

**Data presented are based on estimation.*

AGI'S Management Approach for Employee Management

AGI's employee management approach is anchored on employee wellness and empowerment. AGI supports its employees by ensuring that they are properly compensated with fair pay and benefits, are trained for growth and development in their field, and are provided with a safe and inclusive workplace.

Human Resources or the Company's talents is one of its assets. AGI, through its subsidiaries, employs responsible employment practices by implementing programs for employee safety, and physical and mental well-being.

AGI and its subsidiaries also continue to provide opportunities for employment in different arenas of the business, locally and internationally. AGI's sustainability commitment to development is to generate at least five million direct and indirect jobs by 2035.

AGI also provides several government-mandated and voluntary benefits to its permanent and full-time employees such as leaves, salary loans, saving benefits, several loan options, medical benefits, and flexible working hours, among other benefits.

Megaworld

Megaworld recognizes its human resources as one of its most important assets. The acquisition thereof plays a vital role in its operations. Thus, it places value on its talents by taking care of their well-being. Upon hiring, the Company covers for an employee's physical well-being through an HMO coverage, provides security through life insurance coverage, and recognizes an employee's performance through annual appraisals and incentives. In line with the Company's prioritization of its employees' health, Megaworld facilitates annual physical examinations and anti-flu vaccinations in partnership with our HMO provider for its employees.

In addition, the Company offers a housing plan to qualified employees by providing them with significant discounts on all Megaworld properties, including its subsidiaries.

Megaworld aims to help shape the Philippines 30 years and beyond and commits to creating 3 million direct and indirect jobs in its various developments across the country within 15 years. This 2022, Megaworld stands firm in this commitment as they opened and launched new projects:

Megaworld Hotel and Resorts (MHR) opened Belmont Hotel Mactan this year. The opening of the MHR's 12th property created better opportunities not only for the company's growth and recognition as a leading homegrown brand of hotel, it also represented an opportunity for employment and better livelihood. Additionally, Megaworld launched a total of sixty-four (64) new projects that can open new opportunities in different areas of the Philippines.

Emperador

EDI is committed to promoting fair and just labor practices by providing decent jobs that offer living wages and employment opportunities in the nearby town where the manufacturing plant is located. The company strives to adhere to labor law standards to ensure consistent and equitable treatment of workers. The Human Resources Department is responsible for managing labor turnover within the company.

All subsidiaries of Emperador believe that employees are the foundation of a strong and sustainable company, are a crucial part of the production process, and are behind every success that the Company achieves. Each subsidiary values inclusion and diversity in promoting a better working environment.

AWGI places great importance on providing statutory benefits to its employees, including direct and indirect workers, regardless of gender and employment status. Progreen prioritizes the direct involvement of employees in the organization by contributing their own ideas, expertise, and efforts to solving problems and making decisions.

For GES and Bodegas Fundador, employees are brand bearers and thus ensure social benefits are provided. Pedro Domecq and WMG understand the value of building a diverse workplace culture that includes individuals from different generations and age groups as it brings diverse perspectives, and innovation fosters a positive work culture and improves customer relations.

Golden Arches

Golden Arches Development Corporation (which operates McDonald's Philippines) has 669 stores nationwide and its growing services of drive-thrus, delivery hubs, and NXTGEN stores provide local employment nationwide as well as opportunities for working students and out-of-school youth.

Travellers

Travellers renowned chain of hotels and gaming and entertainment hubs makes for a flourishing leisure industry, benefitting employees and localities. This 2022, its gross gaming revenue growth in the 2nd half of the year accelerated at a faster pace managing to breach past pre-COVID levels driven by the recovery in the non-VIP segment while NWR remained the market leader in the VIP segment.

Employee Training and Development

Disclosure	Quantity		Units
	2021 (Restated)	2022	
Total training hours provided to employees	1,176,800	192,421.42	hours
Average training hours provided to employees	30.77	4.85	hours/ employee

AGI'S Management Approach for Training and Development

Capacity building, training, and education of employees continues to be an important part of AGI and its thrust to drive innovation in its diverse set of businesses, and the delivery of a wide array of services powered by its different subsidiaries. The group conducted various training sessions in 2022 dedicated to continuing education and skills updating, shifting mostly from face-to-face interaction to digital learning to adapt to the pandemic. Additionally, performance reviews are scheduled bi-annually to support career development, promotion, and merit enhancement.

For training, Megaworld launched the "Megaworld Learning Academy". These Masterclasses included learning about boosting one's morale, bonds, and insurance for risk mitigation, as well as the green building construction framework: Leadership in Energy and Environmental Design (LEED).

Megaworld- Asia Affinity, additionally held a workshop on Sustainable and High Performance Property for its Property Managers, giving them a better understanding of the processes that give optimized project results.

GERI, a Megaworld subsidiary, offers competency or skill-based training programs as well as behavioral training programs.

Travellers implement its training and development programs under the Transform through teaching, training, and technology pillar of ILE. This year the HR teams of NWR rolled out the ILE program to their respective employees to ensure that everyone is aware of and engaged in the sustainability projects of the ILE campaign.

Emperedor strengthened its team through a data privacy seminar, and a privacy impact assessment orientation conducted in partnership with the National Privacy Commission. The data privacy seminar intends to raise awareness among employees about the provisions of the Data Privacy Act of 2012. Privacy awareness and training help employees understand personal data, how they can adequately protect personal data under their custody and control, and what the appropriate response should be in case of a breach.

An email phishing attack exercise was also conducted by Emperador. Partnering with P&A Grant Thornton to conduct simulated phishing attacks on 351 company email addresses, employees were made aware of the most common form of cyberattack.

EDI's 'Room to Grow' mantra ensures that there is a sufficient pool of talented employees ready to assume higher positions within the organization. In addition to job rotation and technical training, cross-exposure programs are also provided to upgrade the skills of employees. EDI plans to implement employee training programs to impart knowledge on the alcoholic beverage industry.

Golden Arches also launched the Restaurant Support Center (RSC) Open University and the RSC Learning & Development Resources Site which is an online gateway to all the courses, resources, and tools that facilitate learning and growth. It is the repository for all training-related documents, Virtual Classes, Open Online Courses, Webinars, RSC Live! Videos, and Leadership Resources for self-directed learning for leaders and staff.

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2021	2022	
% of female workers in the workforce	45.7%	53.1%	%
% of male workers in the workforce	52.3%	46.9%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	0	#

**Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

AGI'S Management Approach for Diversity and Equal Opportunity

AGI is committed to building a diverse, gender-equal, and inclusive environment for all of its employees. Regardless of race, color, gender, sexual orientation, age, religion, or other factors, the Group ensures equal chances for compensation and benefits, safe workspaces, training, and professional development.

This commitment is essential to the company's efficiency and competitiveness. AGI intends to track the progress toward diversity and inclusion moving forward, assisting in the creation of a more equitable, inclusive society and world. This commitment is also embodied by AGI's subsidiaries:

Megaworld

Megaworld has not only consistently strengthened its workforce as well as its competitiveness in the property industry, but it has also been able to offer quality employment to a broad pool of qualified individuals. The inclusivity implemented by the Company in its work environment increases access to employment opportunities within the organization. Not only is Megaworld creating jobs, which is part of its mission, but it is also doing so in a way that values different characteristics, skill sets, knowledge, experience, and perspectives. Diversity and equal opportunity boost productivity, creativity, and innovation, and enhance employee engagement and retention—which also translates to improved business performance, longevity, and sustainability.

The Company's commitment to inclusivity encompasses its establishment of programs and initiatives that are beneficial to the diverse workforce and are geared toward each member's continued growth and development.

Empire East Celebrates Diversity through Social Spaces

Celebrating diversity, EELHI rolled out the Social Spaces program this 2022. The program allowed employees from various departments with the same interests to get together to fill the gap in social distancing brought on by the pandemic. Some Social Spaces are for bike lovers, book lovers, K-pop, bible readers, parents, fitness buffs, cooking, and baking.

The Social Spaces Program is EELHI's response to employees' need for an inter-departmental health break that facilitates other things they love for a more productive working environment and culture. EELHI will implement the Social Spaces event yearly because of its success this year.

The company does not discriminate against task assignments and remains open to working with people based on knowledge, experience, personal goals, potential value, and skills. There have been no complaints about gender inequality in the past year.

Golden Arches

The company promotes equal opportunity in hiring regardless of gender and age. This is also applicable to the benefit and remuneration wherein employees are being paid according to their job function and performance.

Travellers

Discriminatory dynamics are not ingrained in the culture of Travellers. In the Company everybody is treated in a fair and respectable manner be it employees, suppliers, or customers.

Emperador

Embracing diversity and equal opportunity goes a long way in developing the EDI's culture. All campaigns including job hiring, promotion, and training are anchored by equality, with no age or gender preference. What is important to the company is the capacity, qualifications, and performance of the individual. EDI's Talent Management systems provide equal opportunity to all, regardless of gender, age, and preferences. They have current roles and job functions that cater to both genders. For EDI, they are successful in managing this topic when they are able to develop future leaders coming from different generations and gender and young leaders who assume a more senior role.

AWGI

Diversity and equal opportunity are important to AWGI as it impacts sustaining the good of employees from different levels of the company. AWGI contributes to this topic through its programs toward the realization of goals. As far as the supply/value chain is concerned, diversity and equal opportunity particularly occur with direct hires. Any violation may incur penalties or non-monetary sanctions that will definitely impact the business. There are policies that the company formulated to protect diversity and equal opportunity among its applicants and employees. The mere existence of industrial peace and family culture within the company consisting of people of mixed gender, from different provinces, various age levels, and socioeconomic status, is a solid measure of success in managing this topic.

Progreen

Embracing diversity and providing equality goes a long way in promoting a work culture that values talent beyond stereotypes and helps Progreen employees reach their full potential by contributing their best beyond any prejudice. Diversity can have a positive effect on the company but its risk is that diversity and differences within a team can lead to poor communication, reduced teamwork, conflict, exclusion, and people leaving the company. Progreen strives to create a culture of fairness and inclusion by offering all employees appropriate diversity and inclusion training and raising awareness of indirect discrimination. The company evaluates its success in managing this topic through retention and feedback from employees.

GES

Bodegas Fundador

Bodegas Fundador developed an Equality Plan in 2021 which offers equal opportunities to people regardless of their gender and provides measures on how to ensure diversity and equality within the workplace. Having a diverse workforce in terms of gender provides different points of view which contribute to and helps the company to identify more appropriate solutions for all groups. The Equality Plan is supervised by a committee made up of members from the management team and employees. Bodegas Fundador evaluates its success in managing this topic by conducting a survey among employees and setting KPIs.

Casa Domecq

Gender equity and salary equity are highly important to Casa Domecq as they are building strategies to minimize differences and to improve the current situation. The company manages

diversity and equal opportunity by analyzing salaries every year and proposing the necessary adjustments. It also takes into consideration the performance of each individual. Indicators for a successful management approach for this topic include an improved composition of the Casa Domecq workforce in relation to diversity and the provision of more equal opportunities compared to previous years.

WMG

An inclusive workforce is good for business as it brings a diversity of thought, innovation, a positive culture, and improved customer relationships. Equality and inclusion are also increasingly important to all stakeholder groups of WMG. They have an E&I Charter published internally which openly states their commitment. In 2021, the company launched the charter and appointed an internal steering group to assist the Executives in raising awareness and reviewing their current practices and policies. The Executives are responsible for E&I, with the HR Director leading the initiative. WMG also has a whistleblowing policy and an internal grievance procedure for managing any concerns. To evaluate whether they are successful in managing this topic, the Steering Group will conduct an audit annually and monitor disputes raised on this subject.

Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

Disclosure	Quantity		Units
	2021	2022	
Safe Man-Hours	34,835,398*	52,703,436.38**	Man-hours
No. of work-related injuries	69	255	#
No. of work-related fatalities	2	0	#
No. of work-related ill-health	1,114*	409	#
No. of safety drills	91*	89	#

*Restated

**Data of all AGI subsidiaries, except Travellers

AGI'S Management Approach for Workplace Conditions

Workplace Safety and Health

Megaworld

Megaworld's Occupational Safety and Health (OSH) Policy's focus is on maintaining a safe and healthy work environment across its supply chain. The Company is in the low-risk category relative to Occupational Safety and Health Assessment (OSHA) risk category. Risks include a decrease in productivity and healthcare financing for accidents and illness.

Safety Protocol Officers were assigned to each significant department and location to help address safety-related concerns and promote guidelines related to health and safety. With the onset of the coronavirus pandemic, an internal task force was also organized to specifically manage the COVID-19-related cases and concerns of the company since the pandemic.

A continuous review of OSH audits, monitoring, and reporting incidents of illness and accidents in the workplace is routinely done to acquire a more accurate representation of all recorded incidents of work-related accidents and ill-health for the reporting period.

Travellers

The Company has an OSHE (Occupational Safety, Health, and Environment) Policy which serves as its guide in the implementation of the OSH Program and commitments. Internal policies which are in accordance with government-mandated standards and protocols are in place, e.g., policies on Workplace Prevention and Control of COVID-19, Workplace Safety Management, TB Prevention and Control, Smoke-Free workplace, and Annual Medical Examination, among others.

TIHGI has a pool of DOLE-Accredited OSH Consultants and Practitioners as well as trained Safety Officers who are responsible in managing the OSH implementation under the guidance of the Management. The Company has allocated a budget for the OSH programs like training sessions, signages, and fire and life safety equipment. Employees who may have safety-related concerns can report directly to the SEPCU or through their immediate leaders.

The Management also tackles critical OSH concerns during the weekly OpsCom meeting. On the other hand, safety concerns among contractors are discussed during the weekly contractors' meetings and in the group chats.

Emperador

EDI is committed to conducting its business activities responsibly and conforms to the Occupational Health and Safety Policy of the Philippines. They consider the health and safety of their employees to be as important as business success. EDI shall lead the business in the continuous improvement of safety and health. To achieve their goal, they will:

- Respect the Occupational Health Safety and well-being of their employees, neighbors, and visitors
- Create mitigation plans for potential safety risks
- Comply with all local and applicable Health and Safety legislation.

Occupational health and safety standards at EDI shall apply to all places of employment. Non-compliance can revoke certain permits which can affect the company. EDI always aims to zero accidents by establishing written programs and guidelines that are aligned with DOLE OHS Standards. For the risk of infection from COVID-19, the company has established workplace prevention and control of the virus. Its scope includes employees' mental and physical welfare in times of the pandemic. EDI also implements the mitigation and management of workplace infection and is committed to workplace safety and health programs aligned with the existing standards and guidelines issued by Philippine Regulatory Agencies. The company evaluates its KPIs monthly against goals and targets including key successes and obstacles. In 2022, the

company did not receive any regulatory violations, and accidents and incidents were maintained on a low count and degree of severity.

In addition, as part of its Lingap Diwa Advocacy Program, EDI Binan occupational health services offer flexible work schedules, face masks, shields, vitamins, and mental health consultations. Meanwhile, the Santa Rosa plant follows government regulations and conducts a Hazard Identification and Risk Assessment and Determination Control (HIRADC) Program to identify work-related hazards.

Bodegas Fundador takes workplace safety seriously and maintains its own Prevention Service that is audited by an accredited body every three years. Pedro Domecq focuses on health and safety training and has established its Occupational Health and Safety (OHS) management system through training, Gemba walks, and Root Cause and Corrective Action (RCCA) analysis in case a situation related to the health and safety of workers occurs. At WMG, safety for all employees, workers, visitors, contractors, and local community members is a top priority, with strict adherence to regulations and regular visits from the UK Health & Safety Executive as part of the COMAH regulations.

Emperador focused on occupational health and safety programs and talked about employee health and wellness. EDI Sta Rosa facilitated a vaccination program for regular employees and their dependents who voluntarily would like to be protected and vaccinated against COVID-19. The HR plant conducted a free wellness talk on HIV awareness including voluntary HIV testing. Also conducted was PTB Dots Seminar facilitated by Sta. Rosa and Binan LGU, Drug Awareness, and Hepatitis B Seminar Seminars both facilitated by the Company Physician, and Hypertension Awareness.

Another highlight of the EDI Sta. Rosa plant achieved 1 million safe working hours for the year 2022. This means that no recordable incidents and fatalities related to unsafe work/acts occurred within the year, as well as a decreased number of unsafe conditions and unsafe behaviors.

Golden Arches

The company has an established McDonald's Workplace Safety and Health Policy which supports the overall implementation of the Workplace Safety and Health Management System. The Company has been implementing an Occupational Health and Management System, which is aligned with McDonald's Global Safety Standards as well as the DOLE Occupational Safety and Health Standards. This was further strengthened in adherence to the DOLE DO No 198-18, the Implementing Rules and Regulations of Republic Act 11058 or An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof. Further, Management has signed a commitment statement to ensure everyone's safety and health and provide all necessary resources.

The company's Safety Officer 2 is in charge of the safety and health program implementation. For this year, 2022, the focus will be on strengthening the safety and health organization in every restaurant and on the roles of its Safety Officer 2.

Labor Laws and Human Rights

AGI and its subsidiaries have **no legal actions or employee grievances** involving forced or child labor for 2022.

Subsidiary	References in the company policy that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?
Megaworld	<p>The organization complies with forced labor and child labor laws by conducting an auditing process that requires applicants to provide supporting documents that ensure that they are not underage for the job.</p> <p>The company policy contains references that explicitly prohibit violations of labor laws and human rights. These references can be found in the following policies and programs:</p> <ul style="list-style-type: none"> ● Sexual Harassment ● Policy for Supporting Breastfeeding Employees ● Magna Carta ● Family Welfare ● Special Leave Benefits For Women Employees ● Workplace policy and program on Hepatitis B ● HIV/Aids Workplace Policy <p>In Megaworld's Empire East, violations such as provoking quarrel, acts of intimidation and harassment among others are classified as very serious offenses that can be grounds for suspension and termination. This is listed in the Employee Code of Discipline, Parts II and IV.</p>
Travellers	<p>The company policy contains references that explicitly prohibit violations of labor laws and human rights. These references can be found in the following policies and programs:</p> <ul style="list-style-type: none"> ● LSOP No. HR/09/004 Sexual Harassment & Unprofessional Conduct (June 2016) ● Chapter 9.7 of Associate Handbook - Harassment-Free Workplace ● Guarantee of Fair Treatment ● Business Conduct Guide ● Harassment Prevention in the Global Workplace for Non-Managers/Managers ● Sexual Harassment Policy & Anti - Harassment Policy ● Hotel Code of Conduct and Code of Discipline

Emperador	
EDI	EDI is compliant with Philippine Laws that cover human rights, child labor, and forced labor; hence, the company is not obligated to operationalize the law into company policies to avoid redundancy.
AWGI	The company adheres to anti-child and anti-forced labor laws by formulating policies that protect the young. As far as the supply/ value chain is concerned, this particularly occurs with direct hires, service providers, and material providers. Any violation may incur a penalty or non-monetary sanction that will definitely impact the business and its operations.
Progreen	The company maintains ongoing coordination with Union officers and adheres to the signed Collective Bargaining Agreement (CBA), which includes provisions for notice periods, consultation, and negotiation.
GES Bodegas Fundador	The company's Code of Conduct cites policies on Forced Labor, Child Labor, and Human Rights. These policies demonstrate the company's commitment to upholding ethical principles and social responsibility.
GES Pedro Domecq	<p>Forced Labor: Under the Labor Federal Law in Mexico, it is established that every person has the right to be compensated accurately and in line with the activity they are performing</p> <p>Child Labor: Under the Labor Federal Law in Mexico, it is established that the minimum age to employ a person is 15 years old. However, the company does not employ people under 18 years old and they take it from their code of business conduct</p> <p>Human Rights: The company's Code of Business Conduct cites policies on human rights.</p>
WMG	<p>Forced Labor:</p> <p>WMG commits to developing and adopting a proactive approach to tackling hidden labor exploitation. This Policy (which shall work in conjunction with the company's Modern Slavery and Human Trafficking Statement and Whistleblowing Policy) shall be implemented for the purposes of assisting the company in identifying and preventing any hidden labor exploitation within its workforce.</p> <p>Human Rights: It is unlawful under the Equality Act 2010 to harass a person because of their age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, color, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. This also includes the conduct</p>

	<p>of a sexual nature (sexual harassment). It is equally unacceptable for an employee to harass a colleague because they associate with someone of a particular race, religion, sexual orientation, age, etc.</p> <p>In addition, the company monitors the age of all employees and reviews such details before an offer of employment is issued. Currently, their youngest employee is 20 years of age. WMG also reviews and publishes the Modern Slavery and Human Trafficking Statement on its corporate websites each year. This states the responsibilities, commitment, and actions to prevent such exploitation within their supply chain and business in general. In 2021, they incorporated a statement of commitment into the terms of all new supplier agreements to prevent hidden labor exploitation. This management approach is evaluated through whistleblowing reports, feedback, and disputes.</p>
GADC	<p>Forced Labor:</p> <p>The company's Prevention of Violence in the Workplace Policy contains references that specifically forbid abuses of labor laws and human rights, including forced labor.</p>

AGI'S Management Approach for Labor Laws and Human Rights

Megaworld

The company stays true to its goal to adhere to the Labor Laws of the Philippines and to strengthen SDG 8. Megaworld's consultation practices are given priority under all circumstances. Therefore, it is crucial to establish and foster a professional protocol when grievances arise. An employee is free to approach the HR department to communicate any problem that pertains to working conditions. A grievance committee is then selected to hear the cases filed and provide the right necessary solutions as quickly as possible. Because the company adheres to labor law and standards, it strives to provide solutions during this process. The HR department has efficiently developed a policy on grievances where it keeps internal conversations rolling about how to effectively improve and serve the needs of both employers and employees.

Effective labor-management relations help in achieving the Company's goals and objectives. This provides a competitive advantage to the organization if issues arising out of labor disputes are appropriately handled.

Emperador

EDI is committed to generating decent jobs that provide a living wage for workers and employment opportunities in the nearby town of the manufacturing plant. It is also committed to promoting a

fair and consistent implementation of labor law standards. In 2021, no pending labor case was noted and labor turnover was being managed by Human Resources.

Progreen works closely with unions to ensure that worker concerns are taken into account. The company maintains ongoing coordination with Union officers and adheres to the signed Collective Bargaining Agreement (CBA) that includes notice periods, consultation, and negotiation before implementing any changes that could affect employees.

Trade Unions (TU) are also recognized in three of WMG's significant locations, covering employees through a collective bargaining agreement that includes a notice period of 12 weeks. Maintaining good relations with TU partners and local representatives is essential to gain support for implementing operational change initiatives and building trust with employees.

Golden Arches

Labor Management relation sets the formal or informal ground rules/ policies and procedures for the organization. This helps maintain peace and order, and provides clarity on standards and expectations in case of conflict or grievances. Non-compliance on Labor laws and poor implementation of company policies may result in disputes and grievances, thus affecting the business and brand reputation.

Golden Arches has an RSC Manager leading the policy creation/ update, legal counsel, and committee being consulted before we implement any new / revised policy. The Organization also has a consulting group that guides and checks policy implementation on the ground. Moreover, Golden Arches has various communication avenues such as Employee Satisfaction Survey, Open Door, and One on One, and likes to air employees' concerns and issues.

Travellers

The target is to close levels 1 to 3 administrative cases within 15 days and Level 4 cases within 30 days.

This concern is managed by the Human Resources Department and the Legal and Corporate Affairs Department. Employees may reach out to the Organizational Department unit of the Human Resources Department to air grievances.

There is no collective bargaining agreement because there is no union within Travellers.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Megaworld					
Township Development	Philippines	Children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)	Does not directly impact indigenous people as most projects are in developed areas	<p>As the pioneer of township developments, it has always been Megaworld's pursuit to create game-changing property innovations that will improve livelihood and positively impact the nation.</p> <p>By spurring stronger economic activity through its townships, Megaworld will be able to promote reverse migration and persuade those who have left their localities to come back and build a career in their hometowns. This way, the Company also helps keep Filipino families intact.</p>	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.
Real Estate Development	Philippines	N/A	Does not directly impact indigenous people as	As Megaworld crafts a legacy of bringing value to people's lives through its real estate	As the company expands into more locations, it is able to provide more

			<p>most projects are in developed areas</p>	<p>offerings, the Company is also pursuing opportunities that will allow it to become more transformative and impactful as a developer.</p> <p>Through its wholly-owned subsidiary, Suntrust Properties, Inc. (SPI), Megaworld acquired Stateland Inc., a 42-year-old real estate company known for building affordable quality homes and communities in South Luzon and several parts of Metro Manila. This has allowed the Company to participate in the government's shelter programs, pioneering in areas with potential growth and conducive to economic development.</p>	<p>employment and business opportunities for all sectors of society.</p>
Office Development and Leasing	Philippines	N/A	<p>Do not directly impact indigenous people as most projects are in developed areas</p>	<p>Megaworld designs its buildings to adhere to Green building standards. This promotes employee well-being, which increases productivity in the workplace. Green developments also help reduce the carbon footprint of these buildings, thus, minimizing any unfavorable impact on the environment.</p> <p>These types of developments attract multinational corporations to locate</p>	<p>As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.</p>

				<p>their offices in the country and contribute over the long term to the government's efforts to provide more job opportunities in the country.</p>	
<p>Mall development and leasing</p>	<p>Philippines</p>	<p>N/A</p>	<p>Does not directly impact indigenous people as most projects are in developed area</p>	<p>Megaworld Lifestyle Malls epitomizes the Philippines most inventive lifestyle centers that offer groundbreaking experiences to the metropolitan communities of the country. Each mall has a unique personality and story that takes its guests on a world-class adventure through pioneering design, state of the art facilities, and commercial establishments never before seen in the Philippines. This way, Filipinos are exposed to world-class amenities and shopping experiences, while celebrating the country's local finest.</p> <p>Megaworld Lifestyle Malls likewise has converted several open spaces in its select lifestyle malls into outdoor farmers' markets to support Filipino farmers, fisherfolks, and food entrepreneurs who have been directly impacted by the global pandemic to showcase and market their products while giving the mall-going public access to a wide range of fresh fruits,</p>	<p>As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.</p>

				vegetables, seafood, meat products, and other food choices in a much safer shopping environment. This is part of the Company's continuing support to the government's thrust to help the economy recover fast.	
Hotel development and leasing	Philippines	N/A	Does not directly impact indigenous people as most projects are in developed areas	<p>Megaworld has been developing world-class hotels and resorts that benefit the status of the Philippines as a prime haven for international travelers. The Company has been closely working with the Department of Tourism (DoT) to ensure that the Company is able to customize its developments and services to the needs and peculiarities of the local tourism market through Megaworld Hotels.</p> <p>More than just developing hotels, Megaworld enlivens its hotels with the warmth and hospitality inherent to the Filipino culture. This Filipino brand of hospitality has become Megaworld Hotel's signature brand of service, setting them apart from other hotel developers and operators in the country.</p>	As the company expands into more locations, it is able to provide more employment and business opportunities for all sectors of society.
Community market across malls	Philippines	N/A	No	The community market across malls addresses the loss of employment	Provided space for community markets in malls featuring MSMEs and farmers.

				and business of MSMEs.	This can augment their businesses and supply goods for mall-goers.
Travellers					
Operates leisure and resort properties - gaming facilities with hotel, retail, dining, entertainment, and other leisure amenities	Philippines	N/A	No	The company generates tourism which boosts the economy and creates employment opportunities.	Travellers operates integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines. In relation to excessive use of resources, the company has programs on waste management and sustainability.
Other operations with significant impact to local communities: Bantay Langis Project	Philippines	N/A	No	Bantay Langis Project ensures proper collection, treatment, and disposal of hazardous wastes. It complies with RA 6969 "An Act to Control Toxic Substances and Hazardous and Nuclear Wastes, Providing Penalties For Violations Thereof, and for other Purposes."	The project benefits the locals, and the environment and provides livelihood and environmental sustainability in promoting zero-waste. It also provides savings to the company and promotes green initiatives.
Implementing a Solid Waste Diversion System	Philippines	N/A	No	The organization recognizes the importance of proper waste disposal as well as recycling wastes in overall environment protection—reducing	Waste recycling program of hotels in the Resorts World complex: left-over food, food scraps, fruit and vegetable peelings, tissues, and

				pollution and greenhouse gas emissions, improving air and water quality, and more.	other biodegradable waste are directly sent to JM Santos Hauling Services.
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GADC

Engaged in operations and franchising of quick-service restaurant business under the McDonald's brand	Philippines	Children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)	Does not directly impact indigenous people as restaurants are in located in developed areas	669 McDonald's stores nationwide produce huge amounts of wastes each month which could result in negative environmental impacts like land and water pollution, infectious diseases, and loss of biodiversity if not managed properly and efficiently.	To reduce waste generation, 12% of McDonald's packaging materials are sourced from recycled materials (plastic and/or paper).
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Food Safety Leadership	Philippines	N/A	No	Food Safety Leadership gives access to safe foods and a clean restaurant environment.	Food Safety Leadership ensures Food Safety Certifications by 3rd Party, ensuring consistency of Food Quality and Safety of Customers, and reduction of Food Safety and Quality related complaints.
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EMI

Manufacturing, bottling and distributing distilled spirits and other	Philippines, United Kingdom, Spain, and	Children and youth, elderly, persons with disabilities,	N/A	Distillery operations generate a large amount of GHG emissions. Additionally, it also results in a	Emperador Group continues to recycle cullet as a raw material in glass bottle production.
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alcoholic beverages	Mexico,	vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)		strong and high organic load of wastewater which causes river and coastal pollution.	<p>This process requires less energy, thus, less greenhouse gas (GHG) emissions.</p> <p>Aside from this, its Balayan and Nasugbu distillery plants reduce GHG emissions into the atmosphere by capturing raw CO₂ gas and processing it into liquidized CO₂. They also invested in an Anaerobic Digester, which reduces wastewater while generating a useful byproduct, biogas. The biogas produced through this process is used by the plant as a source of renewable energy.</p> <p>Moreover, the Balayan plants utilize distillery liquid waste as organic liquid fertilizer for sugarcane fields. They also implement Adopt-A-River Program and engage in tree-planting activities.</p>
Progreen Manufacturing, bottling and distributing distilled spirits and other alcoholic beverages	Philippines	Children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced	N/A	One of the specific concerns that the company addresses is the impact of untreated wastewater discharged into rivers on nearby communities. To mitigate this, Progreen utilizes distillery liquid waste as organic fertilizer for sugarcane	The company involves local communities in collaborative environmental management plans, livelihood improvement initiatives, and environmental programs.

		persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)		fields and has implemented an Adopt-A-River Program.	
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**Vulnerable sector includes children and youth, the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

AGI'S Management Approach for Local Communities

Community Impact

The Company gives back to the community through investing in CSR activities that uplift lives, protect the environment, and strengthen the Company's connection to its customers. AGI's Corporate Social Responsibility projects continued in 2022 through the group's different foundations headed by its subsidiaries (Megaworld Foundation, and Ronald Mcdonald House Charities) as well as through various Company-initiated programs.

Megaworld

Megaworld Corporation conducted a beach clean-up drive, as well as outreach activities for its communities. Megaworld also partnered with the DENR for its sea turtle nesting project which protected 135 sea turtle eggs.

Megaworld Foundation, the socio-civic arm of Megaworld Corporation, has been offering scholarships since 1999 and has programs on environmental care, charitable causes, and local cultural promotions.

Megaworld Foundation continued its partnerships with different schools and organizations for education and scholarship programs and conducted livelihood enhancement projects targeting low-income communities, and indigenous weavers in Lake Sebu. They also had relief operations where they gave food and slippers.

In the area of health, the Foundation initiated MegaClinics wherein medical equipment and supplies were donated to urban clinics in need. This activity served pregnant women, children, and the elderly.

This 2022, Megaworld Foundation, celebrated its 25th year anniversary, proving the continuous community support the Company has given through the years.

In addition, Megaworld’s Empire East is committed to giving back to communities, and this year, their Credit and Collection Department and General Administrative Services Department organized feeding programs, distributing food packs, rice, toys, and slippers to families and kids in marginalized areas in Capisan, Zamboanga City and nutritious meals to pre-school students in Brgy. Joson, Nueva Ecija City. Empire East also donated toilets, dippers, and pails to a school in Sta. Maria, Laguna. Through this project, Empire East is helping to educate families on hygiene and sanitation, and improving sanitation in the local community.

Emperador

The Emperador group actively participated in the celebration of the United Nations declaration of the year 2022 as the International Year of the Glass by providing a resource speaker for a glass manufacturing webinar series for engineering students dubbed as Glass-Is-Cool. They also sponsored science, technology, and management-related training sessions to equip selected students in surrounding communities with skills needed to succeed in the future.

Travellers

Under the ILE program of Travellers, employees are encouraged to join and volunteer in the different community-related projects of NWR.

Health and Safety

Disclosure	Quantity		Units
	2021	2022	
No. of substantiated complaints on product or service health and safety*	In 2021, Travellers recorded 62 reports of complaints on products or services related to Safety and Emergency Medical Assistance (Health). These are also addressed. Other AGI subsidiaries have no data available or received 0 complaints.	In 2022, there were no product or service health and safety complaints filed against AGI subsidiaries.	#
No. of complaints addressed			#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

AGI'S Management Approach for Customer Health and Safety

Health and Safety for customers are priorities to AGI and its subsidiaries. The company ensures the well-being of its employees and customers through compliance with health measures and provisions, as mandated by the government, were also followed at all sites. Where applicable, transactions and payments with customers were digitized to further reduce contact.

Food safety leadership

In the quick-service restaurant business which is under Golden Arches, food safety leadership, and food safety culture must be adhered to in all establishments. Food safety is upheld through regular third-party safety audits and food safety alignment with operations and certifying bodies.

For employees, food safety training is a regular part of the operations, as well as food safety week to uphold a food safety culture. Golden Arches' food safety culture even extends to suppliers who should also be aligned with the business standards on food. All of these result in consistent safe and quality products for customers.

In addition, EDI's products must go through registration with the Food and Drug Administration (FDA) before they can be distributed or sold to customers and consumers. This applies to both sourcing of raw materials/ingredients as well in the manufacturing process. EDI has also already obtained a Good Manufacturing Practice (GMP) Certificate with the FDA for their Biñan plant and had the GMP certificate recently approved for the Santa Rosa plant. The production plants have policies in place to ensure that they produce high-quality products that are safe to be consumed by their consumers. EDI also has a Quality Assurance department in their production plants to assess whether all products are manufactured according to their standards and policies.

Digitalization

Empire East adapted to the pandemic-induced shift in customer preferences by creating online client/buyer portals for more efficient transactions and a central customer grievance bank where any complaint may be formally filed, evaluated, and acted upon. In addition, the company also campaigned for herd immunity and implemented virtual walkthroughs and digital project presentations to prioritize the health and safety of their homebuyers.

GERI, like Empire East, also created a digitalized client management portal to address a range of concerns related to their properties including payments, paperwork and contracts, properties, turnover, and move-in. The company has also provided a way for members to provide feedback, showing their commitment to ensuring customer satisfaction.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p>Megaworld: Real estate, Office rentals, Mall rentals, Hotel operations, Consumer industry, Retail & commerce, leisure & entertainment</p>	<p><u>SDG 5: Gender Equality</u> Equal opportunities in employment, skills training, and career advancement</p> <p><u>SDG 6: Clean Water and Sanitation</u> Proper handling of wastewater and effluents through STPs in Megaworld properties prior to being discharged.</p> <p><u>SDG 7: Affordable and Clean Energy</u> Adapting DOE's Energy Efficiency Program</p> <p><u>SDG 11: Sustainable Cities and Communities</u> Supported the Plastic Smart Cities Campaign.</p> <p><u>SDG 12: Responsible Consumption and Production</u> Reallocation of excess materials from previous projects, use of natural materials</p> <p><u>SDG 13: Climate Action</u> -Adopt-a-Forest program -Management of mangrove forest in Palawan</p>	<p>Megaworld's operations on real estate and property development could potentially result in environmental risks and risks associated with health and safety.</p>	<p>The Company prides itself in being sustainable by maintaining an efficient system of handling natural resources and raw materials in its townships and development projects. Megaworld handles its environmental impacts through water management practices such as installing rainwater collection tanks to conserve water, as well as installing sewage treatment facilities that ensure all water discharged is within standard quality. On the other hand, the Company adapts DOE's Energy Efficiency program in its energy-saving initiatives. Furthermore, Megaworld puts an active stance on climate action with its Adopt-a-Forest program, as well as with its tree planting activities at the La Mesa Watershed and a 2035 carbon neutrality goal ever since the Company began tracking its GHG emissions.</p>
<p>Megaworld: Corporate Social Responsibility</p>	<p><u>SDG 1: No Poverty</u> -Stitches to Riches Livelihood Program for families in Megaworld-GK Village in Mandaluyong -Livelihood for street families and for those who lost their jobs living in Makati & Manila</p> <p><u>SDG 2: Zero Hunger</u> - Sustainable food source garden project (Cottolengo Filipino) - Rice Together Campaign: <ul style="list-style-type: none"> ● in 6 Barangays near Megaworld Projects (Donated 2,400 kgs of Rice in total) ● in Rizal that benefitted 200 families (Donation 2,000 kgs of Rice) - Feeding Program for 138 malnourished children (Negrense Volunteers for Change Foundation, Inc.)</p>	<p>Megaworld believes in bringing social change and opportunities to the communities that it supports. However, this could encourage a sense of dependence and complacency in the community to the Company's CSR programs.</p>	<p>Megaworld adapts CSR programs that have a strong focus on community development through livelihood and education. This promotes long-term benefits to the beneficiaries of its supported communities by becoming self-sufficient.</p>

	<p><u>SDG 4: Quality Education</u></p> <ul style="list-style-type: none"> - Continuous Scholarship Programs through Megaworld Foundation -Donated materials and equipment to produce educational materials needed for DepEd's Modular Educational System amidst COVID (6 public schools nationwide; 7 printers and printing materials; year 2020-2021) - Education on Wheels (Tech Voc to Degree) - E-Learning Hubs (Donated 2 Learning hubs in total) - Supported the construction of Yellow School of Hope for Badjao students in Basilan - Supported 20 classes of public school students in Marinduque for 1 Whole S.Y - Supported 5 Learning Hubs in Camarines Sur that will benefit 125 preschool students <p><u>SDG 5: Gender Equality</u></p> <ul style="list-style-type: none"> - Supported the education of the 10 abused girls in Cebu for 1 whole SY <p><u>SDG 8: Decent Work and Economic Growth</u></p> <ul style="list-style-type: none"> - Stitches to Riches Livelihood Program (Megaworld-GK residents in Mandaluyong) - Tinalak Weavers Livelihood Assistance Project: 10 IP weavers; South Cotabato (LASIWWAI Learning Institute) - Livelihood for street families or for those who lost their jobs (Makati & Manila) - Supported the Plastic Smart Cities Campaign. Livelihood (upcycle) for the community in Dosol, Sorsogon <p><u>SDG 10: Reduced Inequalities</u></p> <ul style="list-style-type: none"> -Support to 1 Deaf student's college education <p><u>SDG 13: Climate Action</u></p> <ul style="list-style-type: none"> - Planted 500 native seedlings in Tanauan Quezon <p><u>SDG 14: Life Below Water</u></p> <ul style="list-style-type: none"> - Supported the Plastic Smart Cities Campaign <p><u>SDG 15: Life on Land</u></p> <ul style="list-style-type: none"> - Planted 500 native seedlings in Tanauan Quezon 		
<p>Empire East: Residential Developments</p>	<p><u>SDG 11: Sustainable Cities and Communities</u></p> <p>Incorporation of Transit-oriented designs in developments</p> <p>The Company integrates transit-oriented designs in its developments which aim to</p>	<p>Excessive use of water resources during the construction and use/operational phases, as well as the absence of water conservation policies and programs within the business, pose a threat to</p>	<p>EELHI Project site teams work with the contractors in the identification of possible water conservation measures which includes regular maintenance of water pipelines, cistern tanks, and regular water potability tests.</p>

	<p>make people live closer to essential establishments—reducing their travel time and contributing to traffic decongestion.</p> <p>The Company also invests in open spaces in its developments which makes cities more liveable and contributes to a better quality of life.</p> <p><u>SDG 8: Decent Work & Economic Growth:</u></p> <p>Fostering Community Growth and Transformation</p> <p>Building a nation, boosting overall growth, and creating structures that will improve the quality of life for Filipinos are all benefits of developments that prioritize the value they can bring to communities. Additionally, this will lay the groundwork for economic growth and enable people to take on greater social responsibility and environmental stewardship.</p> <p>Urban regeneration</p> <p>New developments regenerate urban areas which might reduce crime rates, and increase of area security due to continuous development (impact area: Integrity and security of person)</p> <p>Leasing for local retailers</p> <p>New developments encourage new retailers near the site to be able to serve the homeowners or residents in the building.</p>	<p>hygiene, health, and sustainable development. (water availability, accessibility). Additionally, developments create more non-porous surfaces which leads to an increase in stormwater run-off.</p> <p>Homes built in water-stressed areas may have trouble obtaining licenses and permissions in the future and run the danger of having their land depreciate due to water shortage problems.</p>	<p>Furthermore, at present, there are no other water conservation measures being implemented.</p>
		<p>Residential construction projects require a significant amount of materials, especially during construction. This generates a lot of waste, while there are wastes that can be recycled, a significant amount of construction waste ends up in a landfill.</p>	<p>The Company's other constructions such as excess metals and PVC pipes, and office wastes are sold to third-party buyers for recycling and processing. The purchasing department also contracts third-party services to sell or dispose of scrap metals. These initiatives help reduce waste thus driving growth to the circular economy.</p> <p>Sites segregate trash as biodegradable, non-biodegradable, and recyclable for pickup of the Local Government Unit or third-party garbage collectors/contractors. Other construction and office wastes are sold to third-party buyers for recycling and processing such as excess metals, and PVC pipes. The purchasing department also contracts third-party services to sell or dispose of scrap metals</p>
		<p>The real estate and construction industries have a significant negative impact on the environment and also contribute significantly to global warming and climate change due to their extensive material and energy consumption during different construction stages.</p> <p>Development in areas highly susceptible to climate change impacts (i.e., storm events, flooding, extreme heat): Metro Manila is a city that is</p>	<p>The Company has not yet identified its climate-related risks and opportunities.</p>

		<p>very vulnerable to the effects of climate change. Already, storm events are becoming extreme, many areas are affected by flooding, and extreme heat affects the city. Developments in the urban core might exacerbate the effects of climate change, especially contributing to the urban heat effect.</p>	
		<p>The Company produces a significant amount of Scope 1 and 2 greenhouse gas emissions from electricity use for its buildings and the consumption of diesel and gas by its own vehicles. Additionally, there are no restrictions to control emissions, reduce consumption, or otherwise regulate them. Both contribute to global warming and to the worsening climate situation.</p> <p>Diesel equipment used in sites during different construction stages are also a major source of GHG emissions within the organization.</p>	<p>Empire East keeps track of its energy and GHG emissions. However, no evaluation parameter for energy and GHG emissions management throughout the stages of construction projects exists at this time.</p>
		<p>The Company is primarily engaged in construction activities, which have an impact on the management of construction waste, which includes hazardous materials like oil, paints, and other chemicals as well as plastic, metal, wood, and concrete. Soil disturbance and erosion are another impacts. Infrastructures also restrict the amount of permeable soil that water can seep into, causing runoff or stormwater to flow over the surface. Additionally, this leads to the formation of sediment that is hazardous to aquatic life and bodies of water, and it also has the potential to contaminate drinking water.</p>	<p>Empire East’s developments comply with the Philippine Green Building Code in collaboration with design consultants who ensure the preparation of Green Building-compliant designs. These designs include the specification of environment-friendly materials, the construction of rainwater collection tanks, and a wastewater treatment facility that recycles water to be used for landscape irrigation purposes.</p>
<p>Travellers: CSR and Sustainability Programs:</p>	<p><u>SDG 6: Clean water and sanitation</u> Bantay Langis Project is a CSR program of Travellers in partnership with ABS-CBN</p>	<p>These are not expected to generate negative impacts as they are aligned and</p>	<p>These programs are implemented to manage risks and negative socio-</p>

	<p>Foundation, Inc - Bantay Kalikasan. This is an advocacy and media campaign to inform the public of the dangers of improper handling and disposal of used kitchen and industrial oil. It contributes to SDG 6: Target 6.3 which aims to improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally by 2030.</p> <p><u>SDG 12: Responsible consumption and production</u> Implementing a Solid Waste Diversion System</p> <p>Waste Recycling program of hotels in the Resorts World complex.</p> <p>Proper disposal of left-over food, food scraps, fruit and vegetable peelings, tissue, and other biodegradable waste.</p>	<p>implemented to directly address sustainability goals.</p>	<p>environmental impacts of other areas of the business.</p>
<p>GERI: Digitalization</p>	<p><u>SDG 15 - Life on Land</u></p> <p>GERI increased its digital capabilities and adapted its processes to the needs of its customers and employees through increased digitization since 2021. This is especially important for selected properties, as the Company positions its products and services as “workcation” properties or destinations</p> <p>GERI is maximizing digital platforms such as Cloud Migration, Client Management Portal, paperless transactions, and virtual turnover for its customers.</p>	<p>Mismatch of software and digital literacy of employees may pose a disadvantage in maximizing the full capacity of purchased digital platforms. Continuous training is important.</p>	<p>Training of employees in the proper usage of computers is regularly conducted.</p> <p>Any unserviceable computers or equipment is surrendered to accredited processing units for proper disposal.</p> <p>Monitoring and reassessment of the implementation of the OHS Policy of the Company is being conducted regularly.</p>
<p>Emperador: Brandy and whisky manufacturing</p>	<p><u>SDG 3: Good Health & Well-being:</u> Emperador and its subsidiaries promote not just physical, but also mental well-being through seminars, health programs, and vaccination programs for COVID-19.</p> <p><u>SDG 8: Decent Work & Economic Growth:</u> Emperador and its subsidiaries provide fair compensation and benefits to its employees while giving livelihood opportunities to its neighboring communities, such as the local farming communities that grow our raw materials.</p> <p><u>SDG 12: Responsible Consumption & Production:</u> Emperador and its subsidiaries explore ways to utilize</p>	<p>Their manufacturing process partially relies on the use of fossil fuels as an energy source which produces greenhouse gas emissions.</p> <p>Their manufacturing process utilizes water, which if unregulated, can contribute to excessive water consumption.</p> <p>Their packaging, if sourced by unsustainable means, can negatively impact the environment and can</p>	<p>Emperador and its subsidiaries have systems in place for managing our energy and water consumption. They are also exploring the use of renewable energy sources for our distilleries in Europe. WMG has a Green Print strategy that aligns the company with the goal of zero carbon emissions in the future, with several programs in place to meet the said goal.</p> <p>Emperador's glass manufacturer recycles a large</p>

	renewable energy through energy-efficient technology such as solar lamps, plants, and electric vehicles. The company also adopts water conservation and management programs across its plants.	contribute to landfill-bound waste	percentage of its glass, which in turn reduces its energy consumption. All subsidiaries manage and aim to mitigate their landfill-bound waste through their respective waste management programs.
Emperador: CSR and Sustainability Programs	<p><u>SDG 4: Quality Education</u> Bodegas Fundador and Emperador Distillers, Inc. promote the accessibility of quality education through their respective scholarship programs for students.</p> <p><u>SDG 13: Climate Action, SDG 14: Life Below Water, SDG 15: Life On Land</u> Apart from responsibly managing the environmental impacts of our supply chain, Emperador and its subsidiaries also fund and participate in programs for biodiversity conservation and greening.</p> <p><u>SDG 17: Partnerships for the Goal</u> Bodegas Fundador partners with government agencies and other civil organizations to carry out programs aligned with the UN SDGs. They have been awarded by the Confederation of Cadiz Entrepreneurs for their commitments to the UN SDGs.</p>	These are not expected to generate negative impacts as they are aligned and implemented to directly address sustainability goals.	These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business such as manufacturing.
GADC: CSR and Sustainability Programs	<p><u>SDG 7: Affordable and clean energy</u></p> <p>Green & Good Program - Ensures environmental footprint is low in locations where McDonald's operates. -Opened 2nd Green & Good restaurant: McDonald's Shaw Blvd. Wack Wack</p> <p>Use of LED lights, solar lamp posts, and VRF air-conditioning systems to reduce energy consumption and GHG emissions</p>	These are not expected to generate negative impacts as they are aligned and implemented to directly address sustainability goals.	These programs are implemented to manage risks and negative socio-environmental impacts of other areas of the business.

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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Form Type

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(For March 31, 2023)

Department requiring the report

S	E	C
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Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale

COMPANY INFORMATION

Company's Email Address

dinainting@allianceglobal.com.ph

Company's Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

No. of Stockholders

989

Annual Meeting
Month/Day

3rd Thursday of June

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

DINA INTING

Email Address

dinainting@allianceglobal.com.ph

Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

Contact Person's Address

7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
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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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **March 31, 2023**
2. *SEC Identification Number* **AS093-7946**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. *(SEC Use Only)*
Industry classification code
7. **7thFloor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City**
Address of principal office
8. **(632) 870920-38 to -41**
Registrant's telephone number, including area code
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

<i>Title of Each Class</i>	<i>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</i>
Common	9,103,689,779 (net of 1,166,138,200 buyback shares held by AGI)
10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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.*

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

PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Income
Consolidated Statements of Changes in Equity
Consolidated Statements of Cash Flows
Notes to Interim Consolidated Financial Statements
Schedule of Financial Soundness Indicators
Aging Schedule of Trade and Other Receivables Under Current Assets

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Financial Reporting Standards (“PFRS”) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as of and for the year ended December 31, 2022 (“ACFS”). The accounting policies and methods used in the ICFS are consistent with those applied in ACFS. The amendments to existing standards adopted by the Group effective January 1, 2023 do not have material impact on the Group’s ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

The ICFS comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and presented at cost as part of Treasury Shares in the consolidated statements of changes in equity. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital.

Business Segments

The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR (formerly known as RWM), and GADC, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (real estate property development and leasing, manufacture and distribution of distilled spirits, leisure-entertainment and hospitality, and quick-service restaurants operations) (see Note 4 to the ICFS).

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

Please refer to Note 1 to the ICFS and ACFS for a comprehensive list of subsidiaries, associates and joint ventures.

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF INTERIM FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Key Performance Indicators – Top Five

In Million Pesos	Q1 2023	Q1 2022	YoY	YoY %	Q1 2019	2023 vs2019	%
REVENUES AND INCOME	50,288	37,498	12,790	34.1%	41,048	9,240	22.5%
NET PROFIT ["NP"]	7,126	5,350	1,776	33.2%	6,523	603	9.2%
NET PROFIT TO OWNERS ["NPO"]	4,678	3,887	791	20.4%	4,352	326	7.5%
NP rate ["NPR"]	14.17%	14.27%			15.9%		
NPO rate ["NPOR"]	9.30%	10.37%			10.6%		
EBITDA Margin	28.38%	29.86%			28.9%		
Return on investment/assets [NP/TA]	0.94%	0.76%					
	Mar 31, 2023	Dec 31, 2022	Q1 2023	%			
TOTAL ASSETS	756,419	748,020	8,399	1.1%			
CURRENT ASSETS	381,433	375,183	6,250	1.7%			
CURRENT LIABILITIES	172,263	158,523	13,740	8.7%			
Current ratio	2.21x	2.37x					
Quick ratio	1.0x	1.09x					
	Q1 2023	Q1 2022	YoY	YoY %	Q1 2019	2023 vs2019	%
Profit before tax and interest expense	11,718	8,847	2,872	32.5%	9,867	1,851	18.8%
Interest expense	2,737	1,730	1,007	58.2%	1,479	1,258	85.1%
INTEREST COVERAGE	4.28x	5.11x			6.7x		

In 2019, a one-time income of P0.2 billion was booked by Megaworld from sale of investment in an associate. Net effect to NP was P0.2 billion and to NPO was P0.1 billion.

- Revenue growth – measures the percentage change in sales/revenues over a designated period. Performance is measured in terms of both amount and volume, where applicable.
- Net profit growth – measures the percentage change in net profit over a designated period of time
- Net profit rate – computed as percentage of net profit to revenues - measures the operating efficiency and success of maintaining satisfactory control of costs
- Return on investment [or capital employed] – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net income
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities
- Interest coverage ratio - computed as profit before tax and interest expense divided by interest expense -measures the business' ability to meet its interest payments.

Results of Operations – First Quarter 2023 vs 2022

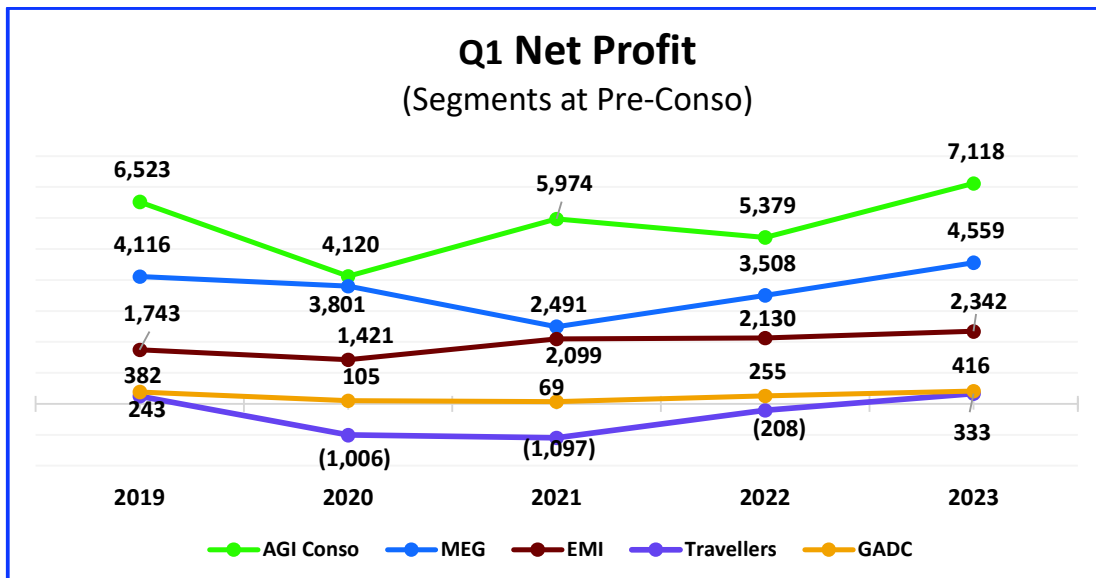
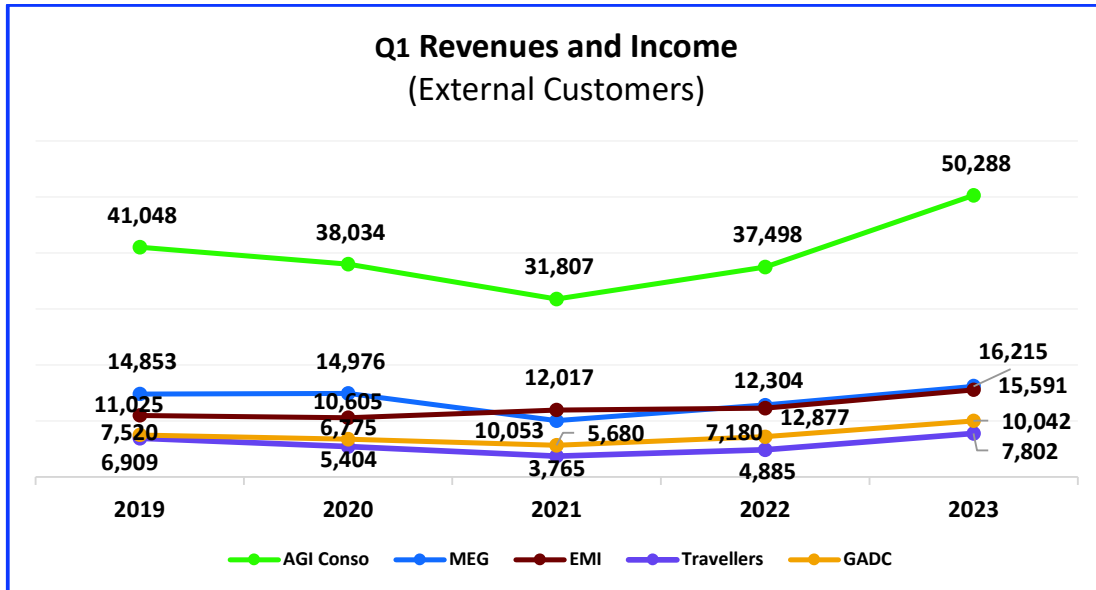
The **Philippine economy**¹ grew 6.4% in the first quarter (“Q1”) this year, slower than 7.1% in fourth quarter (“Q4”), yet beating market consensus and within the government target of 6% to 7% for 2023. Domestic economic activities continued to benefit from a better business environment under Alert Level 1² amid still high inflation³ and continued interest rate hikes. The

¹ Source of GDP year-on-year growths: Philippine Statistics Authority ref. 2023-171 released on May 11, 2023.

² Businesses and transportation are at full capacity under Alert Level 1 which started in March 2022 for Metro Manila and most parts of the country (only 26 areas are under Alert Level 2 as of April 30, 2023). The COVID-19 pandemic which broke out in 2020 put the world under a public health emergency of

lingering COVID-19 pandemic was seen subsiding and this allowed easing of mobility restrictions and resumption of travel that helped drive economic growth and the Group's businesses.

The Group, a premium lifestyle conglomerate, started the current year robustly with Q1 results outperforming comparable period last year and exceeding pre-pandemic Q1 2019 results. All business segments achieved remarkable Q1 growths in topline and bottom lines versus the said comparable periods. Revenues and income surged 34% YoY to P50.3 billion and net profit ("NP") soared 33% YoY to P7.1 billion on the strength the Group's diversified revenue streams, strong brand equity, creative offerings and aggressive market positioning as economic activities fully opened up.



international concern that caused governments worldwide to impose, and re-impose, mobility and lockdown restrictions. As the pandemic situation improves due to vaccination, economic activities and travel resume.

On May 5, 2023, WHO declared that the pandemic is no longer a global health emergency, but the danger of the pandemic remains.

³ The inflation rates in the Philippine peaked to 8.7% in January 2023 but eased in following months (8.6% in February, 7.6% in March and 6.6% in April). The same slow fall in growths was seen in Spain, Mexico and USA while UK remained flat in March.

Amid rising costs and expenses, gross profit rate (“GPR”) and NP rate (“NPR”) remained stable at 42% and 14%, respectively, as they were a year ago. NP to owners (“NPO”) rate (“NPOR”) contracted to 9% from 10% a year ago mainly due to increase in public float of EMI from a year ago.

By business segments, as represented by the major subsidiary groups:

In Million Pesos	Contribution [Conso]	Q1 2023 Pre Conso	Q1 2023 Conso	Q1 2022 Pre Conso	Q1 2022 Conso	YoY Conso	YoY % Conso	Q1 2019 PreConso	Q1 2019 Conso
Revenues and income	100%	50,344	50,288	37,681	37,498	12,790	34.1%	41,093	41,048
Megaworld	32%	16,274	16,215	12,950	12,877	3,338	25.9%	14,893	14,853
Emperador	31%	15,591	15,591	12,309	12,304	3,288	26.7%	11,025	11,025
Travellers ^a	16%	7,802	7,802	4,886	4,885	2,917	59.7%	6,912	6,909
Golden Arches	20%	10,026	10,042	7,193	7,180	2,863	39.9%	7,520	7,520
Others	1%	651	638	343	253	386	34.1%	743	741
Cost and expenses	100%	41,371	41,307	30,862	30,709	10,598	34.5%	32,707	32,660
Megaworld	26%	10,544	10,544	8,556	8,529	2,014	23.6%	9,369	9,369
Emperador	31%	12,802	12,758	9,830	9,741	3,017	31.0%	9,005	8,995
Travellers	18%	7,462	7,446	5,093	5,105	2,342	45.9%	6,659	6,648
Golden Arches	23%	9,384	9,379	6,737	6,693	2,687	40.1%	6,976	6,952
Others	3%	1,180	1,180	647	641	539	84.0%	698	696
Tax expense	100%	1,856	1,856	1,440	1,440	416	28.9%	1,865	1,865
Megaworld	63%	1,172	1,172	886	886	285	32.2%	1,409	1,409
Emperador	24%	448	448	349	349	98	28.2%	278	248
Travellers	0%	7	7	1	1	6	579.4%	10	10
Golden Arches	12%	226	226	201	201	25	12.3%	162	162
Others	0%	3	3	2	2	2	101.3%	6	6
Net profit	100%	7,118	7,126	5,379	5,350	1,776	33.2%	6,521	6,523
Megaworld	63%	4,559	4,500	3,508	3,461	1,038	30.0%	4,115	4,075
Emperador	33%	2,342	2,386	2,130	2,214	172	7.8%	1,742	1,752
Travellers ^a	5%	333	348	(208)	(221)	569	257.7%	243	251
Golden Arches	6%	416	437	255	286	151	53.0%	382	406
Others	-8%	(533)	(545)	(305)	(391)	(154)	(39.5%)	39	39
Net profit to owners	100%	6,623	4,678	4,913	3,887	791	20.4%	6,240,	4,352
Megaworld	61%	4,084	2,868	3,069	2,351	518	22.0%	3,836	2,536
Emperador	41%	2,318	1,915	2,098	1,884	31	1.6%	1,738	1,448
Travellers ^a	5%	334	214	(207)	(115)	329	286.8%	245	118
Golden Arches	5%	419	227	258	157	69	43.9%	383	212
Others	-12%	(533)	(545)	(305)	(391)	(155)	(39.7%)	38	38

*Note: Numbers may not add up due to rounding off
“Pre-conso” refers to numbers at subsidiary level; Revenues and income here presented may slightly differ due to reclassifications for alignment made at consolidation level. “Conso” represents numbers from external customers, i.e. after elimination/ consolidation adjustments.*

Megaworld, the county’s pioneer township developer, opened the year with reported Q1 revenues and income of P16.2 billion, NP of P4.6 billion and NPO of P4.1 billion, swelling 24%, 30% and 33% YoY, respectively, surpassing comparable pre-pandemic Q1 2019 results, which were accredited largely to the double-digit growths in all of its revenue streams. Costs and expenses expanded 20% YoY, mainly due to expansion in revenues and interest costs. GPR remained comparatively stable at 48% while NPR and NPOR improved to 28% and 25%, respectively, as compared to 27% and 23% a year ago.

Real estate sales, which comprised 64% of Megaworld’s main revenue streams this interim period, climbed 17% YoY to P9.4 billion as construction activities continued to pick up and project completions increased during the period. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 63%-18%-12%-7%. About 64% of sales were from Metro Manila projects, 16% Cavite-Laguna-Batangas-Rizal and 4% Iloilo. Reservation sales in Q1 surged 71%

YoY to P39.6 billion.

Rental income, which comprised 30% of Megaworld's main revenues in Q1, increased 18% YoY to P4.4 billion mainly from increase in occupancy rates and increase in foot traffic. *Megaworld Premier Offices* grew 5% YoY to P3.1 billion as occupancy rate hovered at 90%, much higher than industry experience. *Megaworld Lifestyle Malls* showed a spike of 73% YoY to P1.2 billion rentals, mainly driven by consumer spending, higher foot traffic and occupancy rate of 90%.

Megaworld Hotels & Resorts reported hotel revenues of P0.8 billion, a 62% leap YoY reflective of the sustained performance of its in-city hotels and increase in leisure and MICE activities. Hotels in Metro Manila attained 66% occupancy rate for the current interim period.

These operating results brought in 32%, 63% and 61% to AGI's consolidated revenues and income, NP and NPO, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, opened the current year with Q1 revenues and income surging 26% YoY to P15.6 billion and NP jumping 10% YoY to P2.3 billion, buoyed by strong demand for its diversified Brandy and Scotch Whisky portfolio. Global business remained healthy during the quarter amid high inflation, rising interest rates, supply chain disruptions⁴ and logistic pressures. In the current quarter, the group achieved a 33% GPR compared to 32% a year ago as costs grew at a slower pace than revenues, mainly due to high-margin branded business. The group resumed advertising and promotional spending and physical meetings to end the quarter with NPR of 15% as compared to 17% a year ago.

The Brandy segment grew its Q1 external revenues and income 28% YoY to P9.8 billion, as global operations in Philippines, Spain and Mexico delivered remarkable growths. GP expanded 25% YoY to P2.4 billion, resulting in GPR standing at 25%, easing from 26% a year ago. With increased promotional activities and higher interest rates (especially EURIBOR), NPR and NPOR were registered at 10% from 15% a year ago.

The Scotch Whisky segment grew its Q1 external revenues and income 24% YoY to P5.8 billion, driven by the single malt products which accounted for 67% of segment's sales (as compared to 64% a year ago). Scotch Whisky products sold strongly in UK, Asia Pacific, Europe and North America as restrictions eased in most regions and global travel retail opened up. Supply chain challenges continued to affect this segment's markets, yet demand remains high with orders on hand. GP expanded 45% YoY to P2.7 billion, resulting in GPR rising to 46% from 40% a year ago, on the back of high-margin single malts. The increase in promotional spending and return-to-office related expenses resulted in NP and NPOR jumping to 23% as compared to 19% a year ago.

Emperador group contributed 31% to AGI's consolidated revenues and income, 33% to consolidated NP, and 41% to consolidated NPO.

Travellers, the owner and operator of Newport World Resorts ("NWR") (formerly, Resorts World Manila), an integrated tourism resort in Pasay City, started the year strongly with revenues soaring 63% YoY to P7.9 billion and ending Q1 with NP of P0.3 billion, a 260% turnaround from a year ago, as current operations normalized to pre-pandemic state (as compared to comparable period last year wherein travel and mobility restrictions were in place). Both gaming and non-gaming segments delivered double-digit growths, with direct costs increasing at a slower pace 45% YoY, resulting in improved GPR of 44% as compared to 37% a year ago. Current

⁴ China's Zero-COVID policy caused supply chain disruptions from its imports and exports, and this continued until early December 2022.

operations required higher general and administrative expenses and interest costs, resulting in NPR of 4%.

Gross gaming revenues climbed 36% YoY while promotional allowance jumped 7% YoY, resulting in net gaming revenues growth of 56% YoY to P6.1 billion at end of quarter. Current overall drops improved across all gaming segments YoY

Non-gaming core revenues (from hotels, food, beverage and other operating income) almost doubled to P1.8 billion, up 93% YoY from P0.9 billion last year, following the increase in number of mall goers, hotel occupancy, corporate events and MICE activities. Hotel occupancy rates of the 5 hotels in NWR ranged 66% to 85% (47% to 85% a year ago), and the hotel in Iloilo registered an occupancy rate of 29% (16% a year ago).

Travellers group accounted for 16%, 5% and 5% of AGI's consolidated revenues and income, consolidated NP and consolidated NPO, respectively.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, grew its Q1 net profit 63% YoY to P0.4 billion as it hit a record-high Q1 core revenues of P9.9 billion, up 38% YoY. With cost of sales growing 39% YoY which was about same pace as revenues, GPR remained stable at 24% while NPR remained stable at 4%. The group benefited from an almost non-existent mobility constraint.

Systemwide store sales for Q1 rose 35% YoY, propelled by front-counter channels shooting up 71% with dine-in sales doubling YoY. Same-store sales expanded 28% YoY. McDonald's focused on its Value program and brand trust campaign in Q1 which highlighted its priority trust pillars, namely food safety and quality, and people. These were complemented by flavor stimulation with the return of a popular limited time offer 'Fish & Fries' and a new limited time offer 'CheeseDunk'. McDonald's also launched 'Crave&Claim Fest' in McDonald's app which provided additional sales and guest count performance. The group opened 1 store in Mindanao and closed 2 stores in Q1, ending the quarter with 703 stores from 704 stores at the beginning of the year. Stores were concentrated 82% in Luzon, including Metro Manila. Kitchen improvements and store reimaging, including restaurant innovations, continued in Q1.

These operating results translated into 20% contribution to consolidated revenues and income, 6% to consolidated net profit and 5% to net profit to owners of AGI.

By profit and loss accounts:

The preceding discussions are reflected in the consolidated profit and loss accounts, as shown below:

In Million Pesos	Q1 2023	Q1 2022	YoY	%
REVENUES AND INCOME				
Sale of goods	24,965	20,050	4,915	24.5%
Consumer goods	15,556	11,999	3,557	29.6%
Revenue from real estate (RE) sales	9,409	8,051	1,358	16.9%
Rendering of services	23,111	16,340	6,772	41.4%
Gaming	8,893	6,530	2,363	36.2%
Less: Promotional allowance	(2,780)	(2,607)	(172)	6.6%
Net Gaming	6,113	3,923	2,190	55.8%
Sales by company-operated quick-service restaurants	9,039	6,515	2,524	38.7%
Franchise revenues	890	659	231	35.0%
Rental Income	4,496	3,862	635	16.4%
Others	2,573	1,381	1,192	86.3%
Hotel operations	2,223	1,246	977	78.4%
Other services	349	135	215	159.5%
Share in net profit of associates and joint ventures	70	-	70	
Finance and other income	2,142	1,108	1,033	93.3%
TOTAL	50,288	37,498	12,790	34.1%

In Million Pesos	Q1 2023	Q1 2022	YoY	%
COST AND EXPENSES				
Cost of goods sold	15,209	12,270	2,939	24.0%
Consumer goods sold	10,396	8,153	2,243	27.5%
RE sales	4,813	4,117	696	16.9%
Cost of services	12,497	8,811	3,686	41.8%
Gaming	2,729	1,946	783	40.2%
Services	9,768	6,865	2,903	42.3%
Other operating expenses	10,479	7,699	2,780	36.1%
Selling and marketing	3,490	2,703	787	29.1%
General and administrative	6,989	4,996	1,992	39.9%
Share in net losses of associates and joint ventures	-	42	(42)	(100.0%)
Finance cost and other charges	3,122	1,887	1,235	65.4%
TOTAL	41,307	30,709	10,598	34.5%
TAX EXPENSE	1,856	1,440	416	28.9%
NET PROFIT	7,126	5,350	1,776	33.2%
NET PROFIT TO OWNERS	4,678	3,887	791	20.4%

Note: Numbers may not add up due to rounding off. Percentages are taken based on full numbers, not from the presented rounded amounts.

Revenues and income, as a result of the foregoing discussions, increased 34% YoY (+P12.8 billion) to P50.3 billion in Q1, surpassing pre-pandemic Q1 of 2019. **Sale of goods** (real estate, alcoholic beverages and snack products) escalated 24% YoY (+P4.9 billion) to P25.0 billion as real estate sales jumped 17% YoY (+P1.4 billion) and sales of consumer goods climbed 30% YoY (+P3.6 billion) to P15.6 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) ballooned 41% YoY (+P6.8 billion) to P23.1 billion as all sources registered double-digit growths. Net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations climbed 56% (+P2.2 billion), 39% (+P2.5 billion), 35% (+P.2 billion), 16% (+P0.6 billion) and 78% (+P1.0 billion), respectively. **Share in net profit of associates and joint ventures** was attributable due to incurred profits of an associate of Megaworld and Emperor's joint venture. **Finance and other income** almost doubled to 93% YoY (+P1.0 billion) to P2.1 billion mainly due to foreign currency gains and interest income earned during the quarter.

Costs and expenses increased 34% YoY (+P10.6 billion) to P41.3 billion. **Cost of goods sold** and **cost of services** increased 24% YoY (+P2.9 billion) and 42% YoY (+P3.7 billion), respectively, due to increases in sales/services and rising costs. **Other operating expenses** went up 36% YoY (+P2.8 billion) to P10.5 billion due to resumption of business activities and promotions. **Finance and other charges** surged 65% YoY (+P1.2 billion) to P3.1 billion due mainly to higher interest expense during the period attributable to loans drawn during the interim and high interest rates.

Tax expense increased 29% YoY (+P0.4 billion) to P1.9 billion primarily due to higher taxable income of the Group during the period.

Earnings before interest, taxes, depreciation and amortizations (EBITDA) (computed as net profit before income taxes, interest expense, depreciation and amortizations) increased 27% YoY (+P3.1 billion) to P14.3 billion from P11.2 billion a year ago, exhibiting 28% and 30% EBITDA rate, respectively.

Net profit increased 33% YoY (+P1.8 billion) at P7.1 billion as compared to P5.4 billion last year.

Net profit attributable to AGI owners also increased by 20% (+P0.8 billion) at P4.7 billion as compared to P3.9 billion a year ago.

Financial Condition

Consolidated total assets amounted to P756.4 billion at end of the interim period from P748.0 billion at beginning of year, a 1% growth (+P8.4 billion) in the first three months of the year. The Group is liquid with **current assets** exceeding **current liabilities** 2.2 times at the end and 2.4 times at the beginning of the interim period. Current assets amounted to P381.4 billion while current liabilities amounted to P172.3 billion at end of the interim period.

Cash and cash equivalents were depleted by 4% (-P2.8 billion) during the interim, ending at P77.1 billion from P79.9 billion at the beginning of the year, primarily due to uses in financing activities (net payments of loans, interest, lease) and investing activities (capital expenditures, advances) outpacing cash provided by operating activities. Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

In summary, the **accounts with at least +/- 5% changes** from year-end were as follows.

Contract assets, which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, increased 7% (+P1.0 billion) for **currently** maturing assets while the **non-currently** maturing assets depleted 1% (-P0.06 billion).

Other current assets increased 7% (+P1.4 billion) mainly from increase in deferred commission, deferred input vat and other prepayments, generally due to timing of payments.

Financial assets at fair value through other comprehensive income increased 18% (P0.06billion) mainly from marked-to-market valuation during the period.

Current interest-bearing loans increased 9% (+P3.0 billion) while **non-current interest-bearing loans** decreased 1% (-P1.3 billion), for a net increase of P1.6 billion, from additional loans, drawdowns and refinancing partly reduced by principal payments during the period.

Current bonds payable swelled 82% (+P11.6 billion) while **non-current bonds payable** shrank by 40% (-P12.5 billion), for a net decrease of 2% (-P 1.0B), from USD translation adjustment. These bonds are all issued by Megaworld.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion decreasing 25% (-P0.9 billion) and **non-current portion** increasing 16% (+P0.8billion) during the interim period.

Income tax payable grew 10% (+P0.2 billion) to P2.5 billion due mainly to higher taxable income during the interim period.

Advances from other related parties fell 11% (-P0.2 billion) to P1.5 billion from payments of Megaworld accounts.

Retirement benefit obligations declined 45% (-P0.3 billion) to P0.4 billion from changes in assumptions and benefit payments in retirement plans of Travellers, GADC, Megaworld and Emperor.

The **changes in equity components** are presented in detail in the interim consolidated statements of changes in equity. The changes were mainly from net profit during the period, acquisition of treasury shares and change in percentage of beneficial ownership.

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2.2times at end of interim period. The interim period opened and closed with total-liabilities-to-equity ratio of 1.0 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities 2.0times, and equity 2.0times at the beginning and end of the interim period.

In general, working capital and investing expenditures during the period were sourced internally from operations and externally through bank loans. The Group may also from time to time seek other sources of funding, if necessary, depending on its financing needs and market conditions.

Amounts in Million Pesos	March 2023	December 2022	December 2021
Cash and cash equivalents	77,087	79,929	82,278
FVTPL/ FVOCI financial assets	15,415	15,305	13,934
Total Available	92,502	95,235	96,212
Interest-bearing debt- current	35,466	32,504	80,304
Interest-bearing debt noncurrent	134,978	136,288	93,109
Bonds payable- current	25,599	14,026	-
Bonds payable- noncurrent	18,664	31,213	41,982
Total Debt	214,706	214,031	215,395
Net cash (debt)	(122,204)	(118,796)	(119,183)
Available cash and financial assets to debt	43.08%	44.50%	44.67%
Total debt to total equity	57.49%	58.48%	64.25%
Net debt to total equity	32.72%	32.46%	35.55%

Prospects for the future

The Group remains optimistic in its prospects ahead as it anchors its growth on the Group's strong brands, creative marketing strategies, extensive distribution network, and overall financial strength. It is mindful of the current challenges in global and domestic economies.

The Group, with its diversified businesses, has a proven record of creating value over time and is confident in its ability to deliver sustainable profitable growth and value for its stakeholders, backed by its overall agility and versatility.

Others

There were no known material events subsequent to the end of the interim period that would have a material impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have nor anticipate having any cash flow or liquidity problems within the year. AGI and its subsidiaries are not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Company, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are also no known events that will cause material change in the relationship between costs and revenues.

There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

SIGNATURE

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

Alliance Global Group, Inc.

Issuer

By:



DINA D.R. INTING

Chief Financial Officer/

Corporate Information Officer/

(As Principal Financial/Accounting Officer)

May 15, 2023

Alliance Global Group, Inc. and Subsidiaries
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule of Financial Soundness Indicators
Annex 68-E
As of March 31, 2023

Ratio	Formula	3/31/2023	12/31/2022
Current ratio	Current assets / Current liabilities	2.21	2.37
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	1.00	1.09
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.07	0.24
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds payable)	0.57	0.58
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.03	2.04
		3/31/2023	3/31/2022
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	4.28	4.92
Return on investment	Net profit / Total stockholders' equity	0.02	0.02
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.02	0.02
Return on assets	Net profit/ Total assets	0.009	0.01
Net profit margin	Net profit / Total revenues	0.14	0.14

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	March 31, 2023	December 31, 2022
	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 77,087,445,508	P 79,929,420,988
Trade and other receivables - net	80,046,383,955	78,381,241,085
Contract assets	14,614,302,288	13,613,227,726
Financial assets at fair value through profit or loss	15,011,993,526	14,962,280,499
Inventories - net	173,159,593,362	168,184,703,157
Other current assets	<u>20,536,384,091</u>	<u>19,150,406,701</u>
	380,456,102,730	374,221,280,156
Non-current assets classified as held for sale	<u>976,664,975</u>	<u>961,744,740</u>
	381,432,767,705	375,183,024,896
NON-CURRENT ASSETS		
Trade and other receivables - net	21,560,401,301	22,030,887,658
Contract assets	5,949,427,458	6,006,696,047
Advances to landowners and joint operators	7,802,980,117	7,896,413,808
Financial assets at fair value through other comprehensive income	402,836,872	342,843,851
Investments in associates and joint ventures	6,562,880,188	6,441,645,845
Property, plant and equipment - net	148,848,502,227	148,458,368,969
Investment properties - net	131,360,159,350	129,355,913,097
Intangible assets - net	40,984,031,414	40,665,090,713
Deferred tax assets - net	5,073,718,057	5,062,963,643
Other non-current assets	<u>6,441,295,306</u>	<u>6,576,302,090</u>
	374,986,232,290	372,837,125,721
TOTAL ASSETS	<u>P 756,418,999,995</u>	<u>P 748,020,150,617</u>

	March 31, 2023 (UNAUDITED)	December 31, 2022 (AUDITED)
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 84,802,200,821	P 84,620,688,818
Interest-bearing loans	35,466,191,171	32,504,240,444
Bonds payable	25,598,728,752	14,026,453,110
Lease liabilities	1,342,837,110	1,361,900,995
Contract liabilities	2,531,919,736	3,392,947,567
Income tax payable	2,526,300,537	2,299,470,084
Advances from other related parties	1,455,342,348	1,627,756,528
Other current liabilities	18,539,820,868	18,689,682,065
	<u>172,263,341,343</u>	<u>158,523,139,611</u>
Total Current Liabilities		
NON-CURRENT LIABILITIES		
Interest-bearing loans	134,977,632,122	136,287,705,784
Bonds payable	18,663,549,050	31,212,622,400
Lease liabilities	16,191,057,327	16,405,976,571
Contract liabilities	5,631,262,885	4,853,473,963
Retirement benefit obligation	415,037,415	754,923,733
Redeemable preferred shares	1,574,159,348	1,537,091,539
Deferred tax liabilities - net	19,867,119,127	19,323,313,874
Other non-current liabilities	13,369,056,758	13,153,790,806
	<u>210,688,874,032</u>	<u>223,528,898,670</u>
Total Non-current Liabilities		
Total Liabilities	<u>382,952,215,375</u>	<u>382,052,038,281</u>
EQUITY		
Equity attributable to owners of the parent company	240,089,152,244	232,732,073,072
Non-controlling interest	133,377,632,376	133,236,039,264
	<u>373,466,784,620</u>	<u>365,968,112,336</u>
Total Equity		
TOTAL LIABILITIES AND EQUITY	<u>P 756,418,999,995</u>	<u>P 748,020,150,617</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	2023	2022
REVENUES AND INCOME		
Sale of goods	P 24,964,785,518	P 20,049,835,355
Rendering of services	23,111,449,988	16,339,867,551
Share in net profits of associates and joint ventures - net	70,354,394	-
Finance and other income	2,141,677,999	1,108,201,832
	50,288,267,899	37,497,904,738
COSTS AND EXPENSES		
Cost of goods sold	15,209,230,234	12,270,052,554
Cost of services	12,496,938,335	8,810,506,090
Other operating expenses	10,478,527,114	7,698,913,823
Share in net losses of associates and joint ventures - net	-	41,780,990
Finance costs and other charges	3,122,364,599	1,887,402,807
	41,307,060,282	30,708,656,264
PROFIT BEFORE TAX	8,981,207,617	6,789,248,474
TAX EXPENSE	1,855,591,283	1,439,527,016
NET PROFIT	7,125,616,334	5,349,721,458
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains on remeasurement of retirement benefit obligation	420,492,000	82,144,000
Net unrealized fair value gain on financial assets at fair value through other comprehensive income	78,626,001	98,942,238
Deferred tax expense relating to components of other comprehensive income (loss)	(105,123,000)	(20,536,000)
	393,995,001	160,550,238
Items that will be reclassified subsequently to profit or loss		
Translation adjustments	219,904,405	(215,622,500)
Net unrealized fair value gain (loss) on cash flow hedge	(3,393,012)	38,440,132
Deferred tax income (expense) relating to components of other comprehensive income (loss)	8,033,514	(6,379,793)
	224,544,907	(183,562,161)
TOTAL COMPREHENSIVE INCOME	P 7,744,156,242	P 5,326,709,535
Net profit attributable to:		
Owners of the parent company	P 4,678,486,991	P 3,887,055,483
Non-controlling interest	2,447,129,343	1,462,665,975
	P 7,125,616,334	P 5,349,721,458
Total comprehensive income attributable to:		
Owners of the parent company	P 5,046,328,372	P 3,807,732,574
Non-controlling interest	2,697,827,870	1,518,976,961
	P 7,744,156,242	P 5,326,709,535
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:		
Basic and Diluted	P 0.5230	P 0.4176

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company														
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings			Total	Noncontrolling Interest	Total Equity
										Appropriated	Unappropriated	Total			
Balance at January 1, 2023	P 10,269,827,979	P 34,518,916,029	(P 14,411,741,336)	P 193,960,665	P 159,403,187	(P 6,250,765,182)	P 28,819,212	P 620,625,162	P 33,446,366,213	P 4,764,840,000	P 169,391,821,143	P 174,156,661,143	P 232,732,073,072	P 133,256,039,264	P 365,968,112,336
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	2,103,008,919	-	-	-	2,103,008,919	(2,327,094,163)	(224,085,244)
Acquisition of treasury shares	-	-	(284,700,211)	-	-	-	-	-	-	-	-	-	(284,700,211)	(284,700,211)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(233,048,712)	(233,048,712)	
Share-based compensation	-	-	(284,700,211)	-	-	-	-	-	2,103,008,919	-	-	-	3,908,117	3,908,117	
	-	-	(284,700,211)	-	-	-	-	-	2,103,008,919	-	-	-	1,818,308,708	(2,556,234,758)	(737,926,050)
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	671,297,142	-	(178,855,050)	(178,855,050)	492,442,092	-	492,442,092
Total comprehensive income (loss)	-	-	-	254,565,020	(6,097,856)	121,772,398	(2,398,181)	-	-	-	4,678,486,991	4,678,486,991	5,046,328,372	2,697,827,870	7,744,156,242
Balance at March 31, 2023	P 10,269,827,979	P 34,518,916,029	(P 14,696,441,547)	P 448,525,685	P 153,305,331	(P 6,128,992,784)	P 26,421,031	P 620,625,162	P 36,220,672,274	P 4,764,840,000	P 173,891,453,084	P 178,656,293,084	P 240,089,152,244	P 133,377,632,376	P 373,466,784,620
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,003,697,035	P 125,318,941,755	P 335,222,638,790
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	580,566,734	-	-	-	580,566,734	(221,085,602)	359,481,132
Acquisition of treasury shares	-	-	(65,605,210)	-	-	-	-	-	-	-	-	-	(65,605,210)	(65,605,210)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(382,152,125)	(382,152,125)	
Share-based compensation	-	-	(65,605,210)	-	-	-	-	-	-	-	-	-	3,172,554	3,172,554	
	-	-	(65,605,210)	-	-	-	-	-	580,566,734	-	-	-	514,961,524	(600,065,173)	(85,103,649)
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	(696,447)	-	-	-	(696,447)	-	(696,447)
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,168,340,000	(3,168,340,000)	-	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(3,168,340,000)	3,168,340,000	-	-	-	-
Total comprehensive income (loss)	-	-	-	57,478,473	176,040,610	(339,327,243)	26,485,251	-	-	-	3,887,055,483	3,887,055,483	3,807,732,574	1,518,976,961	5,326,709,535
Balance at March 31, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,581,953,262)	P 142,490,423	P 248,987,280	(P 4,375,788,558)	(P 8,123,016)	P 620,625,162	P 20,358,383,054	P 4,454,180,000	P 158,578,149,595	P 163,032,329,595	P 214,225,694,686	P 126,237,853,543	P 340,463,548,229

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 8,981,207,617	P	7,116,607,827
Adjustments for:			
Interest expense	2,736,993,060		1,729,973,217
Depreciation and amortization	2,552,898,010		2,677,793,795
Interest income	(966,498,027 )	(	573,185,482)
Unrealized foreign currency gains - net	(260,698,949 )	(	8,118,334)
Fair value losses (gains) on financial assets at fair value through profit or loss	(73,714,862)		1,352,055
Share in net losses (profits) of associates and joint ventures	(70,354,393)		41,780,990
Provisions	41,117,103		38,060,790
Reversal of impairment losses - net	(14,447,722 )	(	54,400,087)
Impairment loss on inventories	9,517,952		3,462,798
Dividend income	(7,017,624)	(-
Net loss on disposal of assets	6,835,344		24,737,456
Stock option benefit expense	3,908,117		3,172,554
Gain from derecognition of right-of-use assets and lease liabilities	-	(	4,187,084)
Gain from COVID-19-related rent concessions	-	(	466,777)
Operating profit before working capital changes	12,939,745,626		10,996,583,718
Decrease (increase) in trade and other receivables	(356,182,482)		4,621,306,768
Increase in inventories	(4,069,467,026 )	(	2,938,562,146)
Increase in contract assets	(943,805,973 )	(	629,817,035)
Decrease (increase) in financial assets at fair value through profit or loss	(69,758,824)		113,776,156
Decrease (increase) in advances to contractors and suppliers	93,433,691	(	237,269,308)
Increase in other current assets	(1,786,758,743 )	(	428,388,806)
Increase in trade and other payables	334,686,630		3,034,400,747
Increase (decrease) in contract liabilities	(83,238,909)		912,455,623
Decrease in retirement benefit obligation	(15,054,189 )	(	14,005,516)
Decrease in other current liabilities	(149,861,197 )	(	1,853,608,216)
Increase (decrease) in other non-current liabilities	409,565,952	(	818,940,962)
Cash generated from operations	6,303,304,556		12,757,931,023
Cash paid for taxes	(1,005,273,563 )	(	1,672,612,885)
Net Cash From Operating Activities	5,298,030,993		11,085,318,138
<i>Balance carried forward</i>	P 5,298,030,993	P	11,085,318,138

	<u>2023</u>	<u>2022</u>
<i>Balance brought forward</i>	P 5,298,030,993	P 11,085,318,138
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment properties	(2,820,588,923)	(1,968,203,801)
Property, plant and equipment	(2,316,218,775)	(4,171,312,188)
Intangible assets	(16,064,776)	(1,115,100)
Proceeds from:		
Collections of advances from associates and other related parties	126,531,185	-
Disposal of property, plant and equipment	104,547,309	4,522,619
Advances collected from related parties	51,723,977	265,577,434
Interest received	611,898,198	243,336,059
Additional advances granted to associates and other related parties	(472,647,139)	(588,676,944)
Decrease in other non-current assets	346,336,905	35,558,632
Cash dividends received	<u>7,017,624</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(4,377,464,415)</u>	<u>(6,180,313,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing loans and bonds	8,378,456,225	14,986,181,851
Payment of interest-bearing loans and bonds	(6,973,827,311)	(19,205,466,824)
Interest paid	(3,335,047,191)	(2,152,547,616)
Buyback of shares from non-controlling interest	(668,595,880)	(27,841,508)
Payment of lease liabilities	(473,364,798)	(296,106,716)
Acquisition of treasury shares	(284,700,211)	(65,605,210)
Dividends paid	(233,048,712)	(382,152,125)
Advances paid to related parties	<u>(172,414,180)</u>	<u>(356,539,095)</u>
Net Cash Used in Financing Activities	<u>(3,762,542,058)</u>	<u>(7,500,077,243)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,841,975,480)	(2,595,072,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>79,929,420,988</u>	<u>82,278,122,850</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>P 77,087,445,508</u>	<u>P 79,683,050,456</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(With Comparative Figures as of December 31, 2022)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and listed its shares in the Philippine Stock Exchange (“PSE”) on April 19, 1999.

Currently, AGI is one of the leading conglomerates in the Philippines, with interests in real estate property development, food and beverage, tourism-entertainment and gaming, and quick-service restaurant. Its fifth leg, the infrastructure, has not yet started operations. The Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate a diversified range of businesses that focus on developing products and services that generally cater to their target markets, under the following entities (see Note 4):

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	“Megaworld”	(a)	71%	70%
Megaworld Resort Estates, Inc.		(b)	85%	84%
Townsquare Development, Inc.			51%	51%
Golden Panda-ATI Realty Corporation			51%	51%
Arcovia Properties, Inc.			71%	70%
Belmont Newport Luxury Hotels, Inc.			71%	70%
Davao Park District Holdings Inc.			71%	70%
Eastwood Cyber One Corporation			71%	70%
Global One Hotel Group, Inc.			71%	70%
Global One Integrated Business Services, Inc.			71%	70%
Hotel Lucky Chinatown, Inc.			71%	70%
Landmark Seaside Properties, Inc.			71%	70%
Luxury Global Hotels and Leisures, Inc.			71%	70%
Luxury Global Malls, Inc.			71%	70%
Mactan Oceanview Properties and Holdings, Inc.			71%	70%
Megaworld Cayman Islands, Inc.		(c)	71%	70%
Megaworld Cebu Properties, Inc.			71%	70%
Megaworld Land, Inc.			71%	70%
Citywalk Building Administration, Inc.			71%	70%
Forbestown Commercial Center Administration, Inc.			71%	70%
Iloilo Center Mall Administration, Inc.			71%	70%
Newtown Commercial Center Administration, Inc.			71%	70%
Paseo Center Building Administration, Inc.			71%	70%
San Lorenzo Place Commercial Center Administration, Inc.			71%	70%
Southwoods Lifestyle Mall Management, Inc.			71%	70%
Cityfront Commercial Center Administration, Inc.			71%	70%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Megaworld and subsidiaries				
Uptown Commercial Center Administration, Inc.			71%	70%
Valley Peaks Property Management, Inc.			71%	70%
Megaworld Newport Property Holdings, Inc.			71%	70%
Oceantown Properties, Inc.			71%	70%
Piedmont Property Ventures, Inc.			71%	70%
Prestige Hotels and Resorts, Inc.			71%	70%
Richmonde Hotel Group International Ltd.		(d)	71%	70%
San Vicente Coast, Inc.			71%	70%
Savoy Hotel Manila, Inc.			71%	70%
Savoy Hotel Mactan, Inc.			71%	70%
Kingsford Hotel Manila, Inc.			71%	70%
Agile Digital Ventures, Inc.			71%	70%
MREIT Fund Managers, Inc.	“MFMP”	(n)	71%	70%
MREIT Property Managers, Inc.	“MPMI”	(n)	71%	70%
MREIT, Inc.	“MREIT”	(n)	47%	44%
Belmont Hotel Mactan, Inc.			71%	70%
Stonehaven Land, Inc.			71%	70%
Streamwood Property, Inc.			71%	70%
Megaworld Bacolod Properties, Inc.			65%	64%
Manila Bayshore Property Holdings, Inc.			68%	66%
Megaworld Capital Town, Inc.			54%	53%
Megaworld Central Properties, Inc.			54%	53%
Soho Cafe and Restaurant Group, Inc.			53%	52%
La Fuerza, Inc.			47%	46%
Megaworld-Daewoo Corporation			42%	42%
Northwin Properties, Inc.			42%	42%
Gilmore Property Marketing Associates Inc.			37%	36%
Integrated Town Management Corporation			35%	35%
Maple Grove Land, Inc.			35%	35%
Megaworld Globus Asia, Inc.			35%	35%
Suntrust Properties, Inc.				
Governor’s Hills Science School, Inc.			71%	70%
Sunrays Properties Management, Inc.			71%	70%
Suntrust Ecotown Developers, Inc.			71%	70%
Suntrust One Shanata, Inc.			71%	70%
Suntrust Two Shanata, Inc.			71%	70%
Stateland, Inc.			70%	68%
Global-Estate Resorts, Inc.				
Southwoods Mall Inc.	“GERI”	(e)	58%	57%
Twin Lakes Corp.			64%	63%
Twin Lakes Hotel, Inc.			64%	63%
Megaworld Global-Estate, Inc.			63%	62%
Fil-Estate Golf and Development, Inc.			58%	57%
Golforce, Inc.			58%	57%
Southwoods Ecocentrum Corp.			35%	34%
Philippine Aquatic Leisure Corp.			35%	34%
Fil-Estate Properties, Inc.			58%	57%
Aklan Holdings Inc.			58%	57%
Blu Sky Airways, Inc.			58%	57%
Fil-Estate Subic Development Corp.			58%	57%
Fil-Power Concrete Blocks Corp.			58%	57%
Fil-Power Construction Equipmen Leasing Corp.			58%	57%
Golden Sun Airways, Inc.			58%	57%
La Compañía De Sta. Barbara, Inc.			58%	57%
MCX Corporation			58%	57%
Pioneer L-5 Realty Corp.			58%	57%
Prime Airways, Inc.			58%	57%
Sto. Domingo Place Development Corp.			58%	57%
Fil-Estate Industrial Park, Inc.			46%	45%
Sherwood Hills Development Inc.			32%	32%
Fil-Estate Urban Development Corp.			58%	57%
Global Homes and Communities, Inc.			58%	57%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Global-Estate Resorts, Inc.				
Savoy Hotel Boracay, Inc.			58%	57%
Belmont Hotel Boracay, Inc.			58%	57%
Megaworld and subsidiaries				
Novo Sierra Holdings, Corp.			58%	57%
Elite Communities Property Services, Inc.			58%	57%
Oceanfront Properties, Inc.			29%	29%
Empire East Land Holdings, Inc.	“EELHP”		58%	57%
Sonoma Premiere Land, Inc.		(f)	75%	74%
Pacific Coast Mega City, Inc.		(g)	76%	75%
Valle Verde Properties, Inc.			58%	57%
Laguna BelAir School, Inc.			42%	42%
20th Century Nylon Shirt, Inc.			58%	57%
Eastwood Property Holdings, Inc.			58%	57%
Empire East Communities, Inc.			58%	57%
Sherman Oak Holdings, Inc.			58%	57%
Emperador and subsidiaries				
Emperador Inc.	“EMP” or “Emperador”		81%	81%
Emperador Distillers, Inc.	“EDI”		81%	81%
Alcazar de Bana Holdings Company, Inc.			81%	81%
ProGreen AgriCorp, Inc.			81%	81%
South Point Science Park, Inc.			81%	81%
Anglo Watsons Glass, Inc.			81%	81%
Cocos Vodka Distillers Philippines, Inc.			81%	81%
The Bar Beverage, Inc.			81%	81%
Tradewind Estates, Inc.			81%	81%
BoozyLife, Inc.			50%	50%
Zabana Rum Company, Inc.			81%	81%
The World’s Finest Liquor	“TWFL”	(o)	81%	81%
Emperador International Ltd.	“EIL”	(d)	81%	81%
Emperador Asia Pte Ltd.	“EA”	(h)	81%	81%
Grupo Emperador Spain, S.A.U.	“GES”	(h)	81%	81%
Bodega San Bruno, S.L.	“BSB”	(h)	81%	81%
Bodegas Fundador S.L.U.	“BFS”	(h)	81%	81%
Harvey’s Cellars S.L.U (formerly Destilados de la Mancha S.L.)	“HCS”	(h)	81%	81%
Grupo Emperador Gestion S.L.	“GEG”		81%	81%
Domecq Bodega Las Copas, S.L.	“DBLC”	(g, h)	40%	40%
Stillman Spirits, S.L.	“SSSL”	(h)	81%	81%
Pedro Domecq S.A. de C.V.	“PDSC”	(g, h)	40%	40%
Emperador Europe SARL	“EES”	(h)	81%	81%
Emperador Holdings (GB) Limited.	“EGB”	(h)	81%	81%
Emperador UK Limited	“EUK”	(h)	81%	81%
Whyte and Mackay Group Limited	“WMG”	(h)	81%	81%
Whyte and Mackay Global Limited	“WMGL”	(h)	81%	81%
Whyte and Mackay Limited	“WML”	(h)	81%	81%
Whyte and Mackay Warehousing Ltd.	“WMWL”	(h)	81%	81%
GADC and subsidiaries				
Golden Arches Development Corporation	“GADC”		49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%
Golden Arches Realty Corporation			49%	49%
Red Asian Food Solutions, Inc.			37%	37%
Clark Mac Enterprises, Inc.			49%	49%
Golden Laoag Foods Corporation			38%	38%
Davao City Food Industries, Inc.			37%	37%
First Golden Laoag Ventures, Inc.			34%	34%
McDonald’s Anonas City Center			34%	34%
McDonald’s Puregold Taguig			29%	29%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Golden Arches Development Corporation				
Golden City Food Industries, Inc.			29%	29%
McDonald's Bonifacio Global City			27%	27%
Molino First Golden Foods Inc.			26%	26%
GY Alliance Concepts, Inc.			19%	19%
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.				
Agile Fox Amusement and Leisure Corporation	"Travellers"	(i)	60%	60%
APEC Assets Limited			60%	60%
Aquamarine Delphinium Leisure and Recreation, Inc.			60%	60%
Bright Pelican Leisure and Recreation, Inc.			60%	60%
Brightleisure Management, Inc.			60%	60%
Brilliant Apex Hotels and Leisure Corporation			60%	60%
Coral Primrose Leisure and Recreation Corporation			60%	60%
Deluxe Hotels and Recreation, Inc.			60%	60%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	60%
FHTC Entertainment & Productions, Inc.	"FHTC"		60%	60%
Golden Peak Leisure and Recreation, Inc.			60%	60%
Grand Integrated Hotels and Recreation, Inc.			60%	60%
Grandservices, Inc.			60%	60%
Grandventure Management Services, Inc.			60%	60%
Lucky Star Hotels and Recreation, Inc.			60%	60%
Lucky Panther Amusement and Leisure Corporation			60%	60%
Luminescent Vertex Hotels and Leisure Corporation			60%	60%
Magenta Centaurus Amusement and Leisure Corporation			60%	60%
Majestic Sunrise Leisure & Recreation, Inc.			60%	60%
Netdeals, Inc.			60%	60%
Newport Star Lifestyle, Inc.			60%	60%
Royal Bayshore Hotels & Amusement, Inc.			60%	60%
Sapphire Carnation Leisure and Recreation Corporation			60%	60%
Scarlet Milky Way Amusement and Leisure Corporation			60%	60%
Sparkling Summit Hotels and Leisure Corporation			60%	60%
Valiant Leopard Amusement and Leisure Corporation			60%	60%
Vermillion Triangulum Amusement and Leisure Corporation			60%	60%
Westside City, Inc. (formerly Westside City Resorts World, Inc.)	"WCI"	(j)	59%	59%
Purple Flamingos Amusement and Leisure Corporation			59%	59%
Red Falcon Amusement and Leisure Corporation			59%	59%
Captain View Group Limited			57%	59%
Westside Theatre Inc.			60%	60%
Corporate and Others				
Alliance Global Brands, Inc.			100%	100%
McKester Pik-nik International Limited	"MPIL"	(d)	100%	100%
Great American Foods, Inc.		(k)	100%	100%
New Town Land Partners, Inc.	"NTLPI"		100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	100%	100%
Boracay Newcastle Resorts, Inc.			100%	100%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Corporate and Others				
Dew Dreams International, Inc.			100%	100%
First Centro, Inc.	“FCI”		100%	100%
ERA Real Estate Exchange, Inc.			100%	100%
Oceanic Realty Group International, Inc.			100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%
Alliance Global-Infracorp Development, Inc. (formerly Infracorp Development, Inc.)			100%	100%
Shiok Success International, Inc.			100%	100%
Travellers Group Ltd.		(d)	100%	100%
Venezia Universal Ltd.		(d)	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%
Adams Properties, Inc.	“Adams”		60%	60%
Associates				
First Premiere Arches Restaurant Inc.			49%	49%
Bonifacio West Development Corporation			33%	32%
Suntrust Resort Holdings, Inc. (formerly Suntrust Home Developers, Inc.)	“SUN”		24%	24%
Palm Tree Holdings and Development Corporation			28%	28%
SWC Project Management Limited			24%	24%
WC Project Management Limited			24%	24%
Suncity WC Hotel Inc.			24%	24%
Fil-Estate Network, Inc.			12%	11%
Fil-Estate Sales, Inc.			12%	11%
Fil-Estate Realty and Sales Associates, Inc.			12%	11%
Fil-Estate Realty Corp.			12%	11%
Nasugbu Properties, Inc.			8%	8%
Joint Ventures				
Bodegas Las Copas, S.L.	“BLC”	(l)	40%	40%
Front Row Theatre Management, Inc.		(m)	30%	30%

Explanatory notes:

- (a) AGI’s effective ownership interest is derived from its 47% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% direct holdings of other subsidiaries.
- (b) AGI and Megaworld directly owns 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (“BVI”).
- (e) AGI’s effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of March 31, 2023 and December 31, 2022.
- (f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (g) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiary PDSC is operating under the laws of Mexico.
- (h) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and HCS (a subsidiary of BFS) are operating under the laws of Spain. EES is operating under the laws of Luxembourg. DBLC’s subsidiary PDSC is operating under the laws of Mexico. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML, WMWL and WMGL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
- (i) Effective ownership is based on total voting rights of both common and preferred shares held by the Group – 33% by AGI, 2% by FCI, 2% by Megaworld, and 39% by Adams [24% by Genting Hongkong Limited (“GHL”) and negligible by the public]. As for Travellers’ common shares, 42% are directly owned by AGI, 4% by FCI, 3% by Megaworld, 20% by Adams, 31% by GHL and less than 1% by the public.
- (j) AGI’s effective ownership is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (k) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (l) A foreign joint venture under GES and operating under the laws of Spain.
- (m) A joint venture through FHTC.

- (n) MFMI, MPMI and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (“REIT”) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of real estate investment trust, as provided under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009.
- (o) TWFL is a newly incorporated subsidiary of Emperador in 2022.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, g, h, k and l above).

AGP’s shares of stock and those of Megaworld, EMP, GERI, EELHI, MREIT and SUN are listed in and traded through the PSE as of March 31, 2023.

The principal activities of the Group are further described in Note 4.

The Company’s registered office and primary place of business is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Board of Directors (“BOD”) approved on May 15, 2023 the release of the interim consolidated financial statements (“ICFS”) of the Group as of and for the three months ended March 31, 2023 (including the comparative financial statements as of December 31, 2022, and for the three months ended March 31, 2022).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements (“ACFS”) as of and for the year ended December 31, 2022 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (“PFRS”), and should be read in conjunction with the Group’s ACFS as of and for the year ended December 31, 2022.

The ICFS are presented in Philippine pesos, the Company’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the ICFS of the Group are measured using the Company’s functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The presentation of the ICFS is consistent with the most recent ACFS presentation.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	: Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Accounting Estimates – Definition of Accounting Estimates
PAS 12 (Amendments)	: Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
PFRS 17 (Amendments)	: Insurance Contracts – Insurance Contracts and Initial Application of PFRS 17 and PFRS 9 – Comparative Information

The adoption of the amendments did not have a significant impact on the Group's ICFS.

(b) Effective Subsequent to 2023 that is Relevant to the Group

Management will adopt the amendments to PFRS 10, *Consolidated Financial Statements*, and the amendments to PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* in accordance with their transitional provisions when these become effective. Currently, the effective dates of the amendments are deferred indefinitely.

3. JUDGMENTS AND ESTIMATES

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the policies applied and amounts reported in the ICFS and related explanatory notes. Judgments and estimates are based on historical experience and management's best knowledge of current events and actions, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as at and for the three months ended March 31, 2023 and as at December 31, 2022, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

Aside from the foregoing, the judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS as at and for the year ended December 31, 2022.

4. SEGMENT INFORMATION

4.1 *Business Segments*

The Group is organized into major business segments, which are the major subsidiaries of the Group. These represent the main products and services provided by the Group and the line of business in which the Group operates. Presented below is the basis of the Group in reporting its primary segment information.

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans and bonds payable.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the three months ended March 31, 2023 and 2022.

	For three months ended March 31, 2023 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 14,685,105,337	P 7,897,313,500	P 9,937,456,076	P 15,267,765,698	P 47,787,640,611
Intersegment sales	59,350,610	621,914	(16,420,365)	232,404	43,784,563
Finance and other income	<u>1,529,616,934</u>	<u>(95,770,555)</u>	<u>104,813,321</u>	<u>323,492,051</u>	<u>1,862,151,751</u>
Segment revenues and income	16,274,072,881	7,802,164,859	10,025,849,032	15,591,490,153	49,693,576,925
Cost of sales and expenses excluding depreciation and amortization	<u>(8,308,010,022)</u>	<u>(5,964,730,578)</u>	<u>(8,345,251,794)</u>	<u>(12,135,373,590)</u>	<u>(34,753,365,984)</u>
	7,966,062,859	1,837,434,281	1,680,597,238	3,456,116,563	14,940,210,941
Depreciation and amortization	<u>(846,316,008)</u>	<u>(715,181,777)</u>	<u>(684,704,002)</u>	<u>(344,153,748)</u>	<u>(2,590,355,535)</u>
Finance costs and other charges	<u>(1,389,180,681)</u>	<u>(766,247,204)</u>	<u>(349,317,487)</u>	<u>(278,491,689)</u>	<u>(2,783,237,061)</u>
Profit before tax	5,730,566,170	356,005,300	646,575,749	2,833,471,126	9,566,618,345
Tax expense	<u>(1,171,529,927)</u>	<u>(7,285,041)</u>	<u>(225,777,597)</u>	<u>(447,603,243)</u>	<u>(1,852,195,808)</u>
SEGMENT PROFIT	<u>P 4,559,036,243</u>	<u>P 348,720,259</u>	<u>P 420,798,152</u>	<u>P 2,385,867,883</u>	<u>P 7,714,422,537</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 413,026,329,479	P 119,644,778,659	P 41,681,708,806	P 145,347,131,063	P 719,699,948,007
Segment liabilities	156,623,763,371	80,743,106,934	32,573,078,776	50,802,769,262	320,742,718,343
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	46,790,924	(9,145)	-	23,572,615	P 70,354,394

	For three months ended March 31, 2022 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 12,359,971,822	P 4,847,999,259	P 7,181,656,843	P 11,765,368,882	P 36,154,996,806
Intersegment sales	72,849,479	945,439	13,319,795	5,365,251	92,479,964
Finance and other income	<u>517,210,398</u>	<u>36,982,079</u>	<u>(2,247,445)</u>	<u>538,338,609</u>	<u>1,090,283,641</u>
Segment revenues and income	12,950,031,699	4,885,926,777	7,192,729,193	12,309,072,742	37,337,760,411
Cost of sales and expenses excluding depreciation and amortization	<u>(6,660,993,894)</u>	<u>(3,843,254,516)</u>	<u>(5,848,672,332)</u>	<u>(9,139,142,651)</u>	<u>(25,492,063,393)</u>
	6,289,037,805	1,042,672,261	1,344,056,861	3,169,930,091	11,845,697,018
Depreciation and amortization	<u>(875,724,565)</u>	<u>(803,611,261)</u>	<u>(555,383,927)</u>	<u>(473,597,353)</u>	<u>(2,708,317,106)</u>
Finance costs and other charges	<u>(992,539,890)</u>	<u>(457,721,056)</u>	<u>(288,485,758)</u>	<u>(128,089,869)</u>	<u>(1,866,386,573)</u>
Profit (loss) before tax	4,420,773,350	(218,660,056)	500,187,176	2,568,242,869	7,270,543,339
Tax expense	<u>(886,434,339)</u>	<u>(1,072,319)</u>	<u>(201,132,466)</u>	<u>(349,201,226)</u>	<u>(1,437,840,350)</u>
SEGMENT PROFIT (LOSS)	<u>P 3,534,339,011</u>	<u>(P 219,732,375)</u>	<u>P 299,054,710</u>	<u>P 2,219,041,643</u>	<u>P 5,832,702,989</u>
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates And joint ventures	(66,043,355)	(9,225)	-	24,271,590	(41,780,990)

The following presents the segment assets and liabilities of the Group as of December 31, 2022 (audited):

SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 407,268,364,874	P 120,512,238,096	P 42,258,378,031	P 139,215,259,307	P 709,254,240,308
Segment liabilities	154,955,291,814	82,974,847,246	33,549,877,780	47,695,845,248	319,175,862,088

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its ICFS.

	<u>March 31, 2023 (Unaudited)</u>	<u>March 31, 2022 (Unaudited)</u>
Revenues and income		
Total segment revenues and income	P 49,693,576,925	P 37,337,760,411
Unallocated corporate revenue	638,475,537	252,624,291
Elimination of intersegment revenues	(43,784,563)	(92,479,964)
Revenues as reported in interim consolidated statements of comprehensive income	<u>P 50,288,267,899</u>	<u>P 37,497,904,738</u>
Profit or loss		
Segment operating profit	P 7,714,422,537	P 5,832,702,989
Unallocated corporate loss	(545,021,640)	(390,501,567)
Elimination of intersegment revenues	(43,784,563)	(92,479,964)
Profit as reported in interim consolidated statements of comprehensive income	<u>P 7,125,616,334</u>	<u>P 5,349,721,458</u>
	<u>March 31, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
Assets		
Segment assets	P 719,699,948,007	P 709,254,240,308
Unallocated corporate assets	<u>36,719,051,988</u>	<u>38,765,910,309</u>
Total assets reported in the interim consolidated statements of financial position	<u>P 756,418,999,995</u>	<u>P 748,020,150,617</u>
Liabilities		
Segment liabilities	P 320,742,718,343	P 319,175,862,088
Unallocated corporate liabilities	<u>62,209,497,032</u>	<u>62,876,176,193</u>
Total liabilities reported in the interim consolidated statements of financial position	<u>P 382,952,215,375</u>	<u>P 382,052,038,281</u>

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the periods presented.

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of March 31, 2023 and December 31, 2022 are shown below.

	<u>March 31, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
Cost	P 217,624,953,647	P 210,240,679,818
Accumulated depreciation, amortization and impairment	(68,776,451,420)	(61,782,310,849)
Net carrying amount	<u>P 148,848,502,227</u>	<u>P 148,458,368,969</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	P 148,458,368,969	P 141,904,029,538
Additions	2,422,401,486	16,209,505,039
Depreciation and amortization charges for the period	(1,936,975,940)	(8,855,486,388)
Derecognition	(150,000,000)	(531,371,405)
Reclassification	149,670,000	-
Disposals – net	(111,382,653)	(845,935,453)
Impairment reversal	16,420,365	74,555,614
Transfer from investment property	<u>-</u>	<u>503,072,024</u>
Balance at end of period, net of accumulated depreciation, amortization and impairment	<u>P 148,848,502,227</u>	<u>P 148,458,368,969</u>

6. INVESTMENT PROPERTIES

The Group's investment properties include several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the reporting periods are shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Cost	P 153,385,481,117	P 150,674,521,177
Accumulated depreciation	(22,025,321,767)	(21,318,608,080)
Net carrying amount	<u>P 131,360,159,350</u>	<u>P 129,355,913,097</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation	P 129,355,913,097	P 120,539,734,330
Additions	3,344,967,340	12,115,399,232
Depreciation charges for the period	(708,259,687)	(2,795,315,636)
Transfer to inventories	(632,461,400)	-
Disposals – net	-	(832,805)
Transfer to property, plant and equipment	<u>-</u>	<u>(503,072,024)</u>
Balance at end of period, net of accumulated depreciation	<u>P 131,360,159,350</u>	<u>P 129,355,913,097</u>

7. DIVIDENDS

There were no dividends declared and paid by the Company for the three-month periods ended March 31, 2023 and 2022.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Basic and Diluted:		
Net profit attributable to owners of the parent company	P 4,678,486,991	P 3,887,055,483
Divide by the weighted average number of outstanding common shares	<u>8,945,455,779</u>	<u>9,307,730,879</u>
	<u>P 0.5230</u>	<u>P 0.4176</u>

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019, the BOD approved another share repurchase program for P2.5 billion over a 12-month period ended September 23, 2020. Further, on September 21, 2020, the BOD approved another one-year share repurchase program for P2.5 billion to end on September 23, 2021. On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. On December 12, 2022, the BOD approved the increase in amount allocated by an additional P3.0 billion worth of common shares, under the same terms and conditions of the present buy-back program. As of March 31, 2023 and 2022, the Company has repurchased 1,166,138,200 shares for P13.5 billion and 803,863,100 shares for P9.4 billion, respectively, which are reported as Treasury Shares.

Under the Revised Corporation Code of the Philippines, a stock corporation can repurchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be repurchased or acquired. Accordingly, the Parent Company's ongoing share repurchase program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares.

There are 158.23 million shares held by subsidiaries with a total cost of P1.2 billion as of March 31, 2023 and 2022 that were reported as part of Treasury Shares in the consolidated statements of changes in equity and taken out of outstanding common shares in computing EPS.

The basic and diluted earnings per share are the same for the three months ended March 31, 2023 and 2022, as the Company's Executive Stock Option Plan are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the Executive Stock Option Plan.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended March 31, 2023 and 2022, and the related outstanding balances as of March 31, 2023 and December 31, 2022 are as follows:

Related Party Category	Notes	Amount of Transaction		Receivable (Payable)	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Subsidiaries' stockholders:					
Casino transactions	9.2	P -	P 163,700,026	P -	P -
Management fees	9.3	(3,592,179)	(614,692)	(62,097,470)	(666,258,120)
Accounts payable	9.5	-	-	(315,040,576)	(315,040,576)
Related party under common ownership:					
Purchase of raw materials	9.1	267,529,474	918,899,419	(139,218,074)	(319,428,263)
Purchase of finished goods	9.1	5,444,480	3,459,780	(1,633,173)	-
Advances granted	9.4	(126,531,185)	247,820,862	4,325,190,635	4,451,721,820
Management services	9.1	20,500,000	15,000,000	(71,500,000)	(115,500,000)
Associates:					
Advances granted	9.4	139,963	22,394,952	1,010,032,900	1,009,892,937
Others:					
Accounts receivable	9.5	420,783,199	52,883,696	1,665,416,903	1,244,633,704
Accounts payable	9.5	-	-	(45,208,430)	(45,208,430)
Advances	9.6	172,414,180	303,909,161	(1,455,342,348)	(1,627,756,528)
Donations		62,929,100	50,438,286	(20,656,802)	(18,066,970)

Unless otherwise stated, the outstanding balances of the Group's transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials through Andresons Global, Inc., a related party under common ownership. These transactions are normally being paid within 30 days. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC. Emperador had a management agreement with Consolidated Distillers of the Far East, Inc., a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant. The outstanding balances as of March 31, 2023 and December 31, 2022 are shown as part of Trade and Other Payables account in the consolidated statements of financial position.

9.2 Casino Transactions with GHL

Travellers recognizes outstanding payables to GHL [see Note 1(i)] representing show money received by Travellers from foreign patrons which the counterparty will later remit to the other. There is no outstanding balance as of March 31, 2023 and December 31, 2022.

9.3 Operations and Management Agreement with GHL

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented under the Other Operating Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this transaction is presented under Trade and Other Payables account in the consolidated statements of financial position.

9.4 Advances to Associates and Related Parties under Common Ownership

Entities within the Group grant advances to associates and other related parties for working capital purposes. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash or through offsetting arrangements.

The movements of the outstanding balances of Advances to associates and other related parties, which are shown as part of Trade and Other Receivables account in the consolidated statements of financial position, are presented as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	P 5,461,614,757	P 3,634,327,162
Cash advances granted	139,963	1,827,287,595
Collections	(126,531,185)	-
Balance at end of period	<u>P 5,335,223,535</u>	<u>P 5,461,614,757</u>

As of March 31, 2023 and December 31, 2022, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.5 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billings, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of the Due from/to Related Parties are included under Trade and Other Receivables and Trade and Other Payables accounts, respectively, in the consolidated statements of financial position, as presented below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Due from Related Parties</i>		
Balance at beginning of period	P 1,244,633,704	P 851,430,622
Additions	472,507,176	939,341,556
Collections	(51,723,977)	(546,138,474)
Balance at end of period	<u>P 1,665,416,903</u>	<u>P 1,244,633,704</u>

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Due to Related Parties</i>		
Balance at beginning of period	P 360,249,006	P 360,249,006
Collections	<u>-</u>	<u>-</u>
Balance at end of period	<u>P 360,249,006</u>	<u>P 360,249,006</u>

As of March 31, 2023 and December 31, 2022, based on management's assessment, no additional amount of impairment is necessary.

9.6 Advances from Other Related Parties

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements.

The movements in advances from other related parties are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	P 1,627,756,528	P 2,469,533,312
Advances availed	-	1,592,209,958
Advances paid	<u>(172,414,180)</u>	<u>(2,433,986,742)</u>
Balance at end of period	<u>P 1,455,342,348</u>	<u>P 1,627,756,528</u>

9.7 Transactions with the Retirement Plans

The Group has formal retirement plans established separately for each significant subsidiary, particularly Megaworld, GERI, EELHI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plans maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR").

All contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.

In a Resolution dated May 3, 2021, the Supreme Court also held that Travellers' "gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax".

10.2 Skytrain Project

On October 2017, the Group submitted an unsolicited proposal to the government to build Skytrain that will link Uptown Fort Bonifacio to Guadalupe Station of Metro Rail Transit Line-3. The Group was granted an Original Proponent Status by the DOTr in May 2018 and its proposal is now undergoing review and evaluation at NEDA Board.

10.3 Co-Development Agreement between WCRWI and SUN

The principal terms of the co-development agreement are as follows:

(i) WCRWI and Travellers shall lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN.

WCRWI and Travellers shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P540.1 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years, unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCRWI and Travellers entered into a lease agreement with SUN.

(ii) SUN shall finance the development and construction of a hotel casino.

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain fixed amount to WCRWI for reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site.

In 2021, the conditions specified in the CDA had been fulfilled and the transfer of assets has been completed.

(iii) WCRWI shall enter into an agreement with SUN, for the latter to operate and manage a hotel casino.

WCRWI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms mutually agreed between WCRWI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

As of March 31, 2023, the hotel casino has not yet commenced its operation; hence, agreement above has not yet materialized.

(iv) WCRWI and the Travellers as warrantors

Fortune Noble Limited ("Fortune") [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN shares subject to the terms and conditions mutually agreed upon by the parties.

WCRWI and Travellers agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCRWI's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.55 billion new SUN shares including interest as well from the date of shares subscription completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the Group as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9, *Financial Instruments*. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the expected credit loss model ("ECL").

Applying the ECL model, the option price that WCRWI and Travellers are committed to pay amounting to P3.7 billion was compared with the value of the collateral or the shares of stocks that they will receive. In determining the value of the shares, management assessed that the price of SUN shares in the PSE as of March 31, 2023 amounting to P0.89 per share or a total value of P7.2 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote (see Note 11.2).

As of March 31, 2023 and December 31, 2022, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SUN shares and that the probability of default was assessed to be remote.

10.4 Purchase and Sale Commitment

On December 27, 2020, the Group (as seller) signed a letter of intent with Global One Real Estate Spain SAU, a related party under common ownership, (as buyer) for the sale of the Group's certain land and buildings in Spain (reported as Non-Current Assets Classified as Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million at any time until three years after the COVID-19 pandemic has ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023. As of March 31, 2023, the purchase and sale transaction has not yet consummated.

10.5 Other Commitments and Contingencies

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying ICFS. Management is of the opinion that losses, if any, from these items will not have any material impact on the ICFS.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting periods.

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), interest-bearing loans, bonds payable, trade receivables and payables and derivative assets and liabilities which arise directly from the Group’s business operations. The financial debts were issued to raise funds for the Group’s capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

11.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group’s transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group’s consolidated financial statements.

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at period-end closing rate are as follows:

	<u>March 31, 2023 (Unaudited)</u>		<u>December 31, 2022 (Audited)</u>	
	<u>U.S. Dollars</u>	<u>HK Dollars</u>	<u>U.S. Dollars</u>	<u>HK Dollars</u>
Financial assets	P 10,987,329,037	P 3,279,646,036	P 13,151,297,538	P 2,877,528,389
Financial liabilities	(36,134,456,220)	(650,071,639)	(37,410,095,996)	(912,338,548)
	<u>(P 25,147,127,183)</u>	<u>P 2,629,574,397</u>	<u>(P 24,258,798,458)</u>	<u>P 1,965,189,841</u>

The sensitivity of the consolidated income before tax for the period with regard to the Group’s financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 6.34% and +/- 10.63% changes in exchange rate for the three months ended March 31, 2023 and for the year ended December 31, 2022, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 6.40% and +/- 10.62% changes in exchange rate for the three months ended March 31, 2023 and for the year ended December 31, 2022, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group’s foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P1.4 billion for the three-month period ended March 31, 2023 and increased (or decreased) by P2.6 billion for the year ended December 31, 2022. If the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.2 billion for the three-month period ended March 31, 2023 and decreased or (increased) by P0.2 billion for the year ended December 31, 2022.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis in the previous page is considered to be representative of the Group's currency risk.

(b) Interest Rate Sensitivity

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through certain bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and variable interest rates. All other financial assets are subject to variable interest rates.

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 1.57% for Philippine peso and +/- 5.92% for U.S. dollar in 2023, and +/- 6.90% for Philippine peso and +/- 3.61% for U.S. dollar in 2022 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at March 31, 2023 and December 31, 2022, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P1.3 billion for the three-month period ended March 31, 2023, and decreased by P4.0 billion for the year ended December 31, 2022. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

Generally, the Group's credit risk is attributable to trade and other receivables arising mainly from transactions with approved franchisees, installment sales receivables, rental receivables and other financial assets. The carrying values of these financial assets subject to credit risk are disclosed in Note 12.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from the other financial assets of the Group, composed significantly of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Cash and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution. The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

The expected loss rates are based on the payment profiles of sales. Further, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

Trade and other receivables that are past due but not impaired are presented below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Not more than 30 days	P 2,945,708,800	P 3,861,672,009
31 to 60 days	1,301,702,365	1,417,672,772
Over 60 days	<u>4,037,340,098</u>	<u>4,373,030,052</u>
	<u>P 8,284,751,263</u>	<u>P 9,652,374,833</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off.

11.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a three-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets. In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

As of March 31, 2023, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 64,254,644,833	P 10,234,227,396	P -	P -
Interest-bearing loans	11,872,653,892	26,004,333,654	130,000,600,531	8,038,140,159
Bonds payable	26,500,276,775	824,365,975	21,800,515,406	-
Advances from related parties	354,678,292	1,455,342,348	-	-
Redeemable preferred shares	-	-	1,574,159,348	-
Subscription payable	-	1,170,600,008	-	-
Security deposits	29,291,691	55,028,009	174,194,979	326,895,742
Slot jackpot liability	458,070,134	-	-	-
Other liabilities	130,717,651	1,808,784,755	7,976,000,405	41,111,276
	<u>P 103,600,333,268</u>	<u>P 41,552,682,145</u>	<u>P 161,525,470,669</u>	<u>P 8,406,147,177</u>

As of December 31, 2022, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 67,392,418,143	P 16,615,977,635	P -	P -
Interest-bearing loans	5,851,631,880	31,990,367,818	138,338,513,952	10,023,845,002
Bonds payable	14,700,473,956	824,365,975	35,204,540,481	-
Advances from related parties	132,574,884	1,497,837,117	-	-
Redeemable preferred shares	-	-	1,537,091,539	-
Subscription payable	-	1,114,665,008	-	-
Security deposits	-	53,706,819	130,902,420	556,145,047
Slot jackpot liability	-	693,883,849	-	-
Other liabilities	696,323,501	2,077,980,412	7,767,744,257	28,298,162
	<u>P 88,773,422,364</u>	<u>P 54,868,784,633</u>	<u>P 182,978,792,649</u>	<u>P 10,608,288,211</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

11.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of March 31, 2023 and December 31, 2022 are summarized below.

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
2023 - Investment in quoted equity securities at:				
FVOCI	+17.33%	-17.33%	P 11,824,939	(P 11,824,939)
FVTPL	+17.33%	-17.33%	834,809,309	(834,809,309)
2022 - Investment in quoted equity securities at:				
FVOCI	+41.99%	-41.99%	P 16,477,256	(P 16,477,256)
FVTPL	+41.99%	-41.99%	P2,022,714,535	(2,022,714,535)

The maximum additional estimated gain or loss in 2023 and 2022 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past three months in 2023 and 12 months in 2022, at 95% confidence level.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 77,087,445,508	P 77,087,445,508	P 79,929,420,988	P 79,929,420,988
Trade and other receivables	76,571,186,380	76,833,450,029	69,440,374,506	69,157,966,455
Other financial assets	<u>4,522,205,062</u>	<u>4,404,116,279</u>	<u>4,729,436,456</u>	<u>4,729,436,456</u>
	<u>P 158,180,836,950</u>	<u>P 158,325,011,816</u>	<u>P154,099,231,950</u>	<u>P 153,816,823,899</u>
Financial assets at FVTPL –				
Marketable debt and equity securities	P 14,660,483,420	P 14,660,483,420	P 14,832,361,525	P 14,832,361,525
Derivative assets	<u>351,510,106</u>	<u>351,510,106</u>	<u>129,818,974</u>	<u>129,818,974</u>
	<u>P 15,011,993,526</u>	<u>P 15,011,993,526</u>	<u>P 14,962,280,499</u>	<u>P 14,962,280,499</u>
Financial assets at FVOCI –				
Equity securities	<u>P 402,836,872</u>	<u>P 402,836,872</u>	<u>P 342,843,851</u>	<u>P 342,843,851</u>
Financial Liabilities				
Financial liabilities at FVTPL –				
Slot jackpot liability	<u>P 458,070,134</u>	<u>P 458,070,134</u>	<u>P 693,883,849</u>	<u>P 693,883,849</u>
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	P 72,847,527,620	P 72,847,527,620	P 83,314,511,929	P 83,314,511,929
Interest-bearing loans	35,466,191,171	35,056,393,255	32,504,240,444	34,154,302,378
Bonds payable	25,598,728,752	26,535,030,776	14,026,453,110	13,889,177,501
Lease liabilities	1,342,837,110	1,342,837,110	1,361,900,994	1,361,900,994
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Advances from related parties	1,455,342,348	1,455,342,348	1,627,756,525	1,627,756,525
Commission payable	<u>1,678,067,104</u>	<u>1,678,067,104</u>	<u>2,077,980,412</u>	<u>2,077,980,412</u>
	<u>P 139,503,359,113</u>	<u>P 140,029,863,221</u>	<u>P 136,027,508,422</u>	<u>P137,540,294,747</u>
Non-current:				
Bonds payable	P 19,250,135,018	P 19,346,189,150	P 31,212,622,400	P 30,907,147,331
Interest-bearing loans	134,977,632,122	131,832,318,292	136,287,705,784	134,744,736,331
Lease liabilities	16,191,057,327	16,191,057,327	16,405,976,571	16,344,827,051
Casino deposit certificates	4,323,000,000	3,946,274,210	4,323,000,000	4,323,000,000
Redeemable preferred shares	1,574,159,348	1,574,159,348	1,537,091,539	1,424,353,069
Retention payable	2,820,516,987	2,820,516,987	2,507,283,349	2,507,283,349
Security deposits	838,789,314	791,209,165	853,524,893	853,524,893
Accrued rent	<u>8,652,760</u>	<u>8,652,760</u>	<u>-</u>	<u>-</u>
	<u>P 179,983,942,876</u>	<u>P 176,510,377,239</u>	<u>P193,127,204,536</u>	<u>P191,104,872,024</u>

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

The hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets or for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2023 and December 31, 2022.

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 15,011,993,526	P -	P -	P 15,011,993,526
Financial assets at FVOCI – Equity securities	68,233,926	197,700,000	136,902,946	402,836,872
	P 15,080,227,452	P 197,700,000	P 136,902,946	P 15,414,830,398
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	P -	P 458,070,134	P -	P 458,070,134
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 14,832,361,525	P -	P -	P 14,832,361,525
Derivative asset	-	129,818,974	-	129,818,974
Financial assets at FVOCI – Equity securities	39,240,905	166,700,000	136,902,946	342,843,851
	P 14,871,602,430	P 296,518,974	P 136,902,946	P 15,305,024,350
Financial liabilities:				
Financial liability at FVTPL – Slot jackpot liability	P -	P 693,883,849	P -	P 693,883,849

13.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2023 and December 31, 2022.

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 77,087,445,508	P -	P -	P 77,087,445,508
Trade and other receivables	-	25,845,271	76,807,604,758	76,833,450,029
Other financial assets	<u>2,655,474,191</u>	<u>590,565,323</u>	<u>1,148,076,765</u>	<u>4,404,116,279</u>
	<u>P 79,752,919,699</u>	<u>P 616,410,594</u>	<u>P 77,955,681,523</u>	<u>P 158,325,011,816</u>
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 72,847,527,620	P 72,847,527,620
Interest-bearing loans	-	-	35,056,393,255	35,056,393,255
Subscription payable	-	-	1,114,665,008	1,114,665,008
Bonds Payable	26,535,030,776	-	-	26,535,030,776
Lease liabilities	-	-	1,342,837,110	1,342,837,110
Commission payable	-	-	1,678,067,104	1,678,067,104
Due to related parties	-	-	1,455,342,348	1,455,342,348
Non-current:				
Bonds payable	19,346,189,150	-	-	19,346,189,150
Interest-bearing loans	-	-	131,832,318,292	131,832,318,292
Redeemable preferred shares	-	-	1,574,159,348	1,574,159,348
Lease liabilities	-	-	16,191,057,327	16,191,057,327
Retention payable	-	-	2,820,516,987	2,820,516,987
Security deposits	-	-	791,209,165	791,209,165
Casino deposit certificates	-	-	3,946,274,210	3,946,274,210
Accrued rent	-	-	8,652,760	8,652,760
	<u>P 45,881,219,926</u>	<u>P -</u>	<u>P270,659,020,534</u>	<u>P 316,540,240,460</u>
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 79,929,420,988	P -	P -	P 79,929,420,988
Trade and other receivables	-	34,307,558	69,123,658,897	69,157,966,455
Other financial assets	<u>2,758,627,215</u>	<u>-</u>	<u>1,970,809,241</u>	<u>4,729,436,456</u>
	<u>P 82,688,048,203</u>	<u>P 34,307,558</u>	<u>P 71,094,468,138</u>	<u>P 153,816,823,899</u>
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 83,314,511,929	P 83,314,511,929
Interest-bearing loans	-	-	34,154,302,378	34,154,302,378
Lease liabilities	-	-	1,361,900,994	1,361,900,994
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	1,627,756,525	1,627,756,525
Bonds payable	13,889,177,501	-	-	13,889,177,501
Commission payable	-	-	2,077,980,412	2,077,980,412
Non-current:				
Bonds payable	30,907,147,331	-	-	30,907,147,331
Lease Liabilities	-	-	16,344,827,051	16,344,827,051
Interest-bearing loans	-	-	134,744,736,331	134,744,736,331
Redeemable preferred shares	-	-	1,424,353,069	1,424,353,069
Retention payable	-	-	2,507,283,349	2,507,283,349
Security deposits	-	-	853,524,893	853,524,893
	<u>P 44,796,324,832</u>	<u>P -</u>	<u>P279,525,841,939</u>	<u>P 324,322,166,771</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

13.4 Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of March 31, 2023, the fair value of the Group's investment property amounting to P563.0 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

There were no changes in the Group's approach to capital management during the periods presented.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	P 382,952,215,375	P 382,052,038,281
Total equity	373,466,784,620	365,968,112,336
Liabilities-to-equity ratio	P 1.03:1.00	1.04:1.00

15. OTHER MATTERS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES

March 31, 2023

(Amounts in Philippine Pesos)

Current	P	70,096,215,789
1 to 30 days		2,945,708,800
31 to 60 days		1,301,702,365
Over 60 days		<u>4,037,340,098</u>
Total		78,380,967,052
Due from other related parties		<u>1,665,416,903</u>
Balance as at March 31, 2023	P	<u><u>80,046,383,955</u></u>

SECRETARY'S CERTIFICATE

I, **ALAN B. QUINTANA**, of legal age, Filipino, with office address at the 9th Floor, Eastwood City Global Plaza, Palm Tree Avenue, Eastwood City CyberPark, Bagumbayan, Quezon City, Metro Manila, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **ALLIANCE GLOBAL GROUP, INC.** (the "Corporation"), a corporation duly organized under Philippine laws with office address at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines.

2. I hereby certify that none of the following incumbent directors and/or officers of the Corporation currently works in any government institution or entity:

ANDREW L. TAN	Chairman
KEVIN ANDREW L. TAN	Vice Chairman and CEO
KINGSON U. SIAN	President
KATHERINE L. TAN	Director and Treasurer
JESLI A. LAPUS	Independent Director
ENRIQUE M. SORIANO III	Independent Director
ANTHONY T. ROBLES	Independent Director
DINA D.R. INTING	Chief Financial Officer, Compliance Officer and Corporate Information Officer
ALAN B. QUINTANA	Corporate Secretary
NELILEEN S. BAXA	Assistant Corporate Secretary

IN WITNESS WHEREOF, I have hereunto set my hand this 10 MAY 2023 at MAKATI CITY, Metro Manila, Philippines.

ALAN B. QUINTANA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10 MAY 2023 at MAKATI CITY, Philippines, Affiant exhibiting to me his Driver's License [REDACTED]

Doc. No. 444;
Page No. 84;
Book No. 226;
Series of 2023.

NOTARY PUBLIC

RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No. 62179/04-26 2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01 03-2023/Makati City
MCLC Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRIQUE M. SORIANO III**, of legal age, Filipino, and a resident of [redacted] City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ALLIANCE GLOBAL GROUP, INC.** (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with office address at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its Independent Director since June 16, 2022.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Emperador Inc.	Independent Director	2016 to Present
MREIT Fund Managers, Inc.	Independent Director	2020 to Present
Travellers International Hotel Group, Inc.	Independent Director	2013 to Present
Wong + Bernstein Strategic Advisory Group	Executive Director	2013 to Present
Family in Business Strategic Group	Senior Advisor	2016 to Present
Singapore Institute of Directors	Member	Up to Present
IPMI International Business School	Senior Fellow on Governance	2017 to Present
P.A. Properties	Independent Director	2022 to Present
GGTT	Independent Director	Up to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 04 2023 at CITY OF MANILA, Metro Manila, Philippines.

ENRIQUE M. SORIANO III
Affiant

MAY 04 2023

SUBSCRIBED AND SWORN to before me this _____ at _____ Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport [redacted]

Doc. No. 74
Page No. 16
Book No. 9
Series of 2023.

ATTY. ROLANDE LAS PIÑAS
Notary Public, City of Manila
Notarial Commission No 2023/016
Until Dec 31 2024
240-C.A.H. Lacson St., Samp. Mla.
Roll of Attorney No 84035
PTR No 0822024/JAN 3, 2023/MLA.
IBP Membership No 243549 / 06/20/2022
MCLE Exempted G.B.O 1s. 2008

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ANTHONY T. ROBLES, of legal age, Filipino, and a resident of [redacted] Metro Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of ALLIANCE GLOBAL GROUP, INC. (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with office address at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its Independent Director since June 16, 2022.

2. I am affiliated with the following companies or organizations:

Table with 3 columns: Company/Organization, Position/Relationship, Period of Service. Rows include MREIT Fund Managers, Inc., PBCOM, and Ateneo de Manila Graduate School of Business.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge and except as disclosed in Schedule "A" hereof, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 11 MAY 2023 at MAKATI CITY, Metro Manila, Philippines.

Handwritten signature of Anthony T. Robles and printed name: ANTHONY T. ROBLES, Affiant

SUBSCRIBED AND SWORN to before me this 11 MAY 2023 at MAKATI CITY, Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport [redacted]

Doc. No. 59, Page No. 105, Book No. 246, Series of 2023.

Notary Public information for Atty. Raymond A. Ramos, Commission No. M-077, Makati City, valid until December 31, 2024.

Schedule "A"
List of Pending Legal Proceedings

Case Title	DEVELOPMENT BANK OF THE PHILIPPINES vs. ANTHONY T. ROBLES
Parties	
Complainant:	Development Bank of the Philippines, represented by VP VICENTE S. PAGDATOON II & VP CHRISTOPHER C. REALINA
Respondents:	Anthony T. Robles
Case Nos.	OMB-C-A-19-0095 and OMB-C-C-19-0118
Court	Office of the Ombudsman
Nature of Case	<ul style="list-style-type: none"> ● Conduct Prejudicial to the Best Interest of the Service, Grave Misconduct and Gross Neglect of Duty; and ● Violation of Sections 3(e), 3(i) and 3(j) of Republic Act No. 3019 and Violation of Republic Act 9184
Description	Based on unrefuted facts and documents on record, Mr. Robles had no knowledge of the alleged demerger issue. Neither was Mr. Robles a member of the Technical Working Group which evaluated the proposals of the bidders, nor did Mr. Robles award the ICBS system project to KAISA-POLARIS JV.
Amount Involved	

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESLI A. LAPUS**, of legal age, Filipino, and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ALLIANCE GLOBAL GROUP, INC.** (hereafter, the "Corporation"), a corporation duly organized and existing under Philippine laws, with office address at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines, and have been its independent director since June 17, 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Emperador Inc.	Independent Director	2021 to Present
STI Education Systems Holdings, Inc.	Director	2013 to Present
STI Education Services Group, Inc.	Chairman and Director	2013 to Present
STI West Negros University, Inc.	Director	2022 to Present
LSERV Corporation	Chairman and Director	2012 to Present
Information and Technology Academy (iAcademy)	Independent Director	2010 to Present
Philippine Life Financial Assurance Corporation	Independent Director	2012 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

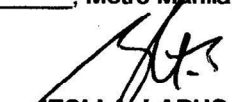
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. As of the date of this Certification, I am neither holding any position in nor affiliated with any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 15 2023 at LAGUNA CITY, Metro Manila, Philippines.


JESLI A. LAPUS
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 15 2023 at LAGUNA CITY, Philippines, Affiant personally appeared before me and exhibited to me his Philippine Passport [REDACTED]

ATTY. GEORGE DAVID D. SITON
 NOTARY PUBLIC

Doc. No. NA;
 Page No. NA;
 Book No. NA;
 Series of 2023.

OFFICE OF THE NOTARY PUBLIC
 LAGUNA CITY