From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Tuesday, March 21, 2023 2:52 PM
Subject: Information Statement

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Premium Leisure Corp.
Reference Number: 0009579-2023
Date and Time: Tuesday, March 21, 2023 14:51 PM
Template Name: Information Statement
Report Number: CR01579-2023

Best Regards,
PSE EDGE

If verification is required, please request for a hard copy.

To know about your rights as a data subject under the Data Privacy Act of 2012 and how the PSE processes and protects the Personal Data it collects and stores, you may visit the Privacy Policy page of PSE's website at https://www.pse.com.ph/stockMarket/content.html?sec=privacypolicy

The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

CR01579-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) 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

Premium Leisure Corp.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

AS93009289

5. BIR Tax Identification Code

003-457-827

6. Address of principal office

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila

Postal Code

1300

7. Registrant's telephone number, including area code

(+632) 8662 8888

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

April 24, 2023, 10:00 A.M. Hybrid Meeting (Please refer to additional details below)

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Mar 24, 2023

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

-

Address and Telephone No.

-

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	31,216,931,000

13. Are any or all of registrant's securities listed on a Stock Exchange?

☑ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc./Common Stock

PREMIUM
LEISURE CORP.

Premium Leisure Corp. PLC

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting

References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Apr 24, 2023
Type (Annual or Special)	Annual
Time	10:00 AM
Venue	Hybrid Meeting* (Please see details below)
Record Date	Mar 25, 2023

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
The Chairman of the Meeting, the Secretary of the Meeting, the members of the Board of Directors, and other Officers will be attending in person at the City of Dreams Manila, Entertainment City, Cor. Macapagal Ave., Aseana Ave., Paranaque City; the shareholders will be participating by remote communication via Zoom Webinar.

Filed on behalf by:

Name	Michelle Angeli Hernandez
Designation	Chief Risk Officer

COVER SHEET

AS93009289
S.E.C. Registration Number

PREMIUM LEISURE CORP.

(Company's Full Name)

5/F, TOWER A, TWO E-COM CENTER PALM COAST AVE., MALL OF ASIA COMPLEX CBP-1A, PASAY CITY

MICHELLE ANGELI T. HERNANDEZ
Contact Person

(+632) 8662-8888
Company Telephone Number

12 31
Month Day
Fiscal Year

Definitive 20-IS
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

358
Total No. of Stockholders

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

PREMIUM
LEISURE CORP.

Notice of Annual Stockholders' Meeting

To all Stockholders:

The Annual Stockholders' Meeting of Premium Leisure Corp. (the **Company**) will be held on **April 24, 2023**, Monday at 10:00 A.M. to be conducted in hybrid format, the Chairman and Secretary of the Meeting, as well as directors and key officers shall attend in person at the City of Dreams Manila, Entertainment City, cor. Macapagal Ave., Aseana Ave., Paranaque City; the stockholders will be participating by remote communication via Zoom Webinar. Voting shall be conducted *in absentia* through the Company's secure online voting facility.

Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on April 28, 2022
4. Approval of 2022 Operations and Results
5. Ratification of all Acts of the Board of Directors, Board Committees and Management during their term of office
6. Election of Directors for 2023-2024
7. Appointment of External Auditors
8. Other Matters
9. Adjournment

Please refer to Annex A for a brief explanation of each agenda item for approval.

The Board of Directors (**Board**) has fixed the end of trading hours of The Philippine Stock Exchange, Inc. on **March 25, 2023** as the record date for the determination of stockholders entitled to the notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering via https://asmregister.premiumleisurecorp.com and submitting the supporting documents listed there until 12 noon of **April 21, 2023** (Friday). All information submitted shall be verified and validated by the Corporate Secretary.

Stockholders who wish to cast votes through a proxy may accomplish the proxy form (which need not be notarized) and submit the same on or before 12:00 noon of **April 21, 2023**. To facilitate submission, scanned forms may first be sent electronically through plccorsec@premiumleisurecorp.com with hard copies to be submitted to the office of the Corporate Secretary c/o Serrano Law at 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City 1634.

Stockholders who successfully registered can cast their votes *in absentia* through the Company's secure online voting facility for this meeting. In order to participate through remote communication, they will also be provided with access to the meeting that will be held virtually. The "Guidelines for Participation via Remote Communication and Voting *in Absentia*" as appended to the Information Statement and labeled as Schedule A, together with the Information Statement, Annual Report on SEC Form 17-A (once available) and other pertinent materials for the Annual Stockholders' Meeting are posted in the Company's website https://www.premiumleisurecorp.com/ASM2023 and PSE EDGE.

ELMER B. SERRANO
Corporate Secretary

ANNEX "A"

Details and Rationale for Agenda Items for Approval

Agenda Item No. 1: Call to Order

The Chairman of the Board of Directors, Mr. Willy N. Ocier, will call the meeting to order.

Agenda Item No. 2: Proof of Notice of Meeting and Quorum

The Corporate Secretary, Atty. Elmer B. Serrano, will certify that copies of this Notice were sent to Stockholders of record as of **March 25, 2023.** He will also certify the number of attendees, whether in person or by proxy or through remote communication, for the purpose of determining the existence of quorum to validly transact business.

Agenda Item No. 3: Approval of Minutes of the Annual Stockholders' Meeting held on April 28, 2022

The Minutes of the Annual Stockholders' Meeting (ASM) held on April 28, 2022 was posted on the Company's website: https://www.premiumleisurecorp.com/sites/default/files/plc_-_minutes_of_asm_28apr2022.pdf within twenty-four (24) hours from adjournment of the meeting. Copies of the Minutes of the ASM held on April 28, 2022 are available for inspection during office hours at the office of the Corporate Secretary. The results of last year's ASM were also timely disclosed to the Philippine Stock Exchange, Inc. (PSE) and the Securities and Exchange Commission (SEC). The Minutes are subject to stockholders' approval during this year's stockholders' meeting.

Agenda Item No. 4: Approval of 2022 Operations and Results

The Company's 2022 performance results have been summarized in the Annual Report, which includes the Audited Financial Statements (AFS) of the Company for the year ended December 31, 2022. The AFS, as audited by the external auditor which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board. Stockholders will be given an opportunity to raise questions regarding the operations and report of the Company during the ASM.

Agenda Item No. 5: Ratification of all Acts of the Board of Directors, Board Committees and the Management During their Term of Office

All actions, proceedings and contracts entered into, as well as resolutions made, including approvals of significant related party transactions of the Board, the Board Committees and the Management from the last ASM held on April 28, 2022 to the date of this meeting will be presented to the shareholders for their confirmation, approval, and ratification. The Company's performance in 2022, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board which were effectively executed and complied with by management in conformance with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board, Board Committees, and Management is subject to stockholders' approval during this year's stockholders' meeting.

Agenda Item No. 6: Election of Directors for 2023-2024

Directors of the Company, including Independent Directors, have been pre-qualified by the Company's Corporate Governance Committee for election as directors for 2023-2024.

Their proven competence, expertise and qualifications based on current regulatory standards, will help sustain the Company's solid performance for the benefit of all its shareholders. The profiles of the Board are contained in the Information Statement for reference of the stockholders and are likewise posted on the Company's website. Directors for 2023-2024 will be elected during this year's stockholders' meeting.

Agenda Item No. 7: Appointment of External Auditor

Upon recommendation of the Audit Committee, the Board approved and endorses for stockholder approval the re-appointment of Reyes Tacandong and Co. as the Company's external auditor for 2023. Reyes Tacandong & Co. is one of the top auditing firms in the country and is duly accredited with the SEC. The appointment of Reyes Tacandong & Co. as external auditor of the Company for 2023 is subject to stockholders' approval during this year's stockholders' meeting.

Agenda Item No. 8: Other Matters

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

Agenda Item No. 9: Adjournment

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

PROXY FORM

The undersigned stockholder of **PREMIUM LEISURE CORP.** (the "**Company"**), registered in the name of Philippine Central Depository Nominee Corporation, if applicable*, hereby appoints ____________________________,(as sub-proxy*), or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and voteall shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of theCompany on April 24, 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting held onApril 28, 2022.

   ____Yes_____No_____Abstain

2. Approval of 2022 Operations and Results.

   ____Yes_____No_____Abstain

3. Ratification of the acts of the Board of Directors, Board Committees and the Management from the date of the last stockholders' meeting to April 24, 2023.

   ____Yes_____No_____Abstain

4. Election of Directors.

_______Vote for all nominees listed below
___________ Willy N. Ocier
___________ Armin Antonio B. Raquel Santos
___________ Maria Gracia M. Pulido Tan (Independent)
___________ Jerry C. Tiu (Independent)
___________ Roberto V. Antonio (Independent)
___________ Laurito E. Serrano (Independent)
___________ Exequiel P. Villacorta, Jr.

____Withhold authority for all nominees listed above

____Withhold authority to vote for the nomineeslisted below:

_______________ _______________
_______________ _______________
_______________ _______________

5. Appointment of Reyes Tacandong & Co. as external auditors.

   ____Yes_____No_____Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters properly come before the meeting.

   ____Yes_____No_____Abstain

____
Printed Name of Stockholder/Broker/PCD Participant

____
Signature of Stockholder or Name and Signature of Authorized Signatory of Corporate Stockholder/Broker/PCD Participant

____
Date

This Proxy must be submitted together with the following:

<u>For Individual Stockholders</u>
If a representative will sign on behalf of stockholder, this proxy must be submitted together with a duly executed Special of General Power of Attorney showing the authority of the representative to sign on behalf of the individual stockholder.

<u>For Corporate Stockholders</u>
A duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the stockholder corporation. Enclosed is a sample Secretary's Certificate foryour reference.

<u>For PCD Participants/Brokers</u>
A duly executed Secretary's Certificate showing the authorityof the representative to sign on behalf of the PCD Participant/Broker, as well as the duly accomplished proxy or certificate of shareholdings issued by the PDTC. Enclosed is a sample Secretary's Certificate for your reference.

This Proxy should be received by the Corporate Secretary on or before **<u>April 21, 2023</u>** at least three (3) days before the date set for the annual meeting as provided in the By-laws. The Chairman of the meeting shall act as the proxy in the event no name is given.

This Proxy need not be notarized, and when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this Proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Directors.

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

This proxy form shall be valid for five (5) years from date hereof.

** For PCD Participants/Brokers*

SPECIAL POWER OF ATTORNEY

Know all men by these presents:

I,____,__________________citizen, of legal age and a resident of ____, do hereby name, constitute, and appoint__________________________,__________________citizenship, of legal age and a resident of____, to be my true and lawful attorney-in-fact for myself and in my name, place and stead, to do and perform the following acts and things,namely:

1. To attend the 2023 Annual Stockholders' Meeting of Premium Leisure Corp., or at any adjournments thereof, of which I am a shareholder, and then and there to exercise my voice and vote and whatsoever privileges, rights, and prerogatives may correspond to me by reason of my shares therein; and

2. To delegate in whole or in part any or all of the powers and authorities herein covered, by means of an instrument inwriting in favor of any third person or persons whom the attorney-in-fact may select.

Hereby giving and granting unto said attorney-in-fact full power and authority to do and perform any and every act andthing, whatsoever, requisite or necessary or proper to be done in and about the premises, as fully to all intents and purposes as I might or could do, with full power of substitution or revocation, and hereby ratifying and confirming allthat the said attorney-in-fact or his substitute shall lawfully do or cause to be done under and by virtue of these presents.

IN WITNESS WHEREOF, I have signed this instrument in____________________________on _________________________202_.

____

Name and Signature of Stockholder

Signed in presence of:

___________________________________ ___________________________________

Acknowledgment

Republic of the Philippines)
____________________)

Before me, a Notary Public for and in the City of___________, this __ day of___________202_ personally appeared_______________________who presented to me his/her (Gov't. issued ID No.) issued on_____at ______________and who was identified by me through his/her competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that his/her signature on the instrument was voluntarily affixed by him/her for the purposes stated therein, and who declared to me that he/she has executed the instrument as his/her free and voluntary act and deed.

This instrument refers to the Special Power of Attorney consisting of (_) pages, including this page, and signed by thepersons executing this instrument and sealed with the notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. ______;
Page No. ______;
Book No._________;
Series of ______.

SECRETARY'S CERTIFICATE

I, ________________________________, ________________ citizen, of legal age and with office address at____,do hereby certify that:

1. I am the duly appointed Corporate Secretary of _________________(the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines,with office address at __________________________.

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Companyheld on ________________, the following resolutions were passed and approved:

> "RESOLVED, That ____, _______________________________________be authorized and appointed, as he is hereby authorized and appointed, as the Company's Proxy (the "Proxy") to attend all meetingsof the stockholders of Premium Leisure Corp. (PLC) whether the meeting is regular or special,or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Company held in PLC and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and steadof the Company.
>
> "RESOLVED, FINALLY, That PLC be furnished with a certified copy of this resolution andPLC may rely on the continuing validity of this resolution until receipt of written notice of itsrevocation."

3. The foregoing resolutions have not been modified, amended or revoked in accordance with the records ofthe Company presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in_________________________on ______________________.

____
Printed Name and Signature of
theCorporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on ____________ in_______________.
Affiant exhibited to me his Competent Evidence of Identity by way of______________ issued on _____________at______________.

Doc. No._______;
Page No.______;
Book No.______;
Series of______.

Schedule "A"

2023 ANNUAL STOCKHOLDERS' MEETING

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2023 Annual Stockholders' Meeting (**ASM**) of Premium Leisure Corp. ("**PLC**" or the "**Company**") will beheld on **April 24, 2023** at **10:00 A.M**. and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on **March 25, 2023** ("**Record Date**") as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The Board of Directors of the Company has approved and authorized stockholders to participate in the ASM viaremote communication and to exercise their right to vote *in absentia* or by proxy.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until **April 21, 2023**, 12:00 noon via https://asmregister.premiumleisurecorp.com and by submitting the following requirements and documents, subject to verification and validation:

1. Individual Stockholders
   - 1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, amongothers in order to validate the registration of the shareholder (up to 2MB)
   - 1.2. Stock certificate number
   - 1.3. Active e-mail address/es
   - 1.4. Active contact number/s, with area and country codes

2. Multiple Stockholders or with joint accounts
   - 2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders (up to 2MB)
   - 2.2. Stock certificate number/s
   - 2.3. Active e-mail addresses of the stockholders
   - 2.4. Active contact numbers, with area and country codes
   - 2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder tovote for and on behalf of the account

3. Corporate Stockholders
   - 3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
   - 3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
   - 3.3. Active e-mail address/es of the authorized representative
   - 3.4. Active contact number of an authorized representative, with area and country codes

4. PCD Participants/Brokers
   - 4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to theauthority of the representative to vote for and on behalf of the PCD participant/broker

4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker

4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)

4.4. Active e-mail address/es of the authorized representative

4.5. Active contact number of the authorized representative, with area and country codes

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Company.

An active/valid email address is required for the registration. Any single email address canbe used to register up to five (5) times for multiple shareholdings with the Company underdifferent classifications, i.e., single, joint, multiple/joint, corporate and under broker account. If you have exceeded this number of allowable requests, please contact the Company's Governance and Corporate Affairs Department at (+632) 8662-8888 local 2113 or via email at plc_governance@bellecorp.com.

ONLINE VOTING

Stockholders who have successfully registered shall be notified via email of their unique log-in credentials for thevoting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Access the voting portal by clicking the link, and log in using the unique credentials sent by email to the email-address of the stockholder provided to the Company.

2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each itemfor stockholders' approval are appended as **Annex A** to the Notice of Meeting.

   2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

   2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote forany of the nominees (abstain), or vote for certain nominees only.

Note: *A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (7 directors for the Company) multiplied by thenumber of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.*

Example*: A stockholder who has one hundred (100) shares in the Company will have seven hundred (700) votes (one hundred shares multiplied by seven directors to be elected) to distribute among the candidates. Thus, he or she may 1) divide all votes among all candidates equally; or 2) allocate all votes to one or some candidates in any manner so long as the total number of votes does not exceed seven hundred (700).*

3. Once the stockholder has finalized his or her vote, he or she can proceed to submit the same by clicking the"Submit" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the newvotes cast.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will also be posted at https://www.premiumleisurecorp.com/ASM2023

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

OPEN FORUM

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator willread and where representatives of the Company shall endeavor to answer as many of the questions and commentsreceived from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2023 Open Forum" to plccorsec@premiumleisurecorp.com on or before 12 noon of April 23, 2023. A section for stockholder comments/questions or a "chat box" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations.

For any concerns, please contact the Company's Governance and Corporate Affairs Department at (+632)8662-8888 local 2113 or via email at plc_governance@bellecorp.com.

For complete information on the annual meeting, please visit https://www.premiumleisurecorp.com/ASM2023

PROFILES OF THE NOMINEES TO THE BOARD OF DIRECTORS FOR 2023-2024

WILLY N. OCIER	
EXPERIENCE / EDUCATION	Mr. Willy Ocier, 66, is an Executive Director and Chairman of Premium Leisure Corp. He is also the Chairman and Director of Belle Corporation, APC Group, Inc., Pacific Online Systems Corporation, Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and one of the Directors of The Country Club at the Tagaytay Highlands, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., He is a Director of Leisure and Resorts World Corporation. He also sits as a Director to the following unaffiliated corporations, IVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation. Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

ARMIN ANTONIO B. RAQUEL SANTOS	
EXPERIENCE / EDUCATION	Mr. Raquel Santos, 55, Filipino, is the Executive Director and the President and Chief Executive Officer of Premium Leisure Corp. (PLC). He is the President and Chief Executive Officer of PLC's subsidiary PremiumLeisure and Amusement, Inc. He is also a Director of Belle Corporation, Pacific Online Systems Corporation, Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation. Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York. Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

MARIA GRACIA M. PULIDO TAN	
EXPERIENCE / EDUCATION	Atty. Tan, 67, Filipino, is an independent director of the Company. She is likewise an independent director of Belle Corporation and Pacific Online Systems Corporation. She is the former Chairperson of the Commission on Audit, Undersecretary of Finance and Commissioner of the Presidential Commission on Good Government. She is currently a Trustee of the International Budget Partnership, an international NGO based in Washington DC, USA. She is also a member of the Tax Faculty of the Philippine Judicial Academy. She is a director of several Philippine corporations, a tax consultant and legal adviser of some private clients, and an accredited Arbitrator of the Construction Industry Arbitration Commission, Philippines and Philippine Dispute Resolution Center, Inc, Philippines. Atty. Tan served as Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a professor at the University of the Philippines for Mandatory Continuing Legal Education. Backed by four decades of professional work in the Philippines and abroad as a private law and accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration. She graduated from the University of the Philippines in 1977 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Bachelor of Laws. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a Certified Public Accountant.

JERRY C. TIU	
EXPERIENCE / EDUCATION	Mr. Tiu, 65, Filipino, is an independent director of Premium Leisure Corp. He is likewise an independent director of APC Group, Inc. He is a director and the President of Tagaytay Highlands Community Condominium Association, Inc., Tagaytay Midlands Community Homeowners' Association, Inc., and Greenlands Community Homeowners' Association, Inc. He is also the President of the following companies: Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., and The Spa & Lodge at Tagaytay Highlands, Inc. He is a former Director of the Manila Polo Club. Mr. Tiu holds a Bachelor of Science degree in Commerce (Major in Marketing) from the University of British Columbia.

ROBERTO V. ANTONIO	
EXPERIENCE / EDUCATION	Mr. Antonio, 60, is an independent director of the Company. He is also an independent director of Pacific Online Systems Corporation and the Development Bank of the Philippines. He is currently the President of Kalimera, Inc., RVA and Sons, Inc., RVA International Trading Corporation, and La Salle Greenhills Foundation. He is also the Vice Chairman of Right Eight Security Agency, Inc. He also serves as a Consultant for Mustang Holdings, Inc. and Board Member of the La Salle Greenhills Alumni. Mr. Antonio served as one of the Department of Tourism's Undersecretaries from 1998-2000 and Senior Consultant from 2004-2010. He graduated from De La Salle University with a degree in Economics major in Marketing Management in 1984. He obtained his Juris Doctor (candidate) at the Ateneo De Manila University Law School in 1989. He finished his Masters in Business Economics at the University of Asia and the Pacific in 1997.

LAURITO E. SERRANO	
EXPERIENCE / EDUCATION	Mr. Serrano, Filipino, 62, is currently the Lead Independent Director of Pacific Online Systems Corporation. Mr. Serrano concurrently serves as Independent Director of Rizal Commercial Banking Corporation, 2GO Group Inc., Axelum Resources Corp., and Anglo-Philippine Holdings, Inc. He is also a director in privately-held MRT Development Corporation. As independent director in listed entities, Mr. Serrano serves as chairman or member of such companies' audit, compliance, and risk committees. Mr. Serrano is a former partner of the Corporate Finance Consulting Group of SGV & Co. He is a Philippine Certified Public Accountant and has a Master's degree in Business Administration from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance in a broad range of clients and industry sectors.

<table>
<tr><td colspan="2">EXEQUIEL P. VILLACORTA, JR.</td><td></td></tr>
<tr><td>EXPERIENCE / EDUCATION</td><td colspan="2">Mr. Villacorta, 77, Filipino, is a Non-Executive Director of Premium Leisure Corp. Prior to this position, he was a Director of Equitable PCI Bank, EBC Insurance Brokerage, and Maxicare Healthcare Corporation. He was the former Chairman of EBC Strategic Holdings Corporation, EBC Investments (now BDO Strategic Holdings), Jardine Equitable Finance Corporation, Strategic Property Holdings, PCIB Properties, Equitable Data Center, and PCI Automation Center. He was a past President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of the Private Development Corporation of the Philippines. He was Senior Adviser and BSP Controller of Equitable PCI Bank and PBCom, and Adviser to the Board of PCI Capital Corporation.

Mr. Villacorta holds a Bachelor of Science degree in Business Administration from De La Salle University and a Master's degree in Business Management from the Asian Institute of Management.</td></tr>
</table>

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20of the Securities Regulation Code

1. Check the appropriate box
   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PREMIUM LEISURE CORP.**

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

4. SEC Identification Number: **AS93-009289**

5. BIR Tax Identification Number: **003-457-827**

6. Address of principal office and Postal Code: **5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City,Metro Manila 1300**

7. Registrant's telephone number, including area code: **(632) 8662-8888**

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

   Date : 24 April 2023
   Time : 10:00 A.M.
   Venue : **Hybrid Meeting**
   [The Chairman of the Meeting, the Secretary of the Meeting, the members of the Board of Directors, and other Officers will be attending in person at the City of Dreams Manila, Entertainment City, Cor. Macapagal Ave., Aseana Ave., Paranaque City; the stockholders will be participating by remote communication via Zoom Webinar]

9. Approximate date on which the Information Statement is to be sent or given to security holders: **March 24, 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
Common Stock	**31,216,931,000** (as of February 28, 2023)

11. Are any or all of Registrant's securities listed on a Stock Exchange?

Common Shares	Yes [X]	No [ ]
Preferred Shares	Yes [ ]	No [X]

If so disclose name of the Exchange: **The Philippine Stock Exchange, Inc.**

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

Voting Securities

The record date for purposes of determining the stockholders of **Premium Leisure Corp.** (**PLC** or the **Company**) entitled to notice of, and to vote, during the Annual Stockholders' Meeting is March 25, 2023 (Record Date). The total number of shares outstanding and entitled to vote in the meeting is 31,216,931,000 shares (net of 410,379,000 treasury shares). Stockholders are entitled to cumulative voting in the electionof the board of directors, as provided under Section 23 of the Revised Corporation Code.

To ensure the safety and welfare of stockholders and everyone involved, this year's Annual Stockholders' Meeting will be conducted in hybrid format with the Chairman and Secretary of the Meeting, as well as directors and key officers attending in person at the City of Dreams Manila, Entertainment City, cor. Macapagal Ave., Aseana Ave., Paranaque City; the stockholders will be participating by remote communication via Zoom Webinar, the details of which can be found in **https://www.premiumleisurecorp.com/ASM2023.** The Company will record the video of the proceedings and maintain a copy with the office of the Corporate Secretary.

The Board of Directors, therefore, in its meeting held on February 24, 2023, adopted a resolution allowingstockholders to participate, and to exercise their right to vote, via remote communication or *in absentia.*

Stockholders as of Record Date must inform the Corporate Secretary of their intention to participate in the meeting via remote communication and to vote *in absentia* by registering at https://asmregister.premiumleisurecorp.com/ on or before 12 noon of **April 21, 2023 (Friday)**, subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting. Voting willbe made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

*The detailed guidelines for participation and voting for this meeting are set forth in the "**Guidelines for Participation via Remote Communication and Voting in Absentia**" appended as **Schedule "A"** to this Information Statement.*

GENERAL INFORMATION

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

(a) Date - 24 April 2023 (Monday)
Time - 10:00 A.M.
Place - Hybrid Meeting
[The Chairman of the Meeting, the Secretary of the Meeting, the members of the Board of Directors, and other Officers will be attending in person at the City of Dreams Manila, Entertainment City, Cor. Macapagal Ave., Aseana Ave., Paranaque City; the stockholders will be participating by remote communication via Zoom Webinar]

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The approximate date on which the Information Statement will be sent or given to security holders ison **24 March 2023**.

(a) The complete mailing address of the principal office of Premium Leisure Corp.(PLC or the "Company") is:

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila 1300

Item 2. Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting (ASM) on April 24, 2023 are not among the instances enumerated in Sections 41 and 80 of the Revised Corporation Code ("Revised Code") whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Code;
3. In case of investment of corporate funds in another corporation or business or for any other purposeother than its primary purpose; and
4. In case of merger or consolidation.

In case the right of appraisal will be exercised, Section 81 of the Revised Code provides for the appropriate procedure, viz:

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 its shares held within thirty (30) days from the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. Ifthe proposed corporate action is implemented, the Company shall pay to such stockholder, upon surrender of the certificates of stock representing the shareholder's 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, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named bythe stockholder, another by the Company, 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 stockholder shall forthwith transfer the shares to the Company.

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

(a) No person who has been a director or officer or a nominee for election as director of the Company or associate of such persons, has a substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2023-2024.

(b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Registrant during the stockholders' meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) As of February 28, 2023, the Registrant has 31,216,931,000 common shares outstanding and each share is entitled to one vote. As of February 28, 2023, out of the outstanding capital stock of the Company, 253,168,054 common shares or 0.81**%** are owned by foreigners.

(b) The record date with respect to the determination of the stockholders entitled to notice of and vote at theASM is **March 25, 2023.**

(1)Each common share of PLC is entitled to one (1) vote (each, a **Voting Share/s**) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to onecandidate as many votes as the number of directors to be elected multiplied by the number ofhis shares shall equal, or he may distribute them on the same principle among as many candidatesas he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are seven (7) directors to be elected, each Voting Share is entitled to seven (7) votes.

Stockholders may nominate directors, subject to pre-qualification by the Corporate Governance Committee within period of nomination set forth in the Company's By-laws or relevant regulations. Stockholders as of Record Date may then vote for nominees in person or by proxy. PLC also provides an online voting facility where registered stockholders can pre-cast their votes if not attending in person.

For this year's meeting, the Board of Directors has adopted a resolution allowing stockholders entitled to notice of, and to attend, the meeting, to exercise their right to vote *in absentia*. Registration and voting procedures are further detailed in Item 19.

(c) The Company also provides an online voting facility where stockholders can cast their votesif not attending in person (see attached Schedule "A"). Voting Procedures are further detailed in Item 19.

(d) Security ownership of certain record and beneficial owners and management.

a. Security Ownership of Certain Record and Beneficial Owners

The persons or groups identified in the table below are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities asof February 28, 2023:

Title of Class	Name and Address of RecordOwner and Relationship withIssuer	Name of BeneficialOwner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	Belle Corporation ("Belle") * 5th Floor, Tower A, Two E-ComCenter Palm Coast Ave., Mall of Asia Complex, Pasay City, MetroManila, Philippines	Belle (affiliate and majority shareholder)	Filipino	24,904,904,324	78.75
Common	PCD Nominee Corp. (Filipino) ** G/F Makati Stock Exchange, 6767 Ayala Avenue, Makati City	*(please see footnote)*	Filipino	5,917,251,051	18.71

*Belle is the parent company of Premium Leisure Corp. The shares held by Belle, being a corporate shareholder, shall be voted or disposed of, by the persons who shall be duly authorized by its Board of Directors for the purpose. The natural person/s that has/have the power to vote on the shares of Belle shall be determined upon the submission of its proxy form to the Company, which is not later than three (3) daysbefore the date of the meeting.

**PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting theseshares; instead the participants have the power to decide how the PCD shares in Premium Leisure Corp. areto be voted.

As of February 28, 2023, 253,168,054 common shares of the Company are owned by non-Filipinos, constituting 0.81% of the Company's outstanding capital stock.

b. Security Ownership of Management

The following table shows the shares beneficially owned by the directors and officers of the Company as of February 28, 2023:

Title of Class	Name of Beneficial Owner	Amount* and Nature of Beneficial Ownership	Citizen ship	Percent
Common	Willy N. Ocier	39,888,001 Direct	Filipino	0.13%
Common	Exequiel P. Villacorta, Jr.	500,001 Direct	Filipino	0%
Common	Juan Victor S. Tanjuatco	1 Direct	Filipino	0%
Common	Armin Antonio B. Raquel Santos	11,000 Direct	Filipino	0%
Common	Maria Gracia M. Pulido Tan	10,001 Direct	Filipino	0%
Common	Roberto V. Antonio	10,000 Direct	Filipino	0%
Common	Jerry C. Tiu	4,000,000 Indirect**	Filipino	0.01%
Common	Arthur A. Sy	20,000 Direct	Filipino	0%
Common	Maria Neriza C. Banaria	0	Filipino	0%
Common	Elmer B. Serrano	0	Filipino	0%
Common	Phil Ivan A. Chan	0	Filipino	0%
Common	Anna Josefina G. Esteban	0	Filipino	0%
Common	Michelle Angeli T. Hernandez	0	Filipino	0%

*Number of shares
** Shares are lodged with broker duly registered in Mr. Jerry C. Tiu's name

c. Voting Trust Holders of 5% or More

The Company is not aware of any party which holds any voting trust or any similaragreement for 5% or more of PLC's voting securities.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings by PLC. There are no arrangements which may result in a change in control of the Company.

On June 2, 2014, the Company's Board approved to take on the gaming business and interests of the Belle Group. The transaction involved the sale to Belle of PLC's non-gaming assets (comprising primarily real properties and corporate club membership shares) and acquisition of all of Belle's interest in Premium Leisure and Amusement, Inc. (PLAI) and 34.5% interest in Pacific Online Systems Corporation (POSC). The transfers of the said assets were completed on July 24, 2014. As part of the consideration for the transfer of assets, PLC undertook to increase its authorized capital stock, and out of such increase, Belle agreed to subscribe to new shares to increase its stake in the Company to 90% of the outstanding capital.

As a result of the transactions, the Company directly owns 100% of PLAI and 34.5% of POSC. Belle, together with other principal shareholders agreed to offer a certain number of shares for sale, and as a result of which, its shareholdings in PLC was reduced. As of December 31, 2015, Belle directly owns 79.78% (24,904,904,324 shares) of PLC.

On August 5, 2015, PLC acquired additional 47,851,315 shares of POSC, thereby increasing its ownership from 34.5% to 50.1%. This resulted to the line by line consolidation of POSC by PLC.As of December 31,2019, PLC owns 50.1% of POSC's issued shares.

On July 1, 2017, Lucky Circle Corporation (LCC), a subsidiary of POSC that operates and/or managesseveral outlets throughout the Philippines that sell products of POSC, including lotto, keno and instant scratch tickets, acquired 100% ownership interest in nine entities.

On February 6, 2020, POSC's BOD approved the sale of LCC for POSC to focus its resources to its principal business of providing modern and efficient online gaming facilities and equipment to its customers. LCC is included as part of "Lottery equipment, leasing, distribution and others" in the Company's reportable segment.

On February 13, 2020, POSC has concluded the sale of all of the POSC's equity interest in LCC,equivalent to 127.0 million shares for Php1.082 per share to a third party for a total consideration of Php137.4 million.

On September 7, 2021, Pinoylotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), wasincorporated with the SEC. PinoyLotto was awarded the five years lease of the customized PCSO Lottery System, also known as '2021 PLS Project'.

The Group's interest in PinoyLotto was classified as a joint operation. PinoyLotto is 50% owned by POSC but controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners.

Item 5. Directors and Executive Officers

Directors and Executive Officers

The names and ages of all the incumbent Directors, elected on April 28, 2022 during the ASM and who are toserve for a term of one (1) year until their successor shall have been duly elected and qualified, and the Executive Officers are:

Name	Position	Age	Period Served
Willy N. Ocier	Chairman	66	6/25/1999 - present
Armin Antonio B. Raquel Santos	President and CEO	55	7/1/2017 - present
Exequiel P. Villacorta, Jr.	Director	77	7/18/2014 - present
Juan Victor S. Tanjuatco	Independent Director	75	7/18/2014 - present
Jerry C. Tiu	Independent Director	65	6/25/2021 - present
Ma. Gracia M. Pulido Tan	Independent Director	67	6/25/2021 - present

Roberto V. Antonio	Independent Director	60	8/24/2022 - present
Maria Neriza C. Banaria	Acting CFO and Treasurer	40	4/28/2022 - present
Elmer B. Serrano	Corporate Secretary	55	4/27/2015 - present
Arthur A. Sy	Asst. Corporate Secretary	53	7/19/2011 - present
Phil Ivan A. Chan	Asst. Corporate Secretary	40	5/11/2015 - present
Michelle Angeli T. Hernandez	Compliance Officer and Chief Risk Officer	51	4/28/2022- present 6/25/2021 - present
Anna Josefina G. Esteban	Chief Audit Executive	55	9/1/2018 - present

BOARD OF DIRECTORS

The following are brief descriptions of the business experiences over the past five (5) years of the incumbent members of the Board.

Willy N. Ocier
Executive Director, Chairman of the Board
Date of first election – June 1999
Chairman, Executive Committee

Mr. Willy Ocier, 66, is an Executive Director and Chairman of Premium Leisure Corp. He is also the Chairman and Director of Belle Corporation, APC Group, Inc., Pacific Online Systems Corporation, Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and one of the Directors of The Country Club at the Tagaytay Highlands, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., He is a Director of Leisure and Resorts World Corporation. He also sits as a Director to the following unaffiliated corporations, IVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation.

Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

Armin Antonio B. Raquel Santos
Executive Director, President and Chief Executive Officer
Date of first election as director/President and CEO – July 2017
Date of first appointment as officer – July 2014
Member, Compensation and Remuneration Committee, and Executive Committee

Mr. Raquel Santos, 55, Filipino, is the Executive Director and the President and Chief Executive Officer of Premium Leisure Corp. (PLC). He is the President and Chief Executive Officer of PLC's subsidiary PremiumLeisure and Amusement, Inc. He is also a Director of Belle Corporation, Pacific Online Systems Corporation, Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc. Tagaytay Highlands International Golf Club, Inc., and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation.

Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former

Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

Exequiel P. Villacorta, Jr.
Non-Executive Director
Date of first election – July 2014
Member, Audit Committee Member, Executive Committee and Risk Oversight Committee

Mr. Villacorta, 77, Filipino, is a Non-Executive Director of Premium Leisure Corp. Prior to this position, he was a Director of Equitable PCI Bank, EBC Insurance Brokerage, and Maxicare Healthcare Corporation. He was the former Chairman of EBC Strategic Holdings Corporation, EBC Investments (now BDO Strategic Holdings), Jardine Equitable Finance Corporation, Strategic Property Holdings, PCIB Properties, Equitable Data Center, and PCI Automation Center. He was a past President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of the Private Development Corporation of the Philippines. He was Senior Adviser and BSP Controller of Equitable PCI Bank and PBCom, and Adviser to the Board of PCI Capital Corporation.

Mr. Villacorta holds a Bachelor of Science degree in Business Administration from De La Salle University and a Master's degree in Business Management from the Asian Institute of Management.

The following are the nominees for re-election as regular members of the Board of Directors for 2023- 2024:

1. Willy N. Ocier
2. Armin Antonio B. Raquel Santos
3. Exequiel P. Villacorta, Jr.

Independent Directors

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the SEC's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Company's By-Laws.

The Corporate Governance Committee constituted by the Company's Board, indorsed the nominations for re-election of the following as independent directors:

1. Jerry C. Tiu
2. Maria Gracia M. Pulido Tan
3. Roberto V. Antonio

Likewise, the Corporate Governance Committee endorsed the nomination of Mr. Laurito E. Serrano as an independent director.

Jerry C. Tiu
Independent Director
Date of first election – June 2021
Chairman, Related Party Transactions Committee
Member, Compensation and Remuneration Committee, and Risk Oversight Committee

Mr. Tiu, 65, Filipino, is an independent director of Premium Leisure Corp. He is likewise an independent director of APC Group, Inc. He is a director and the President of Tagaytay Highlands Community Condominium Association, Inc., Tagaytay Midlands Community Homeowners' Association, Inc., and Greenlands Community Homeowners' Association, Inc. He is also the President of the following companies: Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., and The Spa & Lodge at Tagaytay Highlands, Inc. He is a former Director of the Manila Polo Club.

Mr. Tiu holds a Bachelor of Science degree in Commerce (Major in Marketing) from the University of British Columbia.

Maria Gracia M. Pulido Tan
Independent Director
Date of first election – June 2021
Chairman, Audit Committee
Member, Corporate Governance Committee and Risk Oversight Committee

Atty. Tan, 67, Filipino, is an independent director of the Company. She is likewise an independent director of Belle Corporation and Pacific Online Systems Corporation. She is the former Chairperson of the Commission on Audit, Undersecretary of Finance and Commissioner of the Presidential Commission on Good Government. She is currently a Trustee of the International Budget Partnership, an international NGO based in Washington DC, USA. She is also a member of the Tax Faculty of the Philippine Judicial Academy. She is a director of several Philippine corporations, a tax consultant and legal adviser of some private clients, and an accredited Arbitrator of the Construction Industry Arbitration Commission, Philippines and Philippine Dispute Resolution Center, Inc, Philippines.

Atty. Tan served as Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a professor at the University of the Philippines for Mandatory Continuing Legal Education.

Backed by four decades of professional work in the Philippines and abroad as a private law and accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration.

She graduated from the University of the Philippines in 1977 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Bachelor of Laws. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a Certified Public Accountant.

Roberto V. Antonio
Independent Director
Date of first election – August 2022
Chairman, Risk Oversight Committee
Member, Audit Committee, Corporate Governance Committee and Related Party Transactions

Committee

Mr. Antonio, 60, is an independent director of the Company. He is also an independent director of Pacific Online Systems Corporation and the Development Bank of the Philippines. He is currently the President of Kalimera, Inc., RVA and Sons, Inc., RVA International Trading Corporation, and La Salle Greenhills Foundation. He is also the Vice Chairman of Right Eight Security Agency, Inc. He also serves as a Consultant for Mustang Holdings, Inc. and Board Member of the La Salle Greenhills Alumni. Mr. Antonio served as one of the Department of Tourism's Undersecretaries from 1998-2000 and Senior Consultant from 2004-2010.

He graduated from De La Salle University with a degree in Economics major in Marketing Management in 1984. He obtained his Juris Doctor (candidate) at the Ateneo De Manila University Law School in 1989. He finished his Masters in Business Economics at the University of Asia and the Pacific in 1997.

Laurito E. Serrano

Mr. Serrano, Filipino, 62, is currently the Lead Independent Director of Pacific Online Systems Corporation. Mr. Serrano concurrently serves as Independent Director of Rizal Commercial Banking Corporation, 2GO Group Inc., Axelum Resources Corp., and Anglo-Philippine Holdings, Inc. He is also a director in privately-held MRT Development Corporation. As independent director in listed entities, Mr. Serrano serves as chairman or member of such companies' audit, compliance, and risk committees. Mr. Serrano is a former partner of the Corporate Finance Consulting Group of SGV & Co.

He is a Philippine Certified Public Accountant and has a Master's degree in Business Administration from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance in a broad range of clients and industry sectors.

The Corporate Governance Committee, composed of Juan Victor S. Tanjuatco (Chairman), Maria Gracia M. Pulido Tan, and Roberto V. Antonio, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual on Corporate Governance ("Revised Manual") and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC Rules).

The nominees, whose required information are discussed above, are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled ASM.

Directorships in other reporting companies

During the last five (5) years, the following directors are also directors of other reporting companies as listed below:

Name of Director	**Name of Reporting Company**	**Type of Directorship** (Executive, Non-Executive, Independent); Indicate if Director is also Chairman
Willy N. Ocier	AbaCore Capital Holdings, Inc.	Non-Executive
	APC Group, Inc.	Non-Executive / Chairman
	Belle Corporation	Executive / Chairman
	Leisure & Resorts World Corp.	Non-Executive
	Pacific Online Systems Corporation	Non-Executive / Chairman
	Vantage Equities, Inc.	Non-Executive

Armin Antonio B. Raquel Santos	Pacific Online Systems Corporation Belle Corporation	Non-Executive Non-Executive
Juan Victor S. Tanjuatco	MEDCO Holdings, Inc.	Independent
Maria Gracia M. Pulido Tan	Belle Corporation Pacific Online Systems Corporation	Independent Independent
Roberto V. Antonio	Pacific Online Systems Corporation Development Bank of the Philippines	Independent
Jerry C. Tiu	APC Group, Inc.	Independent

<u>Other Executive Officers as of December 31, 2022</u>

Willy N. Ocier

Please refer to Mr. Ocier's profile under "Board of Directors".

Armin Antonio B. Raquel Santos

Please refer to Mr. Raquel Santos' profile under "Board of Directors".

Maria Neriza C. Banaria

Ms. Banaria, 40, Filipino, is the Acting Chief Financial Officer (CFO) and Treasurer of the Company. She is also the CFO and Treasurer of Belle Corporation and Pacific Online Systems Corporation. As a Certified Public Accountant, her strong background in accounting, audit and finance have been accumulated through extensive experience and exposure to various industries. She holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines.

Elmer B. Serrano

Atty. Elmer B. Serrano, 55, Filipino, is the Corporate Secretary and Corporate Information Officer of the Company. He is concurrently the Chairman of Dominion Holdings, Inc., a director of 2GO Group, Inc., and Independent Director of Philippine Telegraph and Telephone Corporation. He is Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Atlas Consolidated Mining and Development Corporation, as well as subsidiaries of BDO Unibank, Inc., and of DFNN Inc. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines and the Philippine Payments Management, Inc. and the PDS Group of Companies.

Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner of the law firm SERRANO LAW. He has been awarded "Asia Best Lawyer" 3 years in a row by the International Financial Law Review (IFLR) for Banking and Finance, Capital Markets, and Mergers & Acquisitions, one of only two exclusively recognized lawyers in all three practice areas in the Philippines. This comes after being consistently recognized as a "Highly Regarded-Leading Lawyer" in the same fields by IFLR.

The Legal 500 Asia Pacific also named Atty. Serrano as a "Leading Individual" in Banking & Finance, after constant citation as a "Recommended Lawyer".

Atty. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Atty. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

Arthur A. Sy

Atty. Sy, 53, is the Assistant Corporate Secretary of Premium Leisure Corp. He is the Senior Vice President for Legal Department and Assistant Corporate Secretary at SM Investments Corporation. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Belle Corporation and 2GO Group, Inc. Further, he is currently the Corporate Secretary of various major corporations within the SM Group of Companies. He is also the Corporate Secretary of National University. Admitted to practice in the Philippines and the State of New York, Atty. Sy holds a Bachelor of Arts degree in Philosophy from the University of Santo Tomas and a Juris Doctor degree from the Ateneo de Manila University, School of Law.

Phil Ivan A. Chan

Atty. Chan, 40, is the Assistant Corporate Secretary of Premium Leisure Corp. He is co-founder of Serrano Law. He was previously a partner at Martinez Vergara Gonzalez & Serrano. He has been recognized by the Legal 500 Asia Pacific as a "Recommended Lawyer" in Corporate and M&A, and Real Estate and Construction.

He also acts as the Assistant Corporate Information Officer of listed company, 2GO Group, Inc. Atty. Chan holds a degree of B.S. Legal Management from Ateneo de Manila University and a Juris Doctor degree from Ateneo Law School.

Anna Josefina G. Esteban

Ms. Esteban, Filipino, 55, is the Chief Audit Executive of the following publicly listed companies: (i) Premium Leisure Corp.; (ii) Belle Corporation; (iii) Pacific Online Systems Corporation; and (iv) APC Group, Inc. Prior to joining the Belle Group, she served as Treasurer and Chief Finance Officer of Miriam (formerly Maryknoll) College Foundation, Inc. and worked at the Asian Development Bank for 18 years as Senior Officer at the Office of the Treasurer, Office of the Auditor General and Operations Evaluation Office. Earlier on, she was the Head of the Finance Systems and Audit Unit of Magnolia Nestle Corporation (a joint venture of San Miguel Corporation and Nestle S.A.). She was an auditor and management consultant at Carlos J. Valdes & Co. and was an accounting/finance professor at the College of St. Benilde and the Graduate School of Business of De La Salle University (DLSU). Ms. Esteban is a Certified Public Accountant, Certified Information Systems Auditor and Certified Data Privacy Auditor. She earned her Bachelor of Science degree in Accounting at the College of the Holy Spirit, Manila and her Master in Business Administration (with distinction) at DLSU.

Michelle Angeli T. Hernandez

Ms. Hernandez, 51, Filipino, is the Compliance Officer and Chief Risk Officer of the Company. She is also the Vice President for Governance, Compliance Officer and Chief Risk Officer of Belle Corporation in which capacity she is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its subsidiaries, Likewise, she is the Compliance Officer of Pacific Online Systems Corporation and the Chief Risk Officer of APC Group, Inc. She has a bachelor’s degree in Tourism (Cum Laude) from the University of Sto. Tomas.

The following will be nominated as Officers at the Organizational meeting of the Board of Directors to be held immediately after the Annual Stockholders' Meeting:

Name	Citizenship	Age as of 12.31.2022	Position
Willy N. Ocier	Filipino	66	Chairman / Executive Director
Armin Antonio B. Raquel Santos	Filipino	55	Director / President, and CEO
Maria Neriza C. Banaria	Filipino	40	CFO and Treasurer
Elmer B. Serrano	Filipino	55	Corporate Secretary
Arthur A. Sy	Filipino	53	Asst. Corporate Secretary
Phil Ivan A. Chan	Filipino	40	Asst. Corporate Secretary
Michelle T. Hernandez	Filipino	51	Compliance Officer and Chief Risk Officer
Anna Josefina G. Esteban	Filipino	55	Chief Audit Executive

Significant Employees

The Company has no employee who is not an executive officer but is expected to make a significant contribution to the business.

Family Relationships

No director and/or executive officer and/or person nominated as director of the Company are related up to the fourth degree by affinity or consanguinity.

Involvement in Certain Legal Proceedings

"TMA Australia Pty. Ltd. And TMA Group Philippines, Inc. v. Pacific Online." RTC 66, Pasig City-Civil Case No. R-PSG-17-02130 [321-108]

This refers to a complaint for Tortious Interference and payment of Damages filed by TMA Australia Pty. Ltd. and TMA Philippines (the "TMA Group") against Pacific Online in August 2017. The TMA Group alleged that Pacific Online wrongfully interfered with the implementation of the Contractual Joint Venture Agreement (CJVA) between the TMA Group and PCSO when it entered into several equipment lease agreements with the latter that included a supply of paper provision. The TMA Group also applied for a writ of preliminary injunction (WPI) against Pacific Online and prayed for damages in the amount of at least One Million Pesos(P1,000,000.00).

On March 21, 2018, the RTC granted the TMA Group's application for WPI, enjoining Pacific Online from continuing to deliver lotto paper to PCSO. During the pendency of this case, the Supreme Court issued a decision in *Philippine Charity Sweepstake Office v. TMA Group of Companies (G.R. Nos. 212143, 225457, and 236888, 28 August 2019)* stating that the WPI issued by RTC Makati against PCSO directing it to source its paper from TMA was improperly issued, and that the CJVA – the same CJVA in the case before RTC Pasig – could not have been a valid sourceof rights against PCSO. TMA filed a Motion for Reconsideration, but this was denied by the Supreme Court in a Resolution dated March 4, 2020. POSC then filed a Manifestation and a Supplemental Manifestation asking for the dismissal of the tortious interference case filed by the TMA Group.

On February 8, 2021, the court dismissed the case against POSC.

Except as here disclosed or attached, the Company is not aware of any of the following events wherein any of its directors, executive officers, nominees for election as director, underwriter or control persons were involved during the past five (5) years up to the latest date:

(1) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of bankruptcy or within two years priorto that time;
(2) Any conviction by final judgment, in a criminal proceeding, domestic or foreign;
(3) Any order or 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 the involvement of any of the above persons in anytype of business, securities, commodities, or banking activities; and,
(4) Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commoditieslaw, and the judgment has not been reversed, suspended, or vacated.

Legal proceedings that the Company, its major subsidiaries and associates or any of their properties are subject to will not potentially affect their operations and financial capabilities.

Certain Relationships and Related Transactions

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

As summarized and disclosed in the its consolidated financial statements, in the ordinary course of business, the Company has transactions with related parties which consist mainly of extension of interest-bearing notes to, or availment of noninterest-bearing advances from, Belle Corporation. The outstanding balances at year- end are due and demandable. There have been no guarantees provided or received for any related party receivables or payables.

Related party transactions amounting to 10% or higher of the Company's consolidated total assets are subject to the approval of the BOD.

Aside from these transactions, the Company has no other significant transactions that need to be disclosed.

The related party transactions are described in Note 23 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

Disagreement with Director

No director has resigned nor declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the latter's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

Summary of Annual Compensation

Name and Principal Position	Year	Salary/ Per Diem Allowance	Bonus	Other Annual Compen-sation	Total Annual Compen-sation
Willy N. Ocier, Chairman of the Board and Executive Director Armin Antonio B. Raquel Santos, President& CEO Carlo R. Climaco, VP for Operations Maria Neriza C. Banaria, Chief Financial Officer					
President and 4 most highly compensated executive officers	2023*	13,674,966	–	112,501	13,787,467
	2022	13,437,934	–	110,295	13,548,229
	2021	13,021,918	–	113,580	13,135,498
All other officers and directors as a Group (Unnamed)	2023*	7,480,000	–	–	7,480,000
	2022	7,211,871	–	–	7,211,871
	2021	5,143,945	–	–	5,143,945

*estimates

Other annual compensation pertains to leave conversion and other employee benefits. Except asprovided above, there are no other officers of the Company receiving compensation.

Per Diem for Meetings Attended by Directors

Each member of the Board of Directors received the following as Directors for the year 2022. The amounts represent their per diem for the meetings attended and all other responsibilities undertaken for the Company.

	Directors		2022 Per Diem
1	Juan Victor S. Tanjuatco	ID	1,296,000
2	Maria Gracia M. Pulido Tan	ID	1,296,000
3	Jaime J. Bautista*	ID	648,000
4	Jerry C. Tiu	ID	1,296,000
5	Roberto V. Antonio*	ID	379,871
6	Exequiel P. Villacorta Jr.	NED	1,296,000
7	Willy N. Ocier	ED	1,000,000
8	Armin Antonio B. Raquel Santos	ED	1,000,000
	Total		**7,211,871**

Except for reasonable per diems, directors, as such, shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before income tax of the Company during the preceding year.

Below is the summary of Board meetings held/attended by each director during 2022:

BOARD OF DIRECTORS	24-Feb-22	28-Apr-22	28-Apr-22[3]	28-Jul-22	24-Aug-22	27-Oct-22	21-Nov-22	% Attendance
Ocier, Willy N.	✓	✓	✓	✓	✓	✓	✓	100%
Raquel Santos, Armin Antonio B.	✓	✓	✓	✓	✓	✓	✓	100%
Bautista, Jaime J.[1]	✓	✓	✓	N/A	N/A	N/A	N/A	100%
Tan, Maria Gracia Pulido M.	✓	✓	✓	✓	✓	✓	✓	100%
Tanjuatco, Juan Victor S.	✓	✓	✓	✓	✓	✓	✓	100%
Tiu, Jerry C.	✓	✓	✓	✓	✓	✓	✓	100%
Villacorta, Exequiel P. Jr.	✓	✓	✓	✓	✓	✓	✓	100%
Antonio, Roberto V.[2]	N/A	N/A	N/A	N/A	N/A	✓	✓	100%

[1] *- resigned on June 29, 2022*
[2] *- elected on July 28, 2022*
[3] *- Annual Shareholders' Meeting*

As additional reference, the following are the meetings held by the Board committees during 2022:

Audit Committee	23-Feb-22	27-Apr-22	27-Jul-22	28-Sep-22	26-Oct-22
Chairman (ID)	Tan, Maria Gracia P.	Tan, Maria Gracia P.	Tan, Maria Gracia P.	Tan, Maria Gracia P.	Tan, Maria Gracia P.
Member (ID)	Bautista, Jaime J.	Bautista, Jaime J.	-	Antonio, Roberto V.	Antonio, Roberto V.
Member (ID)	Tanjuatco, Juan Victor S.	-	Tanjuatco, Juan Victor S.	Tanjuatco, Juan Victor S.	Tanjuatco, Juan Victor S.
Member	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.

Corporate Governance Committee	23-Feb-22	27-Apr-22	24-Aug-22	26-Oct-22
Chairman (ID)	Tanjuatco, Juan Victor S.	-	Tanjuatco, Juan Victor S.	Tanjuatco, Juan Victor S.
Member (ID)	Bautista, Jaime J.	Bautista, Jaime J.	-	Antonio, Roberto V.
Member (ID)	Tan, Maria Gracia P.	Tan, Maria Gracia P.	Tan, Maria Gracia P.	Tan, Maria Gracia P.

Related Party Transactions Committee	23-Feb-22	7-Dec-22
Chairman (ID)	Tiu, Jerry C.	Tiu, Jerry C.
Member (ID)	Bautista, Jaime J.	Antonio, Roberto V.
Member (ID)	Tanjuatco, Juan Victor S.	Tanjuatco, Juan Victor S.

Risk Oversight Committee	23-Feb-22	27-Jul-22	26-Oct-22
Chairman (ID)	Bautista, Jaime J.	-	Antonio, Robert V.
Member (ID)	Tan, Maria Gracia P.	Tan, Maria Gracia M. Pulido	Tan, Maria Gracia M. Pulido
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.
Member	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.	Villacorta, Exequiel P. Jr.

Compensation and Remuneration Committee	23-Feb-22	21-Nov-2022
Chairman (ID)	Tanjuatco, Juan Victor S.	Tanjuatco, Juan Victor S.
Member	Raquel Santos, Armin Antonio B.	Raquel Santos, Armin Antonio B.
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.

Employment Contracts and Termination of Employment and Change in Control Arrangements

There is no compensatory plan or arrangement with respect to named executive officers.

Warrants and Options Outstanding

There are no outstanding warrants or options held by directors and officers of the Company. There are also no actions to be taken regarding election, any compensatory plan, contract, or arrangement, any bonus or profit-sharing, change in pension/retirement plan, granting of or extension of any options, warrants or rights to purchase any securities

Item 7. Independent Public Accountants

a. Reyes Tacandong & Co. (RT&Co.) is the external auditor for the current year. The same external auditor will be recommended for re-appointment as external auditor for 2023.
b. RT&Co., with Ms. Belinda B. Fernando as the partner-in-charge, were first appointed as external auditor of the Company in 2021.
c. The Company's external auditors for 2019-2020 is SyCip, Gorres, Velayo & Co. (SGV), with Ms. Belinda T. Beng Hui as the partner-in-charge. The recommendation to appoint a new external auditor is in line with the Company's thrust to promote good governance practices as stated in its Manual on Corporate Governance, that the external auditor or the handling partner shall be changed every five (5) years or earlier. This is also in support of the Company's efforts to rationalize expenditures and promote cost reduction measures.
d. Representatives of Reyes Tacandong & Co. are expected to be present at the Annual Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.
e. There was no event in the past five (5) years where RT&Co. or SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.
f. Based on the code of ethics adapted by the SEC through the revised SRC Rule 68,the assignment of engagement partner for the Company shall not exceed seven (7) years.
g. The aggregate fees paid by the Company for professional services rendered by the external auditors for the audit of financial statements of the Company and its subsidiaries for the years ended December 31, 2022 and 2021 are as follows:

	(₱000's omitted)
2022	₱670.0
2021	640.0

h. There were no other assurance and related services by the external auditor that arereasonably related to the performance of the audit or review of the registrant's financial statements. The rotation of independent auditors and the two-year cooling off period has been observed in the audit of the Company's financial statements.
i. The Audit Committee, composed of Maria Gracia M. Pulido-Tan (Chairperson), Juan Victor S. Tanjuatco, Jaime J. Bautista and Exequiel P. Villacorta, Jr.,recommends to the Board of Directors the appointment of the external auditor. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Management.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensationmay be paid or distributed.

ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action will be presented for shareholders' approval at this year's annual meeting which involves authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

No action will be presented for shareholders' approval at this year's annual meeting which involves the modification of any class of the Company's securities, or the issuance of one class ofCompany's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Audited Financial Statements of the Company and the Management Report, incorporating theManagement's Discussion & Analysis, is attached as **Annex "B"**.

Representatives of the external auditor, Reyes Tacandong & Co., are expected to be present at the annual meeting, and 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 from the shareholders. The Company has had no material disagreement with Reyes Tacandong & Co. on any matter of accounting principle or practices or disclosures in the Company's financial statements.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for shareholders' approval at this year's annual meeting which involves (a) merger/consolidation of the Company into or with other persons of or any other person into or with PLC, (b) acquisition by PLC or any of its security holders of another person, (c) acquisition by the Company of any other going business or of the assets thereof, (d) sale or transfer of all or any substantial part of the assets of the Company, and (e) liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action will be presented for shareholders' approval at this year's annual meeting in respect ofany acquisition or disposition of property of the Company.

Item 14. Restatement of Accounts

No action will be presented for shareholders' approval at this year's annual meeting which involves the restatement of any of the Company's assets, capital or surplus account.

OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of the Company.

At the annual meeting on April 24, 2023, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on April 28, 2022 as appended to this Information Statement as "Annex A". The minutes of the said ASM was posted on the Company's website:https://www.premiumleisurecorp.com/sites/default/files/plc_-_minutes_of_asm_28apr2022.pdf within 24 hours from adjournment of the meeting. This includes the following:

   a. Voting procedure used and the tabulation for each agenda item during the April 28, 2022 and the engagement of Cristina Castro Naguit as third-party validator of votes during the said meeting;

   b. Opportunities presented to the shareholders to participate by asking questions; questions and responses have been included in the minutes of the meeting;

   c. List of directors and officers who attended the meeting, as well as description of the stockholders who attended, verified by the Company's stock transfer agent and validated by Cristina Castro Naguit.

   The office of the Corporate Secretary has in its full custody the list and names of the stockholders who participated in the April 28, 2022 ASM.

2. All general acts of the Board of Directors, Board Committees and Management during their term of office, which refer to all actions, proceedings and contracts entered into, as well as resolutions made including approvals of significant related party transactions of the Board, Board Committees and Management from the April 28, 2022 ASM to the date of this meeting.

The matters for stockholders' ratification are acts of the Board, its Committees and Management for the previous year up to the date of the annual meeting which were entered into or made in the ordinary course of business such as but not limited to approval of projects, Treasury matters related to opening of accounts and transactions with banks and appointment of signatories and amendments thereof. The significant acts or transactions of which are covered by appropriate disclosures with the SEC and PSE are as follows:

Date	Matter
2/24/2022	Notice of Annual or Special Stockholder's Meeting
4/28/2022	Results of Annual or Special Stockholder's Meeting
4/28/2022	Results of Organizational Meeting of Board of Directors
4/29/2022	Declaration of Cash Dividends
6/29/2022	Change in Directors and/or Officers
8/24/2022	Change in Directors and/or Officers

3. 2022 Operations and Results are included in the Company's Annual Report to be sent

to the stockholders together with this Information Statement. Accordingly, approval of the Annual Report willconstitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

There are no other matters that would require approval of the stockholders.

For the period ended February 28, 2023, there were no self-dealings or related party transactions byany director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a voteof security holders.

Item 17. Amendment of Articles of Incorporation / By-Laws

Shareholders have the right to approve or disapprove any proposed amendments to the Articles of Incorporation of the Company. On the other hand, the Board of Directors have the power to amend the By-Laws pursuant to the authority delegated to it by the stockholders on December 20, 1993. There is no action to be taken with respect to any amendment of the Company's Articles of Incorporation, By-Laws and other charter documents which is required to be submitted to a vote of security holders.

Item 18. Other Proposed Actions

Other than the matters indicated in the Notice and Agenda included in this Information Statement,there are no other actions proposed to be taken at the annual meeting.

Item 19. Voting Procedures

Vote required for approval

Matters subject to stockholder approval, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote, a quorum being present in such meeting. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

Matters presented to stockholders for approval at this year's Annual Stockholders' Meeting require only a majority of the stockholders for approval. For election of directors, the stockholders are entitledto cumulate their votes as discussed in Item 4(c) of this Information Statement.

Methods by which votes will be casted and counted

The Company's By-laws does not prescribe a specific manner of voting by stockholders. For this year's Annual Stockholders' Meeting, the Board of Directors approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote in absentia.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validatedby the Company, shall be provided with unique log-in credentials to securely access the voting portal.

Stockholders and proxy holders can then cast their votes on specific matters for approval, including the election of directors. Votes will then be automatically tabulated and counted at the close of voting for each agenda item during the meeting.

The Corporate Secretary is tasked and authorized to validate, count and tabulate votes by stockholders. For this year's annual meeting, Ms. Cristina Castro Naguit, CPA has been engaged and appointed to independently count and validate tabulation of stockholder votes.

Pursuant to the Company's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary three (3) days prior the meeting. Duly signed proxy forms should therefore be submitted no later than 12 noon of April 21, 2023. To facilitate submission, scanned forms may first be sent electronically through plccorsec@premiumleisurecorp.com with hard copies to be submitted to the Office of the Corporate Secretary c/o Serrano Law at No. 1105 Tower 2 High Street South Corporate Plaza, 26th Street Bonifacio Global City, Taguig City 1634 for validation. A sample format of the proxy form is here attached and are also available at the Company's website at https://www.premiumleisurecorp.com/ASM2023.

The Corporate Secretary will lead the validation of proxies, in coordination with PLC's stock and transfer agent, to be attended by Ms. Naguit as independent validator and tabulator of votes. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participating via Remote Communication and Voting in Absentia" appended as Schedule "A" to this Information Statement.

Stockholders holding Premium Leisure Corp. common shares as of March 25, 2023 are entitled to vote on thefollowing matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. **Approval of Minutes of the Annual Stockholders' Meeting held on April 28, 2022**

The Minutes of the Annual Stockholders' Meeting (ASM) held on April 28, 2022 was posted on the Company's website: https://www.premiumleisurecorp.com/sites/default/files/plc_-_minutes_of_asm_28apr2022.pdf within twenty-four (24) hours from adjournment of the meeting. Copies of the Minutes of the ASM held on April 28, 2022 are available for inspection during office hours at theoffice of the Corporate Secretary and will also be made available during this year's ASM. The results of last year's ASM were also timely disclosed to the Philippine Stock Exchange, Inc. (PSE) and the Securities and Exchange Commission (SEC). The Minutes are subject to stockholders' approval during this year's stockholders' meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

2. **Approval of 2022 Audited Financial Statements, Operations and Results**

The Company's 2022 performance results have been summarized in the Annual Report, which includes the Audited Financial Statements (AFS) of the Company for the year ended

December 31, 2022. The AFS, as audited by the external auditor which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board. Stockholders will be given an opportunity to raise questions regarding the operations and report of the Company during the ASM.

Required vote: A majority vote of stockholders present or represented at the meeting.

3. **Ratification of all Acts of the Board of Directors, Board Committees and the Management During their Term of Office**

All actions, proceedings and contracts entered into, as well as resolutions made, including approvals of significant related party transactions of the Board, the Board Committees and the Management from the last ASM held on April 28, 2022 to the date of this meeting will be presented to the shareholders for their confirmation, approval, and ratification. The Company's performance in 2022, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board which were effectively executed and complied with by management in conformance with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board, Board Committees, and Management is subject to stockholders' approval during this year's stockholders' meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

4. **Election of Directors for 2023-2024**

Directors of the Company, including Independent Directors, have been pre-qualified by the Company's Corporate Governance Committee for election as directors for 2023-2024. Their proven competence, expertise and qualifications based on current regulatory standards, will help sustain the Company's solid performance for the benefit of all its shareholders. The profiles of the Board are contained in the Information Statement for reference of the stockholders and are likewise posted on the Company's website. Directors for 2023-2024 will be elected during this year's stockholders' meeting.

Required vote: Each common share of PLC is entitled to one (1) vote (each, a **Voting Share**) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate 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 candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are seven (7) directors to be elected, each Voting Share is entitled to seven (7) votes. The seven (7) nominees with the most votes received shall be elected as the members of the Board for the ensuing year.

5. **Appointment of External Auditor**

Upon recommendation of the Audit Committee, the Board approved and endorses for stockholder approval the appointment of Reyes Tacandong & Co. as the Company's external auditor for 2023. Reyes Tacandong & Co. is one of the top auditing firms in the country and is duly accredited with the SEC. The appointment of Reyes Tacandong & Co. as external auditor of the Company for 2023 is subject to stockholders' approval during this year's stockholders' meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forthin this report is true, complete and correct.

This report is signed on March 20, 2023 at Pasay City.

ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer

MANAGEMENT REPORT

PREMIUM LEISURE CORP.
BUSINESS AND GENERAL INFORMATION

Background

Premium Leisure Corp., formerly Sinophil Corporation (PLC or the "Company") was incorporated as Sinophil Exploration Co., Inc. on November 26, 1993. PLC was organized with oil and gas exploration and development as its primary purpose. The Company and other companies (Contractors), were participants in several Geophysical Survey and Exploration Contracts and Non-Exclusive Geophysical Permits entered into with the Philippine Government, through the Department of Energy, covering certain petroleum contract areas in various locations. It also had passive equity investments in Dragon Oil Plc ("Dragon Oil") and Sinoil Asia Limited ("Sinoil"). In 1996, with investor interest in oil exploration and mining companies remaining generally soft, the Company's Management recommended conversion of PLC from an oil exploration company to an investment holding company. In line with the Company's decision to change its primary purpose, the Company assigned its interests in Dragon Oil and Sinoil to Belle and/or its subsidiaries. To finance the Company's projects, acquisitions and investments in 1997, private placements of PLC's shares were made to several investors, both in the country and overseas.

The Company (formerly Sinophil Corporation) was incorporated by Messrs. Gregorio T. Yu, Enrique Y. Teehankee, B. Patrick Sy, A. Bayani K. Tan, and Ms. Ma. Gracia M. Pulido-Tan.

On June 3, 1997, the SEC approved the Company's application for a change in primary purposes from oil and gas exploration and development to being an investment holding company. As an investment holding firvm, it shall engage in the acquisition (by purchase, exchange, assignment or otherwise), ownership and use for investment any and all properties and other assets of every kind and description. On July 19, 2019 the SEC approved the change in PLC's primary purpose to include that the Company shall not engage in real estate business activities.

PLC, a publicly-listed company traded in the Philippine Stock Exchange (PSE), is 79.78% (direct and indirect) owned by Belle Corporation ("Belle" or "Ultimate Parent Company") and the rest by the public as at December 31, 2022 and 2021.

PLC and its subsidiaries have investment portfolio consisting of investment holding, gaming business, lottery equipment leasing and others.

The registered office address of the Company is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City.

The consolidated financial statements include the accounts of the Parent Company and the followingsubsidiaries:

	Percentage of Ownership			
	2022		2021	
	Direct	**Indirect**	Direct	Indirect
Gaming Business				
PremiumLeisure and Amusement, Inc. (PLAI)	**100.00**	**–**	100.00	–
Real Estate				
Foundation Capital Resources, Inc. (FCRI)[(a)]	**100.00**	**–**	100.00	–
Public Amusement and Recreation				
Sinophil Leisure and Resorts Corporation (SLRC)[(a)]	**100.00**	**–**	100.00	–
Lottery Equipment Leasing, Distribution and Others				
Pacific Online Systems Corporation (POSC)	**50.10**	**–**	50.10	–
Loto Pacific Leisure Corporation (LotoPac)	**–**	**100.00**	–	100.00
Total Gaming Technologies, Inc. (TGTI)	**–**	**98.92**	–	98.92
Falcon Resources, Inc. (FRI)	**–**	**100.00**	–	100.00
TGTI Services, Inc. (TGTI)	**–**	**–**	–	100.00
PinoyLotto Technologies Corp. (PinoyLotto)		**50.00**	–	50.00

Material acquisitions of investments

The Company has invested in various companies as follows:

1. 100% Equity Investment in PLAI

PLAI is a co-grantee together with Belle and other SM consortium members (under CA/License Reg. No. 08-003) by the Philippine Amusement and Gaming Corporation ("PAGCOR") of a Certificate of Affiliation and Provisional License (the "Provisional License") to operate an integrated casino resort, complex in the approved site located in the vicinity of the Bagong Nayong Pilipino Manila Bay Entertainment City ("PAGCOR Entertainment City"), which site was originally referred to as "Belle Grande". On April 29, 2015, PAGCOR granted the Regular Gaming License ("License") to the consortium. This regular casino license has the same terms and conditions of the Provisional License, as applicable, and runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033, and renewable for another 25 years, by the Philippine Congress. PLAI was the special purpose entity authorized by PAGCOR to perform the casino operations for the consortium.

On October 25, 2012, Belle, together with PLAI, and SM Investments Corporation (Philippine Parties), formally entered into a Cooperation Agreement with Melco Resorts and Entertainment (Philippines) Corporation ("MRP Parties"), which took effect on March 13, 2013, the date on which the conditions to closing under the Closing Agreement were fulfilled, or waived. Under the Cooperation Agreement, the Philippine Parties agreed to include the MRP Parties as co-licensees for which PAGCOR issued an Amended Certificate of Affiliation and Provisional License dated January 2013. The Cooperation Agreement further specified the respective roles of the Philippine Parties and the MRP Parties in the casino resort project.

Under the Cooperation Agreement, the Philippine Parties, through Belle, would provide the land and building structures for the casino complex. The land and building structures are leased to the MRP Parties who will in turn provide the fit outs and operate the entire casino complex.

Likewise, under the Cooperation Agreement, the new special purpose entity to perform the casino operations was agreed to be MRP. In consideration, MRP Parties agreed to pay the Philippine Parties, through PLAI, certain amounts based on gaming revenues as follows:

<u>Fees payable to PLAI</u>

PLAI will be entitled to receive from MRP agreed-upon monthly payments consisting of the following:

a) the higher of (i) one-half of the Project's Mass Market gaming EBITDA (after deductions comprising 2% management allowance, Mass Market operating expenses and an agreed deductible of 7% of Mass Market Gaming EBITDA) **(PLAI MASS EBITDA)** or (ii) 15% of the Project's net Mass Market gross gaming revenues (after deduction of amounts for PAGCOR non-VIP license fees) **(PLAI MASS Net Win)**, whichever is higher; and

b) the higher of (i) one-half of the Project's VIP gaming EBITDA (after deductions comprising 2% management allowance, VIP operating expenses and an agreed deductible of 7% of VIP gaming EBITDA) (**PLAI VIP EBITDA**) or (ii) 2% of the Project's net VIP gross gaming revenues (after deduction of amounts for PAGCOR VIP license fees, VIP commissions and incentives, as well as VIP bad debt expenses) (**PLAI VIP Net Win**), whichever is higher (the **PLAI VIP Monthly Payment**).

In addition, at the end of each fiscal period of 24 months, a calculation is made to determine the difference between (i) the higher of PLAI VIP EBITDA and 5.0% of the Project's PLAI VIP NET WIN, and (ii) the cumulative PLAI VIP Monthly Payments made for the fiscal period. If (i) is higher, the difference is paid to PLAI as an additional payment for the following period. If (ii) is higher, the difference is deducted from the first VIP payment for the following fiscal period. Meanwhile, MRP will retain all revenues from the non-gaming operations of the Project.

City of Dreams (COD) Manila integrated resort opened to the public in December 2014, and had its grand opening on February 2015. The resort complex is located on a land area of around 6.2 hectares in the gateway of the Entertainment City. It is composed of hotel, retail and dining areas with an allotment of around 380 mass and VIP gaming tables, 2,260 slot machines and 1,130 electronic gaming tables. As of January 31, 2022, City of Dreams Manila boasts of 306 gaming tables, 2,010 slot machines and 314 electronic gaming tables in operation. With approximately 22,507 square meters of gaming gross floor area and around 20,000 square meters of retail and restaurant facilities and various entertainment options, City of Dreams Manila is one of the main players in the Philippine gaming industry. Total gross floor area of the entire complex is at 310,565 square meters.

The City of Dreams Manila features top hotel brands with approximately 940 hotel rooms. Nuwa has 254 luxurious rooms, while Hyatt, managed by Hyatt International Corporation, holds 365 rooms. Asia's first Nobu Hotel, meanwhile, owns 321 rooms.

City of Dreams Manila also showcases world-class entertainment areas, including DreamPlay by DreamWorks, a one-of-a-kind entertainment for the whole family and Center Play, the central lounge in the casino that features live performances.

Melco Resorts & Entertainment Limited ("Melco") is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia.

In Macau, it operates its superbly designed and managed facilities through its subsidiary Melco Resorts (Macau) Limited, one of the only six companies granted concessions or subconcessions to operate casinos in Macau. In Manila, the City of Dreams Manila opened its doors to the public in December 2014 and marked the formal entry of Melco *into the fast-growing and dynamic tourism industry in the Philippines. The integrated casino resort at Entertainment City, Manila Bay, Manila, is operated and managed by its Philippine subsidiary, MRP.*

2. Controlling Interest in Pacific Online Systems Corporation ("POSC")

   Pacific Online Systems Corporation (POSC), with PSE ticker symbol LOTO was incorporated in 1993. A systems integrator of gaming solutions, it is primarily engaged in the development, design and management of online computer systems, terminals and software for the gaming industry, with the Philippine Charity Sweepstakes Office (PCSO) as its main customer.

   On July 22, 2014, PLC executed several Deeds of Sales of Shares with Belle and certain of its subsidiaries for the acquisition of 101,668,953 POSC common shares at a subscription price of ₱15 per share, equivalent to 34.5% ownership interest in POSC, for a total consideration of ₱1,525,034,310. On August 5, 2015, PLC acquired additional 47,851,315 shares of POSC, thereby obtaining an overall ownership of 50.1% of POSC. The purchase resulted in combining PLC's and POSC's financial statements on a line- by-line basis. Based on Management's judgment, PLC's investment gives PLC controlling interest over POSC as evidenced by more than 50% voting interest.

   As of December 31, 2022, PLC has 50.1% ownership in POSC issued shares, with a total of 448,560,806 shares.

3. Acquisition of Falcon Resources, Inc.

   On June 16, 2014, Total Gaming Technologies Inc., a subsidiary of Pacific Online, and the shareholders of Falcon Resources Inc. (FRI) entered into a Memorandum of Understanding (MOU) for the former's intention to acquire the latter's interest in FRI representing 100% ownership. As at December 11, 2014, the Deed of Sale for the transfer of shares of stock has been executed. FRI is a company engaged in consultancy services for TGTI and a sub-distributor for POSC. FRI is a company incorporated in the Philippines.

4. Acquisition and Disposal of Lucky Circle Corporation (LCC) Subsidiaries.

   On July 1, 2017, LCC, a subsidiary of Pacific Online, acquired 100% ownership interest in the following nine entities engaged in lotto/keno outlets and retail of scratchit tickets: Athena Ventures, Inc., Avery Integrated Hub, Inc., Circle 8 Gaming Ventures, Inc., Luckydeal Leisure, Inc., Luckyfortune Business Ventures, Inc., Luckypick Leisure Club Corp., Luckyventures Leisure Corp., Lucky Games Entertainment Ventures Inc. and Orbis Valley Corporation. The acquisition is assessed by the Corporation to be an acquisition of a business. Goodwill recognized amounted to ₱3.7 million.

   On February 6, 2020, POSC's BOD approved the sale of LCC for POSC to focus its resources to its principal business of providing modern and efficient on-line gaming facilities and equipment to its customers. LCC is included as part of "Lottery equipment, leasing, distribution and others" in the Company's reportable segment.

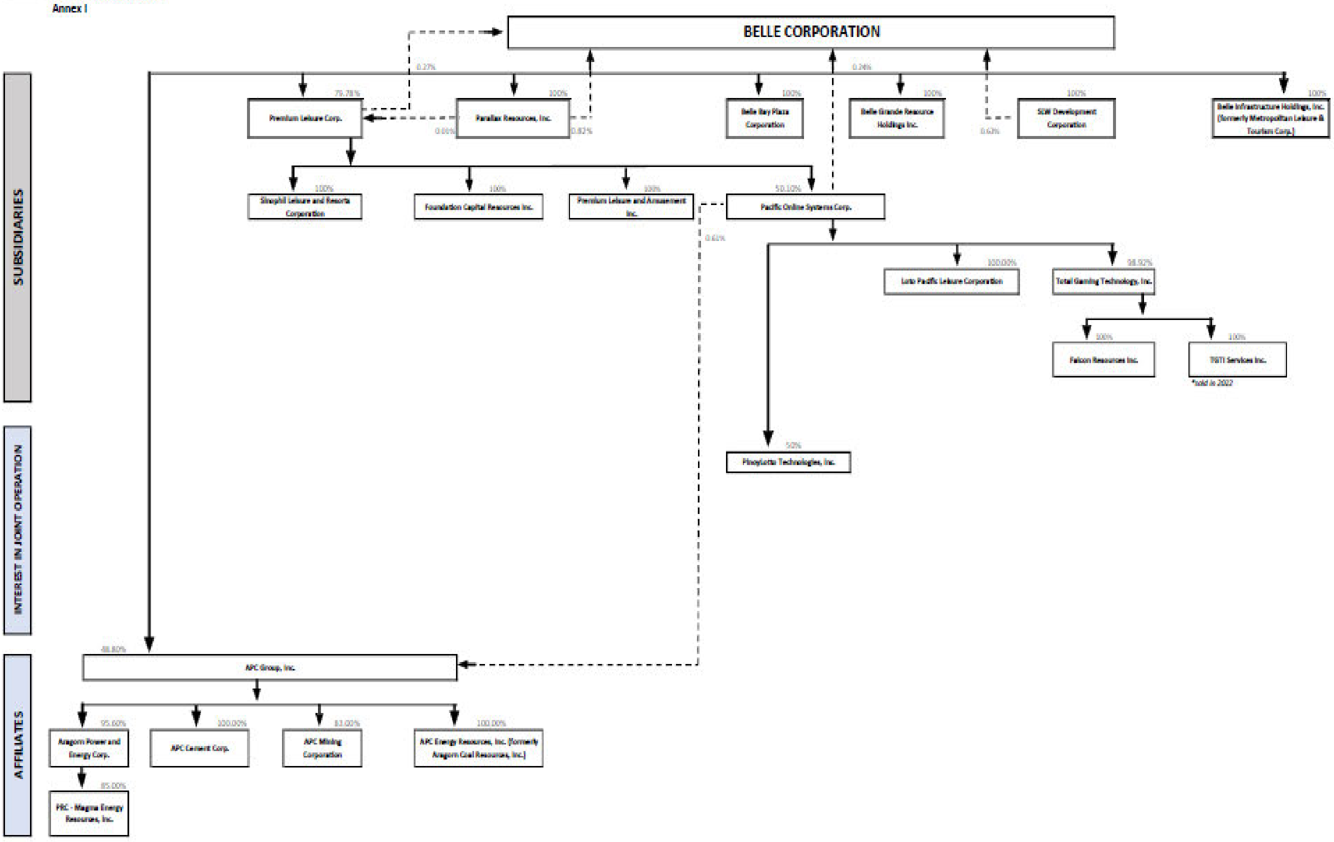
   On February 13, 2020, POSC has concluded the sale of all of the POSC's equity interest in LCC, equivalent to 127.0 million shares for Php1.082 per share to a third party for a total consideration of Php137.4 million.

5. PinoyLotto Technologies Corp. (PinoyLotto) Joint Venture

On September 7, 2021, PinoyLotto, a joint venture corporation owned by POSC, Philippine GamingManagement Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated with the SEC. PinoyLotto was awarded the five years lease of the customized PCSO Lottery System, also known as '2021 PLS Project'.

The Group's interest in PinoyLotto was classified as a joint operation. PinoyLotto is 50% owned by POSC but controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners.

Belle Corporation
Conglomerate Map
As of December 31, 2022
Annex I



Bankruptcy, Receivership or Similar Proceedings
None for any of the companies above.

Revenues

The following are the major revenue and income items in 2022 and 2021:

Year ended December 31 (Php)	Amount	% to total	Amount	% to total
Gaming revenue share	1,560,845,412	75%	1,300,291,468	75%
Equipment lease rentals	519,051,226	25%	426,345,611	25%
Total	**2,079,896,638**	100%	**1,726,637,079**	100%

There were no Revenues or Net Income contributed by foreign sales in the last 3 years.

Products

PLC's investments in companies engaged in gaming and gaming-related activities are indicated below. In the Philippines, the gaming industry is relatively untapped by the private sector, creating opportunities for experienced leisure operators. PLC's gaming businesses are undertaken mainly by the following:

1. PLAI is a grantee by PAGCOR of Certificate of Affiliations and Provisional License to operate integrated resorts, including casinos, in the vicinity of PAGCOR Entertainment City. The License runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033, renewable for another 25 years, by the Philippine Congress.

2. POSC leases online betting equipment to the PCSO for their lottery operations in the Luzon, Visayas and Mindanao regions for Lotto and nationwide for KENO. KENO operations were terminated as of April 1, 2022. PLC owns a controlling interest of 50.1% of issued shares of POSC, which is a publicly-listed company.

   As of December 31, 2022, POSC has over 3,600 lottery terminals installed nationwide. All online lottery terminals located in PCSO authorized retail outlets are continuously connected to the PCSO's central computer system that enables real time recording and monitoring of lottery sales and validation of winning tickets.

   Aside from the number of lottery terminals deployed, total PCSO online lottery sales depend highly on the average sales generated by the various online lottery games launched. The table below shows the minimum jackpot amounts and the draw frequencies of the different lotto games supported by POSC.

Lotto Game	Minimum Jackpot (Php)	Draw Frequency
6/42 Lotto	6,000,000.00	3x/week – Monday, Wednesday and Saturday
6/45 Mega Lotto	9,000,000.00	3x/week – Monday, Wednesday and Friday
6/49 Super Lotto	16,000,000.00	3x/week – Tuesday, Thursday and Sunday
6/55 Grand Lotto	30,000,000.00	3x/week – Monday, Wednesday and Saturday
6/58 Ultra Lotto	50,000,000.00	3x/week – Tuesday, Friday and Sunday
6D Lotto	150,000.00	3x/week – Tuesday, Thursday and Sunday
4D Lotto	10,000.00	3x/week – Monday, Wednesday and Friday
3D Lotto	4,500.00	Thrice daily
2D Lotto	4,000.00	Thrice daily

Customers and Market Profile

POSC, a subsidiary in which PLC has a 50.10% stake based on issued shares, has Philippine Charity Sweepstakes Office (PCSO) as its major customer, with which it has Equipment Lease Agreements (ELA).It brokers technology from leading global suppliers of integrated gaming systems and leases to PCSO the needed equipment for online lottery operations in the Visayas-Mindanao (VisMin) regions.

As of December 31, 2022, Pacific Online gross lotto sales amounted to P8.5 billion, of which P2.0 billion (24%) is the share of Luzon Sales. It is noted that while in Luzon, the jackpot games account for 54% of total lottery sales, the VisMin area shows that it is digit games that dominates the sales of the region, accounting for 46% of total lottery sales.

The Company's total terminal deployment in VISMIN Territory covered 69 cities out of 73 total cities and 530 municipalities out of total 791. In Luzon, the Company's lotto terminal deployment covered 52 Cities and 71 municipalities. The Company covers 100% of the VisMin sales and only 15% in Luzon due to its restricted entry since 2012 up to 2022. c/o DRS

Other than what is mentioned above, the Company's business is not dependent upon a single customer or a few customers, and the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole.

Sources and Availability of Raw Materials and Names of Principal Supplier

Not Applicable.

Competition

Gaming business: City of Dreams Manila is competing against casinos operated by PAGCOR and the other licensees that are already operating – Resorts World Manila of Travelers International Hotel Group, Inc. ("Travelers"), Solaire Resort and Casino of Bloomberry Resorts Corporation, and Okada Manila. Travelershas also broken ground on its planned Resorts World Westside project in PAGCOR City, which is expected to open in 2023.

Lottery equipment leasing, distribution and retail business: POSC expects the aggressive push for Small Town Lottery (STL) and the prevalence of illegal gambling particularly in interior towns and remote areas to continue to provide competition to its online lotto revenues. This mostly affects the VisMin region due to the popularity of the digit games, which are very similar to STL games. With the removal of the legal impediment for the Company to provide lotto equipment in Luzon, the Company was able to expand its operations in Luzon, where the additional revenues offset the lost sales in VisMin due to STL.

Employees

The Company is a holding company whose business is not manpower intensive; hence, its transactions are extremely manageable through temporary secondment of personnel from its affiliates on an as-needed basis. This arrangement is also resorted to in keeping with austerity measures adopted due to present economic conditions. These personnel seconded to the Company are not subject to Collective Bargaining Agreements.

Risks

Economic and Political Conditions

The Company's business is mainly the acquisition of investments in gaming, which are generally influenced by Philippine political and economic conditions. Events and conditions that may have a negative impact on the Philippine economy as a whole may also adversely affect the Company's ability to acquire various investments.

Changes in the government and PCSO administration may result to changes in policies and the waythat such policies are implemented, which may be favorable or unfavorable to the Company.

In order to mitigate the risk above, Management keeps abreast of any potential condition that may adversely affect its operations, and, with the leadership of the Company's board of directors, considers available options and applicable steps to take to minimize risks.

Changes to the Philippine Laws and Regulations

Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of PLC, including its subsidiaries and affiliates. New legislation rules regarding taxes on lottery products have an impact on sales as well.

In order to mitigate the risks mentioned above, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.

Competition Risk

As the Entertainment City grows and accommodates more players, the increase in competition also poses a risk to the Company especially as it obtains gaming share revenue, through PLAI, from City of Dreams Manila, whose operations may be affected by the increase of players in the market. Aside from the Entertainment City, new developments are also expected in other parts of Metro Manila as wellas in other cities like Cebu.

In spite of the increase in competition, the increase in number of players in the gaming industry is expected to improve the Philippines' ability to attract more foreign players to the Entertainment City, making the gaming industry in the country more robust. The Company monitors COD Manila's performance and the performance of its competitors. The Company also endeavors to always be up- to-date on market trends.

POSC, on the other hand, expects that the aggressive push for small town lottery (STL) and the prevalence of illegal gambling particularly in interior towns and remote areas to continue to provide competition to its online lotto revenues. This mostly affects the Visayas-Mindanao (VisMin) region due to the popularity in that area of the digit games, which are very similar to the STL games. With the removal of the legal impediment for the Company to provide lotto equipment in Luzon, the Company expects to expand its operations in Luzon, where the additional revenues can offset the lost sales in VisMin due to STL.

Risk relating to the Company and its subsidiaries

a. Dependence on Suppliers
POSC's lottery operations is anchored on a two-system network. The Company has existing contracts, each distinct and entered into separately, with two global leaders in the lottery industry, namely Scientific Games Corporation and Intralot, for the supply of computer supported lottery gaming systems. In the event that the contracts, whether collectively or individually, are terminatedor suspended, operations and business of the Company may be impaired.

b. Business Interruption Risk

The operations of POSC and its subsidiaries are dependent on the reliability of its central computer system and the communications infrastructure needed to run it. Any breakdown or failure in the system provided by its suppliers, failure in the communication infrastructure may negatively affect the Company's financial performance. However, this risk of business interruption is unlikely to happen due to the redundancy offered by the two suppliers. The communications infrastructure is being provided mainly bythe two biggest telco providers in the country, namely: PLDT/Smart and Globe. The Company also contracted VSAT to provide connectivity to sites where Smart and Globe are not available.

Data Privacy

PLC may be at risk for breach of data privacy as detailed information is gathered from customers and prospective buyers, suppliers, contractors and other business partners. This risk is mitigated through company- wide orientation on the Data Privacy Act, the topics of which include legal bases and implementing rules and regulations, rights of the individuals owning the information, exercising breach reporting procedures and other advisories.

Information Technology

With the current business environment, Information Technology risks are ever increasing. These cover unauthorized access to confidential data, loss or release of critical information, corruption ofdata, regulatory violations, and possible increase in costs and inefficiencies.

In order to address these risks, PLC, thru Belle and IT contractors, has a co-location arrangement with redundant capability and automatic fail-over set-up for disaster recovery. It also continues to implement enterprise security solutions to manage external and internal threats. Annual review of technology roadmap to ensure the alignment between the business and information technology is performed.

COVID-19

As to the impact of COVID-19 to our business/es, the Company strongly supports the Philippine government's efforts to curb the spread of the virus.

With Metro Manila placed on community quarantine and the rising number of cases in the country, the Company has experienced a slowdown in gaming revenues as the Philippine Amusement and Gaming Company suspended all casino operations on March 16, 2020, when the Metro Manila was placed under Enhanced Community Quarantine (ECQ). The casinos have since then been allowed to operate and resume operations with varying capacity limits as set by the Covid-19 Inter-Agency Task Force (IATF) , depending on the Alert Level under which Metro Manila is placed. Very strict health and social distancing protocols are also required to be implemented.

The same is true for PLC's subsidiary, Pacific Online Systems Corporation (POSC). The operations of the national lottery, Philippine Charity Sweepstakes Office (PCSO) was also suspended during the ECQ, and was also allowed to resume only after the second half of 2020. Because POSC leases online lottery equipment to the PCSO, its revenues are highly dependent on PCSO's lotto and KENO sales, which have been impacted by COVID-19 related developments and the implementation of community quarantines.

The Company has thus far identified critical functions, and set in place business continuity plans (BCP), to ensure that it continues to manage potential and actual risks, while prioritizing the overallinterests of its investors, customers, employees, and other stakeholders. The BCP includes implementation, execution and enhancement of countermeasures to limit operational and employeehealth risk. It incorporates hybrid onsite and work-from- home schemes, employee healthcare monitoring as well as a system for internal/external communication management.

The Company communicates constantly with its partners and stakeholders for updates through further news releases and/or our company website, www.premiumleisurecorp.com.

The Company has an Enterprise Risk Management Committee (ERMC) which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Company. The ERMC has the responsibility of developing a formal framework to assist the Company in managing its risks and is mandated to report regularly to the Risk Oversight Committee on any risk concerns.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreement or labor contracts including duration

PAGCOR license

PLC, through its subsidiary, PLAI, holds a License granted to it by PAGCOR to operate integratedresorts, including casinos, within PAGCOR Entertainment City. The license is concurrent with the PAGCOR congressional franchise and is set to expire in 2033, renewable for another twenty-five (25) years by the Philippine Congress.

Equipment lease agreement (ELA) with PCSO

POSC has an ELA with the PCSO for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment of PCSO. This also includes the supply of betting slips and ticket paper rolls.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, POSC was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. As at December 31, 2022 and 2021, the total cash bond, included under “Other current assets” in the consolidated statements of financial position, amounted to P12.0 million.

Since July 31, 2019, the ELA has been extended for PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, until a new lottery system is fully realized and to ensure unhampered and uninterrupted operations of the online lottery and to avoid the loss of funds to PCSO. In 2022, the ELA was extended until December 31, 2022.

In 2023, the ELA was extended for a month-to-month basis up to May 31, 2023.

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income, is based on a percentage of gross sales of lotto tickets from PCSO’s Luzon and VISMIN operations. The number of installed lotto terminals totaled 3,605 and 3,129 as at December 31, 2022 and 2021, respectively. POSC’s rental income amounted to P512.7 million, P390.8 million and P245.9 million in 2022, 2021 and 2020, respectively.

Brand and Trademark Agreement with Powerball Gaming and Entertainment Corporation (PMLC)

In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with PMLC granting the latter a non-assignable, non-transferable and exclusive right to use POSC's instant scratch tickets' brand and trademarks. The agreement has an initial term of five (5) years effective on January 1, 2018, subject to adjustment to conform to and coincide with term of the PMLC's agreement with PCSO for the supply and distribution of its instant scratch tickets. In consideration of the BTLA, PMLC agreed to pay POSC a guaranteed fixed monthly fee of P4.0 million starting January 2018. The agreement with PMLC was accounted for as sale of right to use the brand and trademark. POSC already transferred the control over the brand and trademark to PMLC on January 1, 2018 and there are no other performance obligation to be provided to PMLC.

POSC's Consultancy Agreements, Scientific Games, Intralot, and Management Agreement

a. Scientific Games

As at December 31, 2021 and 2020, POSC has a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the supply of Visayas-Mindanao OnlineLottery System. In consideration, POSC shall pay Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operation using the computer hardware and operating system provided by Scientific Games. The contract shall continue as long as the POSC's ELA with PCSO is in effect.

In 2021, the contract with Scientific Games was extended until July 31, 2022.

In 2022, the contract with Scientific Games was extended until December 31, 2022.

b. Intralot

As at December 31, 2022 and 2021, POSC and TGTI have contracts with Intralot Inc., a company subsidiary domiciled in Atlanta, Georgia, for the supply of hardware, operating system software and terminals and the required training required to operate the system. In consideration, POSC and TGTI shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations. The Contract shall continue as long as POSC's and TGTI's ELA with PCSO are in effect.

In 2021, the contract with POSC was extended until July 31, 2022 while the contract with TGTI was extended until March 31, 2022.

In 2022, the contract with POSC was extended until December 31, 2022 while the contract with TGTI was no longer renewed.

c. Management Agreement

POSC and TGTI entered into Management Agreements with AB Gaming and Leisure Exponent Specialist, Inc. ("Manager") for the latter to provide investment and management counsel and to act as manager and overseer of its operations. In consideration of the Manager's services, POSC shall pay a monthly fee and an amount equivalent to a certain percentage of the annual earnings before interest, taxes, depreciation, and amortization (EBITDA). The agreements were terminated in 2021.

Government Approvals/Regulations

As part of its normal course of business, the Company secures government approvals such as business permits and all necessary permits related to this, including barangay clearance, fire and sanitation, etc.

The Company is also subject to the regulations of PAGCOR for its Gaming License as well as PCSO for its equipment lease agreements.

POSC, on the other hand, does not need any government approval for its principal products and services because its business is in the development, design and management of online computer systems, terminals and software for the PCSO, and not in the operation itself of the lottery business.

POSC has also been fully compliant with environmental regulations and ordinances issued by the concerned local government units (LGUs) and by the Department of Natural Resources (DENR) in so far as disposal of used computer hardware, office equipment and other bulky operating supplies are concerned, pursuant to the Republic Act 9003: Ecological Solid Waste Management Act of 2000.

Effect of Existing or Probable Government Regulations on the Business

PLC has complied with all the government requirements necessary for its operations. Future government regulations are perceived to have no material impact to the normal operations of the Company.

Amount Spent on Research and Development Activities and Compliance with Environmental Laws

None.

Costs and Effects of Compliance w/ Environmental Laws

None.

Properties

The Company has real estate property recorded as noncurrent asset held for sale. This pertains to an undeveloped land in the City of Tanauan, Province of Batangas, amounting to ₱285.5 million. There is no lease income from these properties, and they are not subject to mortgage, lien and encumbrances. There are no plans to acquire real properties in the next twelve (12) months.

POSC's online lottery operations are conducted mainly in Cebu, where its central system data center and logistics center are located. It also has set up 8 logistics hubs in 8 major Visayas and Mindanao cities to ensure efficient service delivery to the PCSO lottery agents. The Company Head Office is located in Pasig City.

POSC has no real properties owned and there are no plans to acquire them in the next twelve (12) months. POSC leases all of its data center, logistics centers and hubs, and business offices. These properties are not mortgaged nor are there any liens and encumbrances that limit ownership or usage of the same.

POSC's leased properties for business offices, data center and logistics facilities, were reduced to about 1,622 sqm for the year ended December 31, 2022 from the previous 2,588 sqm by year end 2021. About 20% of these properties are located in Luzon, and 80% in Visayas and Mindanao. Majority of the properties in Luzon are found in Metro Manila while those in Visayas and Mindanao are in Cebu. The logistics centers' areas are about 772 sqm in total, with 586 sqm in Cebu and 186 sqm in Metro Manila. Lease terms for most office and warehouse spaces range from month-to-month up to one (1) year. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties concerned. The lease agreements provide for minimum rental commitment with annual rental escalation rates at around 5%. One (1) warehouse unit located in Metro Manila was terminated in 2021. Total lease payment for 2022 amounted to P12.6 million.

POSC's major assets are lottery equipment, which consists mainly of lottery terminals, data center equipment, software and operating systems.

Legal Proceedings

"TMA Australia Pty. Ltd. And TMA Group Philippines, Inc. v. Pacific Online." RTC 66, Pasig City-Civil Case No. R-PSG-17-02130 [321-108]

This refers to a complaint for Tortious Interference and payment of Damages filed by TMA Australia Pty. Ltd. and TMA Philippines (the "TMA Group") against Pacific Online in August 2017. The TMA Group alleged that Pacific Online wrongfully interfered with the implementation of the Contractual Joint Venture Agreement (CJVA) between the TMA Group and PCSO when it entered into several equipment lease agreements with the latter that included a supply of paper provision. The TMA Group also applied for a writ of preliminary injunction (WPI) against Pacific Online and prayed for damages in the amount of at least One Million Pesos(P1,000,000.00).

On March 21, 2018, the RTC granted the TMA Group's application for WPI, enjoining Pacific Online from continuing to deliver lotto paper to PCSO. During the pendency of this case, the Supreme Court issued a decision in *Philippine Charity Sweepstake Office v. TMA Group of Companies (G.R. Nos. 212143, 225457, and 236888, 28 August 2019)* stating that the WPI issued by RTC Makati against PCSO directing it to sourceits paper from TMA was improperly issued, and that the CJVA – the same CJVA in the case before RTC Pasig – could not have been a valid sourceof rights against PCSO. TMA filed a Motion for Reconsideration, but this was denied by the Supreme Court in a Resolution dated March 4, 2020. POSC then filed a Manifestation and a Supplemental Manifestation asking for the dismissal of the tortious interference case filed by the TMAGroup.

On February 8, 2021, the court dismissed the case against POSC.

Aside from the foregoing, and to the best of the Company's knowledge, neither the Company nor any of its subsidiaries or affiliates is a party to, nor are they involved in, any litigation that will materially affect its interests.

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the calendar year covered by this report.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters

MARKET INFORMATION

The principal market where the registrant's common equity is traded is the PSE. The high and low sales prices for each quarter within the last two fiscal years of the registrant's common shares, as quoted on the PSE, are as follows:

STOCK PRICES

2022	**High**	**Low**
First Quarter	0.470	0.415
Second Quarter	0.490	0.390
Third Quarter	0.460	0.395
Fourth Quarter	0.475	0.420
2021	**High**	**Low**
First Quarter	0.560	0.350
Second Quarter	0.475	0.380
Third Quarter	0.465	0.395
Fourth Quarter	0.485	0.41

As of March 20, 2023, the shares of Premium Leisure Corp. had a closing price of ₱0.475 per share.

SECURITY HOLDERS

The number of shareholders of record as of February 28, 2023 was 358. Common shares outstanding as of February 28, 2023 was 31,216,931,000. The top twenty (20) shareholders as of February 28, 2023 are as follows:

	STOCKHOLDER'S NAME	NATIONALITY	PERCENTAGE
1	BELLE CORPORATION	FILIPINO	78.745
2	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	18.709
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	OTHERS	0.747
4	SYSMART CORPORATION	FILIPINO	0.494
5	F.YAP SECURITIES, INC.	FILIPINO	0.348
6	SYNTRIX HOLDINGS, INC.	FILIPINO	0.326
7	F.YAP SECURITIES, INC.	FILIPINO	0.180
8	SM INVESTMENTS CORPORATION	FILIPINO	0.083
9	WILLY NG OCIER AND/OR GERALDINE ESCOLAR YU OCIER	FILIPINO	0.070
10	WILLY NG OCIER	FILIPINO	0.057
11	PARKORAM DEVELOPMENT LIMITED	OTHERS	0.045
12	OSCAR S. CU ITF ANTHONY CU	FILIPINO	0.033
13	OSCAR S. CU	FILIPINO	0.029
14	REGINA CAPITAL DEVELOPMENT CORP.	FILIPINO	0.025
15	PARALLAX RESOURCES, INC.	FILIPINO	0.014
16	ALEXANDER AUSTRIA &/OR DOMINICA AUSTRIA	FILIPINO	0.005
17	AUGUSTO LITONJUA &/OR LUIS SALVADOR	FILIPINO	0.005
18	CAI CHANG CHU	CHINESE	0.004
19	LEONCIO TAN TIU	FILIPINO	0.004
20	MARY ANGELI F. BASILIO	FILIPINO	0.003

DIVIDENDS

The Company's Board approved on February 28, 2023 the declaration of cash dividends of ₱0.05024 per share or a total cash dividend payment to its common shareholders of approximately ₱1,588.8 million, payable on March 28, 2023 to shareholders of record as of March 15, 2023.

In 2022, the Company's Board declared and paid cash dividends of ₱0.05024 per share or a total cash dividend payment to its common shareholders of approximately ₱1,588.8 million, payable on May 26, 2022 to shareholders of record as of May 16, 2022.

In 2021, the Company's Board declared and paid cash dividends of ₱0.04075 per share or a total cash dividend payment to its common shareholders of approximately ₱1,272.1 million, payable on May 12, 2021 to shareholders of record as of April 28, 2021.

In 2020, the Company's Board declared and paid cash dividends of ₱0.05024 per share for a total cash dividend payment to its common shareholders of approximately ₱1,588.8 million. This was paid starting on March 20, 2020 to shareholders of record as of March 6, 2020.

There is no legal restriction that limits or would likely limit the Company's ability to pay dividends, aside from its retained earnings available for such.

DIVIDEND POLICY

The Board adopted, as a matter of policy, that the Company shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration the availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of cash, 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.

Dividends shall be paid to all shareholders on record within thirty (30) days from date of declaration.

RECENT SALES OF UNREGISTERED SECURITIES

The Company did not sell or issue securities within the past three (3) years that were not registered under the Securities Regulation Code.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF OPERATING PERFORMANCE AND FINANCIAL CONDITION

Analysis of Results of Operations and Financial Condition – 2022 compared to 2021

(Amounts in Peso except percentages)	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
	2022	2021	Increase (Decrease) Amount	%	2022 %	2021 %
REVENUE						
Gaming revenue share	**1,560,845,412**	1,300,291,468	260,553,944	20%	75%	75%
Equipment rental	**519,051,226**	426,345,611	92,705,615	22%	25%	25%
	2,079,896,638	1,726,637,079	353,259,559	20%	100%	100%
COST AND EXPENSES						
Cost of services	**503,646,918**	632,737,322	(129,090,404)	-20%	24%	37%
General and administrative expenses	**438,961,707**	331,171,925	107,989,782	33%	21%	19%
	942,608,625	963,909,247	(21,300,622)	-2%	45%	56%
OTHER INCOME (EXPENSES)						
Interest income	**147,434,493**	135,626,403	11,808,090	9%	7%	8%
Finance charges	**(220,505)**	(642,417)	6,158	-66%	0%	0%
Other expense - net	**6,529,873**	286,449,932	(279,920,059)	-98%	0%	17%
	153,743,861	421,433,918	(267,690,057)	-64%	7%	24%
INCOME BEFORE INCOME TAX	**1,291,031,874**	1,184,161,750	106,870,124	9%	62%	69%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	**14,627,225**	11,118,008	3,509,217	31%	1%	1%
Deferred	**20,457,201**	50,134,332	(29,677,131)	-59%	1%	3%
	35,084,426	61,252,340	(26,167,914)	-43%	2%	4%
NET INCOME	**1,255,947,448**	1,122,909,410	133,038,038	12%	60%	65%

PLC recognized Php2,079.9 million consolidated revenues for the year 2022, up by Php353.3 million or 20% from the same period last year.

The improvement in Premium Leisure Corp.'s revenues is mainly brought about by the more robust economic activities in 2022 due to the improvement in the COVID-19 situation in the country. Because of this, PLAI gaming revenue share has increased from Php1,300.3 million to Php1,560.8 million (20%), and Pacific Online Systems Corporation's (POSC) equipment lease rental income increased from Php426.3 million to Php519.1 million (22%) versus the revenues reported in 2021, despite the termination of KENO operations effective April 1, 2022.

Costs and expenses decreased by Php21.3 million or 2% for the period from Php963.9 million to Php942.6 million because of the cost efficiency measures implemented by the Company in light of the continuing effects of the Covid-19 pandemic. Some of the expenses that declined include the following: depreciation and amortization, communication, online lottery systems expenses, and rental, utilities and supplies.

The combination of better revenues to and a tighter control over costs resulted in PLC recognizing Php1,256.0 million net income for 2022, increasing by 12% from its net income of Php1,123.0 million in 2021.

Operating EBITDA (proxy for cash flow) for the year is at Php1,409.5 million increased by Php 260.1 million (23%) from Php 1,149.4 million in 2021.

PREMIUM LEISURE CORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Peso except percentages)	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
	2022	2021	Amount	%	%	%
NET INCOME	**1,255,947,448**	1,122,909,410	133,038,038	12%	60%	65%
OTHER COMPREHENSIVE INCOME (LOSS)						
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:						
Marked-to-market losses on financial assets at fair value through OCI	**54,225,946**	(50,496,141)	104,722,087	-207%	3%	-3%
Remeasurement gain (loss) on net retirement benefits - net of tax	**8,655,955**	25,253,640	(16,597,685)	-66%	0%	1%
	62,881,901	(25,242,501)	88,124,402	-349%	3%	-1%
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,318,829,349**	1,097,666,909	221,162,440	20%	63%	64%
Total Comprehensive Income (Loss) Attributable to:						
Equity holders of the parent	**1,220,228,226**	1,167,407,185	52,821,041	5%	59%	68%
Non-controlling interests	**98,601,123**	(69,740,276)	168,341,399	-241%	5%	-4%
	1,318,829,349	1,097,666,909	221,162,440	20%	63%	64%

PLC's other comprehensive income (loss) pertains to the unrealized gains (losses) arising from changes in market value of its financial assets at FVOCI and remeasurement of retirement benefits. PLC recognized net other comprehensive income amounting to Php62.9 million for 2022 as a result of higher share prices of its financial asset investments. As such, PLC recognized total comprehensive income amounting to Php1,318.8 million (of which, Php1,220.2 million is attributable to parent shareholders) in 2022.

Aside from what has been mentioned in the foregoing, there were no significant elements that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations of PLC in 2022.

Consolidated Statements of Financial Position

(Amounts in Peso except percentages)	December 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
	2022	2021	Amount	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	**1,778,570,078**	1,660,934,194	117,635,884	7%	10%	10%
Investments held for trading	**72,682,452**	73,053,645	(371,193)	-1%	0%	0%
Receivables	**212,568,231**	277,787,614	(65,219,383)	-23%	1%	2%
Notes receivable	**3,705,925,000**	3,705,925,000	-	0%	22%	22%
Contract assets	**4,000,000**	70,319,085	(66,319,085)	-94%	0%	0%
Other current assets	**213,582,191**	214,129,828	(547,637)	0%	1%	1%
Total Current Assets	**5,987,327,952**	6,002,149,366	(14,821,414)	0%	35%	35%
Noncurrent Assets						
Intangible asset	**8,475,709,551**	8,714,182,035	(238,472,484)	-3%	50%	51%
Financial assets at fair value through OCI	**686,731,218**	721,167,064	(34,435,846)	-5%	4%	4%
Investment property	**285,510,452**	285,510,452	-	0%	2%	2%
Goodwill	**926,007,748**	926,007,748	-	0%	5%	5%
Property and equipment	**2,103,394**	23,482,941	(21,379,547)	-91%	0%	0%
Deferred tax assets	**-**	21,398,655	(21,398,655)	-100%	0%	0%
Right of use assets	**1,815,399**	6,672,570	(4,857,171)	-73%	0%	0%
Other noncurrent assets	**620,699,824**	384,325,381	236,374,443	62%	4%	2%
Total Noncurrent Assets	**10,988,577,586**	11,082,746,846	(84,169,260)	-1%	65%	65%
TOTAL ASSETS	**16,985,905,538**	17,084,896,212	(98,990,674)	-1%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables and other current liabilities	**728,696,132**	648,596,232	80,099,900	12%	4%	4%
Lease liabilities - current portion	**1,891,442**	4,886,938	(2,995,496)	-61%	0%	0%
Total Current Liabilities	**730,587,574**	653,483,170	77,104,404	12%	4%	4%
Noncurrent Liabilities						
Lease liabilities - net of current portion	**-**	1,986,014	(1,986,014)	-100%	1%	0%
Loans payable	**67,500,000**	-	67,500,000	100%	1%	0%
Deferred tax liability	**531,152**	-	531,152	100%	1%	0%
Retirement liability	**17,903,002**	30,894,331	(12,991,329)	-42%	0%	0%
Total Noncurrent Liabilities	**85,934,154**	32,880,345	53,053,809	161%	2%	0%
Total Liabilities	**816,521,728**	686,363,515	130,158,213	19%	5%	4%
Equity Attr to the Equity Holders of the Parent						
Capital stock	**7,906,827,500**	7,906,827,500	-	0%	47%	46%
Additional paid-in capital	**7,238,721,924**	7,238,721,924	-	0%	43%	42%
Treasury shares	**(220,430,080)**	(220,430,080)	-	0%	-1%	-1%
Cost of parent company shares held by a subsidu	**(509,597,055)**	(509,597,055)	-	0%	-3%	-3%
Other reserves	**(707,307,851)**	(851,048,515)	143,740,664	17%	4%	5%
Retained earnings	**2,094,797,559**	2,566,288,233	(471,490,674)	-18%	12%	15%
Total Equity Attr to Equity Holders of the	**15,803,011,997**	16,130,762,007	(327,750,010)	-2%	92%	94%
Non-controlling Interests	**366,371,813**	267,770,690	98,601,123	-21%	2%	2%
Total Equity	**16,169,383,810**	16,398,532,697	(229,148,887)	-1%	96%	93%
TOTAL LIABILITIES AND EQUITY	**16,985,905,538**	17,084,896,212	(98,990,674)	-1%	100%	100%

As at December 31, 2022, PLC's total assets amounted to Php16,986.0 million, lower by Php99.0 million(1%) compared to its total assets of Php17.084.9 million as at December 31, 2021. Key movements in balance sheet items are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments or cash equivalents of the Company.

Cash and cash equivalents increased by 7% (Php117.6 million) to Php 1,778.6 million in 2022 mainly because of the higher revenues earned coupled with better collections during the year, offset by the declaration and payment of cash dividends amounting to approximately P1,588.8 million in the second quarter of 2022 and disbursements made during the period.

Investments held for trading

Investments held for trading decreased slightly by Php371.2 thousand (1%) mainly due to the mark-to-market loss on share price value of the investments of the Company.

Trade and other receivables

Trade and other receivables include trade receivables from PCSO for POSC's equipment rentals and receivables from Melco for City of Dreams Manila's gaming share revenue as well as other receivables. The Company recorded net decrease in trade and other receivables by ₱65.2 million (23%).

Notes receivable

Notes receivable of the Company pertains to interest-bearing notes receivable from its parent company.

Other current assets

Other current assets is composed of creditable withholding taxes, spare parts and supplies and prepayments. There is virtually no movement in this account from 2021.

Intangible Asset

The Company's intangible asset pertains to the Philippine Gaming and Amusement Corporation (PAGCOR) gaming license obtained by PLC through its subsidiary, PremiumLeisure and Amusement, Inc. (PLAI). The decrease in the intangible asset account is brought about by the amortization of the license.

Investment Property

This account pertains to investment property of the Company in Tanauan, Batangas.

Financial assets at fair value through OCI

This account pertains to the Company's investments in equity securities classified as financial assets at FVOCI. This pertains mostly to share in Belle Corporation, Black Spade Acquisition, Inc. and club shares. The net decrease in this account is due mainly to the sale of Belle Corporation shares during the year, offset by the increase in fair value of the shares at year end.

Property and equipment

Property and equipment (PPE) of the Company pertains to online lottery equipment, leasehold improvements, office and transportation equipment. The decrease of Php21.4 million (91%) in the account compared to balances at December 31, 2021 is due to the recognized depreciation and disposals for the year that was tempered by additions in PPE for the period.

Goodwill

Goodwill pertains mostly to the goodwill recognized upon acquisition of controlling interest in

POSC through the pooling of interest method in 2015.

Other noncurrent assets

Other noncurrent assets pertain mostly to noncurrent creditable withholding taxes, advances to suppliers and others. The increase of Php236.4 million (62%) from Php384.3 million to Php620.7 million is due to the down payments made by Pinoylotto to its suppliers for the purchase of lottery equipment as it prepares to launch nationwide operations by the fourth quarter of 2023.

Total Liabilities

Total liabilities increased by Php130.2 million or 19% as at December 31, 2022 from total liabilities of Php686.4 million as at December 31, 2021. The increase is mainly due to the loans payable drawdown of the Pinoylotto during 2022 to fund the purchases of its lottery equipment, half of which (Php67.5 million) was taken up in the books of the Company and the general provisions made during the year.

Equity

Stockholders' equity decreased by Php229.1 million as of December 31, 2022 from Php16,398.5 million as of December 31, 2021 to Php16,169.4 million as of December 31, 2022. The decrease was due mainly to the declaration and payment of dividends during the 2nd quarter of the year, offset in part by the net income recognized for the period.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Ratio	Manner in which the financial rations are computed	Dec 31, 2022	Dec 31, 2021
Current ratio	Current assets divided by current liabilities	8.20	9.18
Quick ratio	(Current assets less invty - prepayments) / Current liabilities	8.49	9.51
Solvency ratio	Total assets / total liabilities	20.80	24.89
Asset to equity	Total assets divided by total equity	1.05	1.04
Debt to equity	Interest bearing debt divided by total equity	0.42%	-
Interest rate coverage	Earnings before interest, tax, depreciation and amortization divided by interest expense	5,187.27	1,633.17
Debt ratio	Total debt / total assets	0.01	0.00
Return on assets	Net income (loss) divided by average total assets during the period	7.37%	6.44%
Return on equity	Net income (loss) divided by average total equity during the period	7.71%	6.81%

The Company does not foresee any liquidity problems over the next twelve (12) months. The changes in the key performance indicators of the Company are discussed below:

a) Net income increased by 12% in 2022, accounting for the increase in return on assets and equity versus the same period in 2021.
b) The Company posted healthy current, quick and solvency ratios.
c) There is a significant increase in Interest rate coverage ratio due to increase in EBITDA and decrease in finance charges in 2022.

As at December 31, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impacton the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended December 31,2022 and December 31, 2021, except those mentioned in the preceding.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

2023 PLAN OF OPERATIONS

As the effects of the Covid-19 pandemic continues to be felt especially in the gaming and entertainment industry, the Company is focused on streamlining operations to curtail costs, finding ways to improve profitability and cost efficiency and increasing synergies within the Companies in the Group. It also maintains prudent financial management in decision making to uphold its strong financial position.

Nevertheless, PLC remains committed to look for various opportunities for growth through profitable investments that will increase the company’s shareholder value for partners and investors alike. It shall likewise continue to partner with its parent Company’s corporate social responsibility arm, Belle Kaagapay, to continue on enhancing quality of life for its host communities.

Analysis of Results of Operations and Financial Condition – 2021 compared to 2020

(Amounts in Peso except percentages)	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
	2021	**2020**	**Increase (Decrease) Amount**	**%**	**2021 %**	**2020 %**
REVENUE						
Gaming revenue share	**1,300,291,468**	635,217,388	665,074,080	105%	75%	66%
Equipment rental	**426,345,611**	293,104,496	133,241,115	45%	25%	30%
Commission and distribution income	**-**	35,333,625	(35,333,625)	-100%	0%	4%
	1,726,637,079	963,655,509	762,981,570	79%	100%	100%
COST AND EXPENSES						
Cost of services	**632,737,322**	742,369,058	(109,631,736)	-15%	37%	77%
General and administrative expenses	**331,171,925**	955,482,263	(624,310,338)	-65%	19%	99%
	963,909,247	1,697,851,321	(733,942,074)	-43%	56%	176%
OTHER INCOME (EXPENSES)						
Interest income	**135,626,403**	217,963,792	(82,337,389)	-38%	8%	23%
Dividend income	**-**	22,353,086	(22,353,086)	-100%	0%	2%
Finance charges	**(642,417)**	(6,800,483)	6,158,066	-91%	0%	-1%
Other expense - net	**286,449,932**	821,339,171	(534,889,239)	-65%	17%	85%
	421,433,918	1,054,855,566	(633,421,648)	-60%	24%	109%
INCOME BEFORE INCOME TAX	**1,184,161,750**	320,659,754	863,501,996	269%	69%	33%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	**11,118,008**	28,076,028	(16,958,020)	-60%	1%	3%
Deferred	**50,134,332**	(31,132,712)	81,267,044	-261%	3%	-3%
	61,252,340	(3,056,684)	64,309,024	-2104%	4%	0%
NET INCOME	**1,122,909,410**	323,716,438	799,192,972	247%	65%	34%

PLC recognized Php1,726.6 million consolidated revenues for the year 2021, up by Php763.0 million or 79% from the same period last year.

The improvement in Premium Leisure Corp.'s revenues is mainly brought about by more robust economic activities in 2021 despite the continuing effects of the Covid-19 pandemic in the country. Because of this PLAI gaming revenue share has increased from Php635.2 million to Php1,300.3 million (105%), and Pacific Online Systems Corporation's (POSC) equipment lease rental income and commission and distribution increased from Php328.4 million to Php426.3 million (30%) versus the same period in 2020.

Costs and expenses decreased by Php733.9 million or 43% for the period because of the cost efficiencies implemented by the Company in light of the continuing effects of the Covid-19 pandemic. Some of the expenses that declined significantly include communications, payroll and payroll-related expenses, and rental, utilities and supplies.

The combination of better revenues to lower costs resulted in PLC recognizing Php1,122.9 million net income for 2021, increasing by more than 200% of its net income of Php323.7 million in 2020.

Operating EBITDA (proxy for cash flow) for the year is at Php1,001.2 million, a turnaround improvement story to its negative EBITDA of Php495.7 million in 2020.

PREMIUM LEISURE CORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Peso except percentages)	**Years Ended December 31**		**Horizontal Analysis**		**Vertical Analysis**	
			Increase (Decrease)		**2021**	**2020**
	2021	**2020**	**Amount**	**%**	**%**	**%**
NET INCOME	**1,122,909,410**	323,716,438	799,192,972	247%	65%	34%
OTHER COMPREHENSIVE INCOME (LOSS)						
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:						
Marked-to-market losses on financial assets at fair value through OCI	**(50,496,141)**	(47,062,201)	(3,433,940)	7%	-3%	-5%
Remeasurement gain (loss) on net retirement benefits - net of tax	**25,253,640**	3,599,814	21,653,826	602%	1%	0%
	(25,242,501)	(43,462,387)	18,219,886	-42%	-1%	-5%
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,097,666,909**	280,254,051	817,412,858	292%	64%	29%
Total Comprehensive Income (Loss) Attributable to:						
Equity holders of the parent	**1,167,407,185**	481,628,857	685,778,328	142%	68%	50%
Non-controlling interests	**(69,740,276)**	(201,374,806)	131,634,530	-65%	-4%	-21%
	1,097,666,909	280,254,051	817,412,858	292%	64%	29%

PLC's comprehensive income (loss) pertains to the unrealized gains (losses) arising from changes in market value of its financial assets at FVOCI and remeasurement of retirement benefits. PLC recognized net comprehensive loss amounting to Php25.2 million for 2021 as a result of the lower share prices of its financial asset investments. As such, PLC recognized total comprehensive income amounting to Php1,097.7 million (of which, Php1,167.4 million is attributable to parent shareholders) in 2021.

Aside from what has been mentioned in the foregoing, there were no significant elements that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations of PLC in 2021.

Consolidated Statements of Financial Position

(Amounts in Peso except percentages)	December 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
	2021	**2020**	**Amount**	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	**1,660,934,194**	2 218 311 525	(557 377 331)	-25%	10%	12%
Investments held for trading	**73,053,645**	84 260 926	(11 207 281)	-13%	0%	0%
Receivables	**277,787,614**	468 752 085	(190 964 471)	-41%	2%	3%
Notes receivable	**3,705,925,000**	3 705 925 000	-	0%	22%	21%
Contract assets	**70,319,085**	39 903 188	30 415 897	76%	0%	0%
Other current assets	**214,129,828**	218 007 449	(3 877 621)	-2%	1%	1%
Total Current Assets	**6,002,149,366**	6 735 160 173	(733 010 807)	-11%	35%	38%
Noncurrent Assets						
Intangible asset	**8,714,182,035**	8 952 654 519	(238 472 484)	-3%	51%	50%
Financial assets at fair value through OCI	**721,167,064**	287 453 830	433 713 234	151%	4%	2%
Investment property	**285,510,452**	285 510 452	-	0%	2%	2%
Goodwill	**926,007,748**	926 007 748	-	0%	5%	5%
Property and equipment	**23,482,941**	83 505 713	(60 022 772)	-72%	0%	0%
Deferred tax assets	**21,398,655**	82 414 559	(61 015 904)	-74%	0%	0%
Right of use assets	**6,672,570**	10 119 536	(3 446 966)	-34%	0%	0%
Contract assets - net of current portion	**-**	46 302 455	(46 302 455)	-100%	0%	0%
Other noncurrent assets	**384,325,381**	383 885 079	440 302	0%	2%	2%
Total Noncurrent Assets	**11,082,746,846**	11 057 853 891	24 892 955	0%	65%	62%
TOTAL ASSETS	**17,084,896,212**	17 793 014 064	(708 117 852)	-4%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables and other current liabilities	**648,596,232**	1 164 524 630	(515 928 398)	-44%	4%	7%
Lease liabilities - current portion	**4,886,938**	7 676 824	(2 789 886)	-36%	0%	0%
Income tax payable	**-**	6 146	(6 146)	-100%	0%	0%
Total Current Liabilities	**653,483,170**	1 172 207 600	(518 724 430)	-44%	4%	7%
Noncurrent Liabilities						
Lease liabilities - net of current portion	**1,986,014**	3 928 543	(1 942 529)	-49%	1%	0%
Retirement liability	**30,894,331**	59 290 772	(28 396 441)	-48%	0%	0%
Total Noncurrent Liabilities	**32,880,345**	63 219 315	(30 338 970)	-48%	1%	0%
Total Liabilities	**686,363,515**	1 235 426 915	(549 063 400)	-44%	4%	7%
Equity Attr to the Equity Holders of the Parent						
Capital stock	**7,906,827,500**	7 906 827 500	-	0%	46%	44%
Additional paid-in capital	**7,238,721,924**	7 238 721 924	-	0%	42%	41%
Treasury shares	**(220,430,080)**	(220 430 080)	-	0%	-1%	-1%
Cost of parent company shares held by a subsidiary	**(509,597,055)**	(509 597 055)	-	0%	-3%	-3%
Other reserves	**(851,048,515)**	(824 553 084)	(26 495 431)	3%	-5%	-5%
Retained earnings	**2,566,288,233**	2 629 106 978	(62 818 745)	-2%	15%	15%
Total Equity Attr to Equity Holders of the Parent	**16,130,762,007**	16 220 076 183	(89 314 176)	-1%	93%	91%
Non-controlling Interests	**267,770,690**	337 510 966	(69 740 276)	-21%	2%	2%
Total Equity	**16,398,532,697**	16 557 587 149	(159 054 452)	-1%	96%	93%
TOTAL LIABILITIES AND EQUITY	**17,084,896,212**	17 793 014 064	(708 117 852)	-4%	100%	100%

As at December 31, 2021, PLC's total assets amounted to Php17,084.9 million, lower by Php708.1 million(4%) compared to its total assets as at December 31, 2021. Key movements in balance sheet items are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments or cash equivalents of the Company.

Cash and cash equivalents decreased by 25% (Php557.4 million) to Php 1,660.9 million in 2021 mainly because of the declaration and payment of cash dividends amounting to approximately Php1,272.1 million in the second quarter of 2021, offset by the collection s made during the year, net of disbursements during the period.

Trade and other receivables

Trade and other receivables include trade receivables from PCSO for POSC's equipment rentals and receivables from Melco for City of Dreams Manila's gaming share revenue as well as other receivables. The Company recorded net decrease in trade and other receivables by ₱191.0 million (41%).

Investments held for trading

Investments held for trading decreased by Php11.2 million (13%) mainly due to the mark-to-market loss on share price value.

Intangible Asset

The Company's intangible asset pertains to the Philippine Gaming and Amusement Corporation (PAGCOR) gaming license obtained by PLC through its subsidiary, PremiumLeisure and Amusement, Inc. (PLAI). The decrease in the intangible asset account is brought about by the amortization of the license.

Investment Property

This account pertains to investment property of the Company in Tanauan, Batangas.

Financial assets at fair value through OCI

This account pertains to the Company's investments in equity securities classified as financial assets at FVOCI. This pertains mostly to share in Belle Corporation and club shares. In 2021, the Company made aninvestment in a special purpose acquisition company (SPAC) listed in the US Stock Exchange named Black Spade Acquisition, Inc. The increase in this account is due mainly to this new acquisition, offset by the decrease in fair value of the shares by year end.

Property and equipment

Property and equipment (PPE) of the Company pertains to online lottery equipment, leasehold improvements, office and transportation equipment. There is a decrease of Php60.0 million (72%) in the account compared to balances at December 31, 2020 due to the recognized depreciation and disposals for the year that was tempered by additions in PPE for the period.

Goodwill

Goodwill pertains mostly to the goodwill recognized upon acquisition of controlling interest in POSC through the pooling method in 2015.

Total Liabilities

Total liabilities decreased by Php549.1 million or 44% as at December 31, 2021 from total liabilities of Php1,235.4 million as at December 31, 2020. The decrease is due mostly to payments of liabilities and reversal accruals during the year.

Equity

Stockholders' equity decreased by Php159.1 million as of December 31, 2021 from Php16,557.6 million asof December 31, 2020 to Php16,398.5 million as of December 31, 2021. The decrease was due mainly to the declaration and payment of dividends during the 2nd quarter of the year, offset in part by the net income recognized for the period.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Ratio	**Manner in which the financial rations are computed**	**Dec 31, 2021**	**Dec 31, 2020**
Current ratio	Current assets divided by current liabilities	9.18	5.75
Quick ratio	(Current assets less invty - prepayments) / Current liabilities	8.86	5.56
Solvency ratio	Total assets / total liabilities	24.89	14.13
Asset to equity	Total assets divided by total equity	1.04	1.07
Debt to equity	Interest bearing debt divided by total equity	-	-
Interest rate coverage	Earnings before interest, tax, depreciation and amortizaton divided by interest expense	1,582.21	48.15
Debt ratio	Total debt / total assets	0.04	0.07
Return on assets	Net income (loss) divided by average total assets during the period	6.44%	1.72%
Return on equity	Net income (loss) divided by average total equity during the period	6.81%	1.87%

The Company does not foresee any liquidity problems over the next twelve (12) months. The changes in the key performance indicators of the Company are discussed below:

d) Net income increased by 247% in 2021, accounting for the increase in return on assets and equityversus the same period in 2020.
e) Current, quick and solvency ratios increased due to decrease in current liabilities by Php518.7 million (44%).
f) There is a significant increase in Interest rate coverage ratio due to increase in EBITDA and decrease infinance charges in 2021.

As at December 31, 2021, except for what has been noted in the preceding, there were no material events oruncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on theCompany;
- Material commitments for capital expenditures that are reasonably expected to have a

material impacton the Company's short-term or long-term liquidity;

- Known trends, events or uncertainties that have had or that are reasonably expected to have a materialfavorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended December 31,2021 and December 31, 2020, except those mentioned in the preceding.

2022 PLAN OF OPERATIONS

As the effects of the Covid-19 pandemic continues to be felt especially in the gaming and entertainment industry, the Company is focused on streamlining operations to curtail costs, finding ways to improve profitability and cost efficiency and increasing synergies within the Companies in the Group. It also maintains prudent financial management in decision making to uphold its strong financial position.

Nevertheless, PLC remains committed to look for various opportunities for growth through profitable investments that will increase the company's shareholder value for partners and investors alike. It shall likewise continue to partner with its parent Company's corporate social responsibility arm, Belle Kaagapay, to continue on enhancing quality of life for its host communities.

Analysis of Results of Operations and Financial Condition – 2020 compared to 2019

(Amounts in Peso except percentages)	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
	2020	2019	Increase (Decrease)		2020	2019
REVENUE			Amount	%	%	%
Gaming revenue share	**635,217,388**	2 976 366 472	(2 341 149 084)	-79%	66%	75%
Equipment rental	**293,104,496**	681 483 757	(388 379 261)	-57%	30%	17%
Commission and distribution income	**35,333,625**	308 381 639	(273 048 014)	-89%	4%	8%
	963,655,509	3 966 231 868	(3 002 576 359)	-76%	100%	100%
COST AND EXPENSES						
Cost of services	**503,896,574**	986 207 833	(482 311 259)	-49%	52%	25%
General and administrative expenses	**955,482,263**	961 494 609	(6 012 346)	-1%	99%	24%
Amortization of intangible asset	**238,472,484**	238 472 484	-	0%	25%	6%
	1,697,851,321	2 186 174 926	(488 323 605)	-22%	176%	55%
OTHER INCOME (EXPENSES)						
Interest income	**217,963,792**	279 857 146	(61 893 354)	-22%	23%	7%
Dividend income	**22,353,086**	24 708 086	(2 355 000)	-10%	2%	1%
Finance charges	**(6,800,483)**	(9 525 989)	2 725 506	-29%	-1%	0%
Other expense - net	**821,339,171**	(32 888 983)	854 228 154	-2597%	85%	-1%
	1,054,855,566	262 150 260	792 705 306	302%	109%	7%
INCOME BEFORE INCOME TAX	**320,659,754**	2 042 207 202	(1 721 547 448)	-84%	33%	51%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	**28,076,028**	22 422 019	5 654 009	25%	3%	1%
Deferred	**(31,132,712)**	(81 838 677)	50 705 965	-62%	-3%	-2%
	(3,056,684)	(59 416 658)	56 359 974	-95%	0%	-1%
NET INCOME	**323,716,438**	2 101 623 860	(1 777 907 422)	-85%	34%	53%
Net Income Attributable to:						
Equity holders of the parent	**517,573,391**	2 261 962 747	(1 744 389 356)	-77%	54%	57%
Non-controlling interests	**(193,856,953)**	(160 338 887)	(33 518 066)	21%	-20%	-4%
	323,716,438	2 101 623 860	(1 777 907 422)	-85%	34%	53%

Premium Leisure Corp. reported net income of Php323.7 million for 2020 despite the challenges that the year posed on the Philippine economy and particularly on the gaming and hospitality industry. The effectsof Covid-19 pandemic impacted gaming operations of City of Dreams Manila and the national lottery operations of PCSO.

Total revenues are at Php963.7 million, down by 76% versus 2019 figures. Expenses, on the other hand are at Php1,697.9 million, improving by 22% from previous year due to the Company's initiatives on cost efficiency to improve profitability.

The Company's consistent profitability from previous years and its strong financial management enabled PLC to declare a regular cash dividend of Php0.04075 per share on April 14, 2021, for a total dividend payment of approximately Php1,272.1 million to its shareholders.

Consolidated Statements of Comprehensive Income

(Amounts in Peso except percentages)	Years Ended December 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
	2020	2019	Amount	%	%	%
NET INCOME	**323,716,438**	2 101 623 860	(1 777 907 422)	-85%	34%	53%
OTHER COMPREHENSIVE INCOME (LOSS)						
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:						
Marked-to-market losses on financial assets at fair value through OCI	**(47,062,201)**	(53 228 230)	6 166 029	-12%	-5%	-1%
Remeasurement gain (loss) on net retirement benefits - net of tax	**3,599,814**	(18 152 998)	21 752 812	-120%	0%	0%
	(43,462,387)	(71 381 228)	27 918 841	-39%	-5%	-2%
TOTAL COMPREHENSIVE INCOME (LOSS)	**280,254,051**	2 030 242 632	(1 749 988 581)	-86%	29%	51%
Total Comprehensive Income (Loss) Attributable to:						
Equity holders of the parent	**481,628,857**	2 210 284 612	(1 728 655 755)	-78%	50%	56%
Non-controlling interests	**(201,374,806)**	(180 041 980)	(21 332 826)	12%	-21%	-5%
	280,254,051	2 030 242 632	(1 749 988 581)	-86%	29%	51%

PLC recognized comprehensive income of Php280.3 million for 2020 versus Php2,030.2 million in 2019.

Aside from what has been mentioned in the foregoing, there were no significant elements that arose fromcontinuing operations, nor were there any seasonal events that had a material effect on the results of operations of PLC in 2020.

Consolidated Statements of Financial Position

(Amounts in Peso except percentages)	December 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
	2020	2019	Amount	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	**2,218,311,525**	3 537 075 479	(1 318 763 954)	-37%	12%	18%
Investments held for trading	**84,260,926**	140 456 581	(56 195 655)	-40%	0%	1%
Receivables	**468,752,085**	337 535 176	131 216 909	39%	3%	2%
Notes receiv able	**3,705,925,000**	3 705 925 000	-	0%	21%	19%
Contract assets	**39,903,188**	40 510 763	(607 575)	-1%	0%	0%
Other current assets	**218,007,449**	268 546 967	(50 539 518)	-19%	1%	1%
Total Current Assets	**6,735,160,173**	8 030 049 966	(1 294 889 793)	-16%	38%	40%
Noncurrent Assets						
Intangible asset	**8,952,654,519**	9 191 127 003	(238 472 484)	-3%	50%	46%
Financial assets at fair value through OCI	**287,453,830**	334 516 031	(47 062 201)	-14%	2%	2%
Property and equipment	**83,505,713**	107 432 510	(23 926 797)	-22%	0%	1%
Investment property	**285,510,452**	285 510 452	-	0%	2%	1%
Goodwill	**926,007,748**	1 358 298 121	(432 290 373)	-32%	5%	7%
Deferred tax assets	**82,414,559**	52 824 625	29 589 934	56%	0%	0%
Retirement asset	**-**	10 311 588	(10 311 588)	-100%	0%	0%
Right of use assets	**10,119,536**	73 225 966	(63 106 430)	-86%	0%	0%
Contract assets - net of current portion	**46,302,455**	89 612 359	(43 309 904)	-48%	0%	0%
Other noncurrent assets	**383,885,079**	398 013 734	(14 128 655)	-4%	2%	2%
Total Noncurrent Assets	**11,057,853,891**	11 900 872 389	(843 018 498)	-7%	62%	60%
TOTAL ASSETS	**17,793,014,064**	19 930 922 355	(2 137 908 291)	-11%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables and other current liabilities	**1,164,524,30**	1 618 365 470	(453 840 840)	-28%	7%	8%
Loans payable	**-**	150 000 000	(150 000 000)	-100%	0%	1%
Lease liabilities - current portion	**7,676,824**	75 030 683	(67 353 859)	-90%	0%	0%
Income tax payable	**6,146**	4 274 940	(4 268 794)	-100%	0%	0%
Total Current Liabilities	**1,172,207,600**	1 847 671 093	(675 463 493)	-37%	7%	9%
Noncurrent Liabilities						
Lease liabilities - net of current portion	**3,928,543**	16 576 645	(12 648 102)	-76%	1%	0%
Retirement liability	**59,290,772**	48 950 570	10 340 202	21%	0%	0%
Total Noncurrent Liabilities	**63,219,315**	65 527 215	(2 307 900)	-4%	1%	0%
Total Liabilities	**1,235,426,915**	1 913 198 308	(677 771 393)	-35%	7%	10%
Equity Attr to the Equity Holders of the Parent						
Capital stock	**7,906,827,500**	7 906 827 500	-	0%	44%	40%
Additional paid-in capital	**7,238,721,924**	7 238 721 924	-	0%	41%	36%
Treasury shares	**(220,430,080)**	(29 430 080)	(191 000 000)	649%	-1%	0%
Cost of parent company shares held by a subsidiary	**(509,597,055)**	(509 597 055)	-	0%	-3%	-3%
Other reserves	**(824,553,084)**	(788 608 550)	(35 944 534)	5%	-5%	-4%
Retained earnings	**2,629,106,978**	3 660 924 536	(1 031 817 558)	-28%	15%	18%
Total Equity Attr to Equity Holders of the Parent	**16,220,076,183**	17 478 838 275	(1 258 762 092)	-7%	90%	88%
Non-controlling Interests	**337,510,966**	538 885 772	(201 374 806)	-37%	2%	3%
Total Equity	**16,557,587,149**	18 017 724 047	(1 460 136 898)	-8%	93%	90%
TOTAL LIABILITIES AND EQUITY	**17,793,014,064**	19 930 922 355	(2 137 908 291)	-11%	100%	100%

Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments or cash equivalents of the Company.

Cash and cash equivalents decreased by 37% (Php1,318.8 million) to Php2,218.3 million in 2020 due mostly to the dividends paid during the first quarter of 2020 amounting to around Php1,388.8 million.

Investments held for trading

Investments held for trading decreased by 40% mainly due mark-to-market gains and losses due to changes in share prices.

Receivables

Receivables includes trade receivables from PCSO for POSC's equipment rentals and receivables from Melco for the gaming revenue share in the operations of City of Dreams Manila as well as operational advances to customers, suppliers and employees. The Company recorded net increase of 39% or Php131.2 million in receivables.

Notes receivable

Notes receivable includes interest-bearing short-term notes due on demand.

Intangible asset

The Company's intangible asset pertains to the PAGCOR gaming license obtained by PLC through its subsidiary, PremiumLeisure and Amusement, Inc. (PLAI). The decrease in the account is brought about by the amortization of the intangible asset.

Financial assets at fair value through OCI

This account pertains to the Company's investments in equity securities classified as financial assets at FVOCI. This pertains mostly to share in Belle Corporation and club shares. The 14% decrease in the account is due mainly to the changes in fair value of the shares.

Property and equipment

Property and equipment (PPE) of the Company pertains to online lottery equipment, leasehold improvements, office and transportation equipment. There is an overall decrease of Php23.9 million in the account compared to balances at December 31, 2019 due to the recognized depreciation and disposals for the year that was tempered by additions in PPE for the period.

Goodwill

Goodwill pertains to the goodwill recognized upon acquisition of controlling interest in POSC through the pooling method in 2015. It also includes goodwill from POSC's acquisition of FRI and LCC subsidiaries. The decrease in the account pertains to the impairment of goodwill amounting to Php432.3 million in 2020.

Total Liabilities

Total liabilities decreased by Php677.8 million or 35% as at December 31, 2020 from total liabilities of Php1,913.2 million as at December 31, 2019. The decrease is due mostly to the decrease in trade and other payables, payment of loans payable (short-term, interest-bearing loan) that the Company's subsidiary availed of,and decrease in lease liabilities for 2020.

Equity

Stockholders' equity decreased by Php1,460.1 million as of December 31, 2020 from Php18,017.7 million as of December 31, 2019 to Php16,557.6 million as of December 31, 2020. The decrease was due mainly to the declaration and payment of dividends during the first quarter of the year, offset in part by the net income recognized for the period.

Below are the comparative key performance indicators of the Company and its majority-owned subsidiaries:

Ratio	Manner in which the financial rations are computed	December 31, 2020	December 31, 2019
Current ratio	Current assets divided by current liabilities	5.75 : 1.00	4.35 : 1.00
Return on assets	Net income (loss) divided by average total assets during the period	1.72%	10.74%
Return on equity	Net income (loss) divided by average total equity during the period	1.87%	11.82%
Asset to equity	Total assets divided by total equity	1.07 : 1.00	1.11 : 1.00
Debt to equity	Interest bearing debt divided by total equity	0.00 : 1:00	0.01 : 1.00
Interest rate Coverage	Earnings before interest and taxes divided by interest expense	48.15	215.38

The current ratio of the Company increased from 4.35 in 2019 to 5.75 in 2020.

Return on assets (from 10.74% to 1.72%) and return on equity (from 11.82% to 1.87%) declined significantly in 2020 due to the substantial drop in the Company's net income because of the effect of the Covid-19 pandemic.

Interest-bearing debt refers to the short-term loan of the Company. Debt to equity ratio for 2020 is zero because the Company paid off its short-term loan within the year.

No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities were created during the year.

As of December 31, 2020, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period
- Any significant elements of income or loss from continuing operation
- Significant elements of income or loss that did not arise from the Company's

continuingoperations;

- Seasonal aspects that had a material impact on the Company's results of operations; and
- The Company does not foresee any liquidity problem over the next 12 months.

Given the current state of gaming industry and the continuing effects of the Covid-19 pandemic, the Company is focused on streamlining operations to curtail costs and looking for ways to improve profitability and cost efficiency. It also maintains prudent financial management in decision making to uphold its strongfinancial position.

Financial Risk Management Objectives and Policies and Capital Management

The financial instruments mainly comprise cash and cash equivalents, receivables, notes receivables, contract assets and guarantee and refundable deposits (presented as part of "Other noncurrent assets"), investment held for trading and financial assets at FVOCI, trade and other current liabilities (excluding statutory liabilities, provisions and unearned income) and lease liabilities. The main purpose of these financial instruments is to finance the Group's projects and operations.

It is the policy that no trading of financial instruments should be undertaken by the Group. The main risks arising from the financial instruments are credit risk, equity price risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks.

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, receivables, notes receivables, contract assets and guarantee and refundable deposits (presented as part of "Other noncurrent assets"), the Group's exposure to credit risk arises from default ofthe counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

	2022						
	Neither	**Past Due but not Impaired**					
	Past Due nor Impaired	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Impaired**	**Total**
Cash and cash equivalent*	**₱1,778,068,579**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,778,068,579**
Receivables	**212,568,231**	**–**	**–**	**–**	**–**	**543,515,942**	**756,084,173**
Notes receivable	**3,705,925,000**	**–**	**–**	**–**	**–**	**–**	**3,705,925,000**
Contract asset	**4,000,000**	**–**	**–**	**–**	**–**	**–**	**4,000,000**
Advances to contractors**	**139,738,757**	**–**	**–**	**–**	**–**	**–**	**139,738,757**
Refundable deposit**	**2,769,769**	**–**	**–**	**–**	**–**	**–**	**2,769,769**
Guarantee bonds**	**14,500,000**	**–**	**–**	**–**	**–**	**–**	**14,500,000**
	₱5,857,570,336	**₱–**	**₱–**	**₱–**	**₱–**	**₱543,515,942**	**₱6,401,086,278**

**Excluding cash on hand.*
***Presented under "Other current assets" or "Other noncurrent assets" account in the consolidated statement of financial position.*

	2021						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalent*	₱1,660,389,063	₱–	₱–	₱–	₱–	₱–	₱1,660,389,063
Receivables	277,787,614	–	–	–	–	543,515,942	821,303,556
Notes receivable	3,705,925,000	–	–	–	–	–	3,705,925,000
Contract asset	70,319,085	–	–	–	–	–	70,319,085
Advances to contractors**	139,738,757	–	–	–	–	–	139,738,757
Refundable deposit**	3,706,928	–	–	–	–	–	3,706,928
Guarantee bonds**	14,500,000	–	–	–	–	–	14,500,000
	₱5,872,366,447	₱–	₱–	₱–	₱–	₱543,515,942	₱6,415,882,389

**Excluding cash on hand.*
***Presented under "Other current assets" or "Other noncurrent assets" account in the consolidated statement of financial position.*

Financial assets are considered past due when collections are not received on due date.

Credit Quality of Financial Assets
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	2022			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
High Grade				
Cash and cash equivalent*	**₱1,778,068,579**	**₱–**	**₱–**	**₱1,778,068,579**
Receivables	**212,568,231**	**–**	**–**	**212,568,231**
Notes receivable	**3,705,925,000**	**–**	**–**	**3,705,925,000**
Contract asset	**4,000,000**	**–**	**–**	**4,000,000**
Advances to contractors**	**139,738,757**	**–**	**–**	**139,738,757**
Refundable deposit**	**2,769,769**	**–**	**–**	**2,769,769**
Guarantee bonds**	**14,500,000**	**–**	**–**	**14,500,000**
Substandard Grade				
Receivables	**–**	**–**	**543,515,942**	**543,515,942**
Gross Carrying Amount	**₱5,857,570,336**	**₱–**	**₱543,515,942**	**₱6,401,086,278**

**Excluding cash on hand.*
***Presented under "Other current assets" or "Other noncurrent assets" account in the consolidated statement of financial position.*

	2021			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High Grade				
Cash and cash equivalent*	₱1,660,389,063	₱–	₱–	₱1,660,389,063
Receivables	277,787,614	–	–	277,787,614
Notes receivable	3,705,925,000	–	–	3,705,925,000
Contract asset	70,319,085	–	–	70,319,085
Advances to contractors**	139,738,757	–	–	139,738,757
Refundable deposit**	3,706,928	–	–	3,706,928
Guarantee bonds**	14,500,000	–	–	14,500,000
Substandard Grade				
Receivables	–	–	543,515,942	543,515,942
Gross Carrying Amount	₱5,872,366,447	₱–	₱543,515,942	₱6,415,882,389

**Excluding cash on hand.*
***Presented under "Other current assets" or "Other noncurrent assets" account in the consolidated statement of financial position.*

High grade financial assets pertain to receivables from clients or customers who have no history of delayed payment while medium grade includes receivables from clients or customers who have history of delayed payment but is currently updated.

Cash in banks are deposited with the top ten banks in the Philippines; hence, considered high grade.

Investment held for trading and financial assets at FVOCI are assessed as high grade based on financial status ofthe counterparty and its current stock price performance in the market.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investment held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. TheGroup's exposure to equity price risk relates primarily to the Group's investment held for trading. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2022 and 2021 consolidated total comprehensive income before income tax:

Increase (Decrease) in Equity Price	**2022**	2021
Impact in profit or loss		
5%	**₱3,634,123**	₱3,652,682
(5%)	**3,634,123**	(3,652,682)
Impact in comprehensive income		
1%	**6,867,312**	7,211,671
(1%)	**(6,867,312)**	(7,211,671)

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The table also analyzes the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments and liquidity.

2022	**Less than 3 months**	**3-6 months**	**6-12 months**	**More than 12 months**	**Total**
Trade and other current liabilities*	**₱98,733,852**	**₱–**	**₱–**	**₱58,832,186**	**₱157,566,038**
Loans payable	**–**	**–**	**–**	**67,500,000**	**67,500,000**
Lease liabilities	**1,149,804**	**766,536**	**–**	**–**	**1,916,340**
	₱99,883,656	**₱766,536**	**₱–**	**₱126,332,186**	**₱226,982,378**

** Excluding statutory liabilities, provisions and unearned income*

2021	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade and other current liabilities*	₱243,895,297	₱48,156,775	₱7,087,656	₱26,345,063	₱325,484,791
Lease liabilities	–	–	5,124,015	2,012,156	7,136,171
	₱245,352,921	₱49,642,955	₱12,211,671	₱28,357,219	₱332,620,962

** Excluding statutory liabilities, provisions and unearned income*

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial assetor financial liability will fluctuate due to changes in foreign exchange rates.

As at December 31, 2022 and 2021, foreign currency-denominated financial asset and financial liability in USdollars, translated into Philippine peso at the closing rate:

	2022	2021
Cash	**₱109,435,082**	₱10,679,109
Software license fee payable*	**(46,733,405)**	(37,455,466)
Foreign currency-denominated financial assets (liabilities)	**₱62,701,677**	₱26,776,357)

**Presented under "Trade and other current liabilities" account in the consolidated statement of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱55.76 to US$1.0 and ₱51.09 to US$1.0, as at December 31, 2022 and 2021, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before tax as at December 31,2021 and 2020. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	2022		2021	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
Change in US$ rate	**5%**	**(5%)**	5%	(5%)
Effect on income before income tax	**₱3,135,084**	**(₱3,135,084)**	₱1,338,810	(₱1,338,810)

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2022 and 2021.

The Company considers the total equity attributable to the equity holders of the Parent as its capital amounting to ₱15,754.1 million as at December 31, 2022 (₱16,130.8 million as at December 31, 2021).

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At FVPL				
Investment held for trading	**₱72,682,452**	**72,682,452**	73,053,645	73,053,645
At FVOCI				
Financial assets at FVOCI	**686,731,218**	**686,731,218**	721,167,064	721,167,064
	₱759,413,670	**₱759,413,670**	₱794,220,709	₱794,220,709
Financial Liabilities				
Loans payable	**₱67,500,000**	**₱66,538,186**	₱-	₱-

The Group has no financial liabilities measured at fair value as at December 31, 2022 and 2021. There were no transfers between fair value measurements in 2022 and 2021.

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

Cash and Cash Equivalents, Receivables, Notes Receivables, Contract Assets, Trade and Other Current Liabilities (excluding statutory liabilities, provisions and unearned income). The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Refundable Deposit and Guarantee bonds. The carrying value of refundable deposits and guaranteed bonds approximates fair value as at December 31, 2022 and 2021 due to unavailability of information as to the repayment date that would provide reasonable basis for the fair value measurement.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of Financial Assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

<u>Other Required Disclosures</u>

A.) The attached financial reports were prepared in accordance with accounting standards generally accepted in the Philippines.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period.

C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current period.

D.) Except as disclosed in the MD&A, there were no other issuance, repurchases and repayments of debt and equity securities.

E.) There were no material events that occurred subsequent to December 31, 2022 and up to the date of this report that need disclosure herein.

F.) There were no changes in the composition of the Company during the period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations, except for the accounting for the PinoyLotto Technologies Corporation as ajoint operation as discussed above.

G.) There were no changes in contingent liabilities or contingent assets since December 31, 2022,as of the date of this report.

H.) There exist no material contingencies and other material events or transactions affecting the current period.

Key Variables and other Qualitative and Quantitative Factors

The Company expects no material commitments for capital expenditures and expected funds in 2022. To the best of the Company's knowledge, aside from what has already been mentioned in the preceding, there are no known trends, events or uncertainties that will have a material impact on sales; no significant elements of income or loss that did not arise from continuing operations asidefrom those disclosed in the Notes to the Audited Financial Statements; and no seasonal aspects with material effect on results of operations.

PLC maintains sufficient cash balances to meet minimum operational requirements, as determined by Management from time to time. Additional cash requirements are sourced from affiliates. To the best of the Company's knowledge, there are no known trends, events or uncertainties that will have a material impact on its liquidity.

Information on Independent Accountant and Other Related Matters

a. External Audit Fees

a.1. Audit and Audit-Related Fees
The aggregate fees paid by the Company for professional services (excluding Value Added Tax)rendered by the external auditor for the audit of financial statements for the years ended 31 December 2022 and 2021 follow:

(P000's omitted)	
2022	Php670.0
2021	640.0

a.2. There were no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

b. Tax Fees

There were no professional services rendered by the external auditor for tax accounting compliance, advice, planning and any other form of tax services in each of the last two years.

c. All Other Fees

There were no other professional services rendered by the external auditors for each of the last two years other than item (a) and (b) above.

d. The Audit Committee's approval policies and procedures for the above services

The Audit Committee has the oversight responsibility over the audit function and activities of the Company's internal and external auditors. It provides assurance that financial disclosures made by the Management as presented in the Auditor's Report reasonably reflect (a) the financial condition; theresult of operation; and the plans and long-term commitments; and (b) internal controls are operating as intended.

The Audit Committee has the responsibility to recommend an external auditor to be selected and appointed by the stockholders during each ASM.

It reviews the audit coverage of the External Auditors and deliberates on their audit report prior to endorsement to the Board and presented to the stockholder's for approval.

DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the portion of this Information Statement on "Directors and Executive Officers".

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

PLC is cognizant of the important role of adherence to good governance practices in the operations of its business, increasing shareholder value and sustaining growth. The Company's platform of governance remains rooted in its Revised Manual on Corporate Governance and Code of Business Conduct and Ethics, which supports the principles of fairness, accountability and transparency. The Company promotes these principles to all in the organization and to all its stakeholders, and continues to keep pace with the global corporate governance best practices under the guidance of its Board of Directors (the "Board").

The Board's primary role is to foster the long-term success of the Company, secure its sustained competitiveness consistent with its fiduciary responsibility in a manner that ensures the best interests of the Company, its shareholders and its stakeholders.

Board Attendance

Regular meetings of the Board are scheduled at the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. A director's absence or non-participation in more than fifty percent (50%) of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2022, each of the Company's directors have complied with the requirements.

Below table shows the attendance of each board member in the meetings conducted during the year:

BOARD OF DIRECTORS	24-Feb-22	28-Apr-22	28-Apr-22[3]	28-Jul-22	24-Aug-22	27-Oct-22	21-Nov-22	% Attendance
Ocier, Willy N.	✓	✓	✓	✓	✓	✓	✓	100%
Raquel Santos, Armin Antonio B.	✓	✓	✓	✓	✓	✓	✓	100%
Bautista, Jaime J.[1]	✓	✓	✓	N/A	N/A	N/A	N/A	100%
Tan, Maria Gracia Pulido M.	✓	✓	✓	✓	✓	✓	✓	100%
Tanjuatco, Juan Victor S.	✓	✓	✓	✓	✓	✓	✓	100%
Tiu, Jerry C.	✓	✓	✓	✓	✓	✓	✓	100%
Villacorta, Exequiel P. Jr.	✓	✓	✓	✓	✓	✓	✓	100%
Antonio, Roberto V.[2]	N/A	N/A	N/A	N/A	N/A	✓	✓	100%

1 - resigned on June 29, 2022
2 - elected on August 24, 2022
3 - Annual Shareholders' Meeting

The Board of Directors during its meeting on November 21, 2022 approved the scheduling of the 2023 Board and Committee Meetings in adherence to good governance practices.

Board Performance Evaluation

The Company conducts annual performance evaluations of the Board, its individual members and Board Committees to ensure optimum Board performance. In this evaluation process, directors identify areas for improvement, some of which are: the timeliness and integrity of information given to them, directors' access to management, the Corporate Secretary and Board Advisors, and other forms of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised. In line with governance best practices, the board evaluations shall be facilitated by a third- party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The Board members assessed the Board as a whole based on their balance/diversity, competencies, background and experience. Board efficiency and importance as well as board activities were also given the appropriate ratings.

The six (6) Board Committees were also assessed based on their performance.

Individual performances were also assessed based on independence, participation and diligence.

Likewise, Chairperson and CEO were assessed for their leadership, integrity, diligence and adherence tocorporate governance, while the following key officers were also evaluated for the over-all performance:

1. Chief Risk Officer
2. Compliance Officer
3. Chief Audit Executive

The said performance evaluation for 2022 was conducted in February 2023.

Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance-related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the SEC.

<table>
<tr><th rowspan="2">Name</th><th colspan="3">CG Training</th></tr>
<tr><th>Training Provider</th><th>Date</th><th>Topic</th></tr>
<tr><td>Willy N. Ocier</td><td>BDO</td><td>20-Jul-22</td><td rowspan="6">Sustainability and the Role of Boards
Geopolitical Risk</td></tr>
<tr><td>Armin Antonio B. Raquel Santos</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Exequiel P. Villacorta, Jr.</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Juan Victor S. Tanjuatco</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Jerry C. Tiu</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Ma. Gracia M. Pulido Tan</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Roberto V. Antonio</td><td>ROAM, Inc</td><td>21-Oct-22</td><td>Webinar on Corporate Governance</td></tr>
<tr><td>Maria Neriza C. Banaria</td><td>BDO</td><td>20-Jul-22</td><td rowspan="6">Sustainability and the Role of Boards
Geopolitical Risk</td></tr>
<tr><td>Elmer B. Serrano</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Arthur A. Sy</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Phil Ivan A. Chan</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Michelle Angeli T. Hernandez</td><td>BDO</td><td>20-Jul-22</td></tr>
<tr><td>Anna Josefina G. Esteban</td><td>BDO</td><td>20-Jul-22</td></tr>
</table>

Manual on Corporate Governance

In compliance with the initiative of the SEC, PLC submitted its Revised Manual on Corporate Governance(the “Revised Manual”) to the SEC. The Revised Manual institutionalizes the principles of good corporate governance in the entire Company. PLC believes that corporate governance, the framework of rules, systems and processes governing the performance of the Board and Management of their respective duties and responsibilities, and from which the organization’s values and ethics emerge, is of utmost importance to the Company’s shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government and community in which it operates.

The Company undertakes every effort possible to create awareness throughout the entire organization by keeping abreast with the promulgations from the Securities and Exchange Commission, the Philippine Stock Exchange and other government agencies. the Board of Directors discussed and approved the Company’s Revised Manual of Corporate Governance on October 28, 2021.

Board Committees

Even prior to the submission of its Manual, the Company already created various Board-level committees. These committees were comprised of the following:

1) The Executive Committee – to oversee the management of the Company and is responsible for the Company’s goals, finances and policies;
2) Audit Committee – to review financial and accounting matters;
3) Compensation and Remuneration Committee – to look into an appropriate remunerationsystem and advancement program for employees;
4) Risk Oversight Committee – to review the policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks;
5) Related Party Transactions (RPT) Committee – to assess material agreements with related parties to ensure that the RPT are conducted at market rates and on an arm’s length basis; and
6) Corporate Governance Committee – to assist and advise the Board in performing corporate governance compliance responsibilities in relation with the Company’s Revised Manual on Corporate Governance, the Philippine Code of Corporate Governance, and the disclosure rules of the SEC and the PSE.

- Nomination Committee – for the selection and evaluation of qualifications of directors and officers.
  On April 24, 2017, the Nomination Committee was merged with the Corporate Governance Committee.

Each of the above is guided by their respective Committee Charters that indicates the purpose, composition, duties and responsibilities. The Board Committee Charters are reviewed annually.

Risk Oversight Committee

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees’ and clients’ safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee (ROC) evaluates the effectiveness of the Company’s risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2022 and has found the same effective and adequate.

The Audit Committee

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2022.

Corporate Objectives

The Board establishes the corporate objectives, which are:

- To create opportunities for growth through strategic and lucrative investments and to enhance shareholder value for PLC's partners and investors
    - Declaration of regular dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration the Company's operating result, cash flow, regulatory requirements and other factors.
    - Adoption of good governance practices, and being assessed as one of the top 100 Philippine Publicly-Listed Companies scoring above 90% in the annual ASEAN Corporate Governance Scorecard.
    - Endeavor to realize increases in net income by continuous exercise of financial prudence and undertaking of business risks only upon careful study and evaluation.
- To promote mutually beneficial relationship with all the stakeholders that is grounded on transparency, integrity and respect and to enhance the quality of life of the communities it serves
    - Participation in activities that uplift the quality of life in surrounding communities thru coordination with Belle Kaagapay, which is Belle Corporation's corporate social responsibility arm. Such activities include joining the Department of Education's *Brigada Eskwela*, feeding programs, medical and dental / eye and ear missions, tree-planting and livelihood programs

Code of Business Conduct and Ethics

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly-Listed Companies. In addition to the Revised Manual, the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance practices expected throughout the organization. The Revised Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's website.

Governance Policies

Corporate policies on governance were developed, submitted to and approved by the Board to protect theinterests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the PLC Corporate website https://www.premiumleisurecorp.com/governance-plc/corporate-policies:

These policies and procedures are initially cascaded throughout the organization via email blast, intranet portal and annual corporate governance trainings. The Board, through its various Board Committees, ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

1. Accountability, Integrity and Vigilance (Whistle-Blowing)
2. Alternative Dispute Resolution
3. Board Diversity
4. Conflict of Interest
5. Corporate Disclosures
6. Directors' Board Seats Held in Other Companies
7. Employees' Safety, Health and Welfare
8. Gifts / Hospitality / Entertainment
9. Insider Trading
10. Related Party Transactions
11. Succession Planning and Retirement Age for Directors and Key Officers
12. Tenure of Independent Directors
13. Vendor Accreditation and Selection
14. Material Related Party Transactions

Board Diversity

The Corporate values and promotes a diversity policy in the composition of our Board to reinforce its effectiveness in providing strategic direction, oversight and compliance with laws and regulations.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers. Diversity will foster critical discussion and promote balanced decisions by the Board by utilizing the difference in perspective of its directors.

PLC Board Skill Set Matrix				INDUSTRY EXPERIENCE / EXPERTISE / COMPETENCIES																			
NAME and DESIGNATION	AGE	GENDER	EDUCATIONAL BACKGROUND	Accounting / Audit	Anti-Money Laundering	Banking	Construction	Corp. Gov.	Economics	Finance	Hospitality / Leisure	IT / Comm	Insurance	Investment	Internal Control	Law	Management	Manufacturing	Mining	Real Estate	Retail	Risk Management	Sales & Mktg.
Willy N. Ocier Chairman Executive Director	66	M	Bachelor of Arts in Economics					✓	✓	✓	✓	✓		✓			✓			✓	✓	✓	✓
Armin Antonio B. Raquel Santos President & CEO	55	M	Bachelor of Science in Business Administration Major in Finance Master of Arts in Liberal Studies	✓	✓			✓	✓	✓	✓			✓	✓		✓			✓		✓	
Exequiel P. Villacorta, Jr. Non-Executive Director	77	M	Bachelor of Science in Business Administration Masters in Business Management		✓	✓		✓	✓	✓	✓	✓	✓	✓			✓			✓		✓	
Juan Victor S. Tanjuatco Lead Independent Director	75	M	Bachelor of Arts in Economics Masters in Business Administration Major in Finance		✓	✓		✓	✓	✓	✓			✓			✓					✓	
Maria Gracia M. Pulido Tan Independent Director	67	F	Bachelor of Science in Business Administration Major in Finance Master of Arts in Liberal Studies	✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	✓					✓	
Roberto V. Antonio Independent Director	60	M	Bachelor in Economics major in Marketing Management Juris Doctor Candidate Masters in Business Economics	✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	✓					✓	
Jerry C. Tiu Independent Director	65	M	Bachelor of Science-Commerce major in Marketing	✓	✓	✓		✓	✓	✓	✓			✓	✓		✓			✓		✓	✓

Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty- eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms- length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of Belle Corp. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in Belle shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

This is pursuant to Section 13.2 of the PSE Disclosure Rules – "A Director or Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed."

Reporting Requirements – Directors, Officers and Employees are required to report to the Governance, Corporate Affairs and Investor Relations (GCAIR) Department all dealings in Belle shares within three (3) business days from the date of trading. All Directors and Key Officers covered by the SEC and PSE's reporting requirements with regard to their shareholdings in the Company shall do so immediately and correctly.

Below is a summary of our directors' self-dealings of Belle shares as of February 28, 2023:

Name of Director/Officer	Number of Shares held as of 12.31.2021	Acquisition (+)	Disposition (-)	Number of Shares held as of 2.28.2023	% of Ownership
Willy N. Ocier	39,888,001	-	-	39,888,001	0.13%
Armin Antonio B. Raquel Santos	1,000	10,000	-	11,000	0.00%
Maria Gracia M. Pulido Tan	10,001	-	-	10,001	0.00%
Jerry C. Tiu	4,000,000	-	-	4,000,000	0.01%
Juan Victor S. Tanjuatco	1	-		1	0.00%
Exequiel P. Villacorta, Jr.	500,001	-	-	500,001	0.00%
Roberto V. Antonio*	-	10,000	-	10,000	0.00%
Total	**44,399,004**	**20,000**	**-**	**44,419,004**	**0.14%**

*elected on August 24, 2022

Directorships of Non-Executive Directors in Other Listed Companies

In February 2018, the Board of Directors has approved the setting of a maximum limit of five (5) publicly- listed corporations, including Belle Corporation, for Non-Executive Directors to simultaneously hold at any given time.

Tenure of Independent Directors

Further, the Board has approved the setting of maximum tenure of nine (9) years with year 2012, or the commencements of their term assuming it is later than January 2012, as reckoning date. The Independent Director (ID) may serve as a Non-Executive Director after his term as an ID.

Compliance Officer

The Company, through its Compliance Officer, stresses full compliance with applicable laws and adherence to ethical practices as stated in the Code of Business Conduct and Ethics (CBCE) and the Revised Manual on Corporate Governance.

The Board established the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Revised Manual on Corporate Governance, byany of its directors, officers or employees.

For governance-related issues or concerns, stakeholders may refer to:

Governance and Corporate Affairs Department
5th Floor Tower A, Two E-com Center
Palm Coast Avenue, Mall of Asia
Complex Pasay City 1300 Philippines
Tel. No.:(632) 8662-8888
Email: governance@bellecorp.com

Investor Relations
Carlo R. Climaco
Vice President for Operations and Regulatory
Premium Leisure Corp.
5th Floor Tower A, Two E-com Center
Palm Coast Avenue, Mall of Asia
Complex Pasay City 1300 Philippines
Tel.No.:(632) 8662-8888
Email: carlo.climaco@premiumleisurecorp.com

UNDERTAKING TO PROVIDE COPIES OF THE INFORMATIONSTATEMENTAND THE ANNUAL REPORT

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSEDTO:

THE CORPORATE SECRETARY
PREMIUM LEISURE CORP.
5F TOWER A, TWO E-COM CENTER
PALM COAST AVENUE
MALL OF ASIA COMPLEX, PASAY CITY

PREMIUM
LEISURE CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Premium Leisure Corp and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2022, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co. and Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the periods December 31, 2022 and 2021 and December 31, 2020, respectively, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

WILLY N. OCIER
Chairman of the Board

ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer

MARIA NERIZA C. BANARIA
Chief Finance Officer / Treasurer

Signed this 28th day of February 2023

SUBSCRIBED AND SWORN to before me this ____ day of ________ FEB 2 8 2023 2023 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
WILLY N. OCIER	[redacted]	[redacted]	Manila
ARMIN ANTONIO B. RAQUEL SANTOS	[redacted]	[redacted]	NCR
MARIA NERIZA C. BANARIA	[redacted]	[redacted]	NCR

DOC NO. : 148

PAGE NO. : 31

BOOK NO. : 5

SERIES OF : 2023.

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	3	0	0	9	2	8	9

COMPANY NAME

PREMIUM LEISURE CORP. AND SUBSIDIARIES

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

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
plc_governance@bellecorp.com	(02) 8662-8888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
359	Any Day in May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Michelle Angeli T. Hernandez	plc@premiumleisure.com	(02) 8662-8888	+639175691734

CONTACT PERSON'S ADDRESS

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Premium Leisure Corp. and Subsidiaries
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, Pasay City
Metro Manila

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Premium Leisure Corp. 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 the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the 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 the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 were audited by another auditor whose report dated April 14, 2021, expressed an unmodified opinion on those consolidated financial statements.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Assessment of Recoverability of Goodwill in Pacific Online Systems Corporation (POSC)
The Group is required to assess at each reporting date the recoverability of goodwill. As at December 31, 2022, the carrying amount of goodwill arising from the acquisition of POSC amounted to ₱926.0 million. This matter is considered significant to our audit because the assessment of the recoverability of goodwill involves the exercise of significant management judgment and estimates such as determination of forecasted cash flows and discount rate. These judgment and estimates are based on assumptions that are subject to high level of estimation uncertainty because of the remaining challenges in the conduct of business brought about by the pandemic, current economic conditions and imminent changes in the operations and sources of cash flows of POSC.

Our audit procedures include, among others, assessing management's assessment of the recoverable amount of goodwill considering the potential impact of regulatory processes and decisions, changes in business strategies and expected market or economic conditions. We evaluated the appropriateness of the assumptions used by the Group in the impairment assessment, in particular those involving the forecasted cash flows from existing and committed contracts, discount rate and other areas to which the outcome of the impairment test is most sensitive. We also reviewed the adequacy of the Group's related disclosures in Note 2, *Summary of Significant Accounting Policies,* Note 3, *Significant Judgments, Accounting Estimates and Assumptions* and Note 15, *Goodwill* to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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 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 audit 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 these consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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, these 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 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 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 the 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 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 audits.

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 audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. [redacted]
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

PREMIUM LEISURE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	Note	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,778,570,078**	₱1,660,934,194
Investments held for trading	6	**72,682,452**	73,053,645
Notes receivable	7	**3,705,925,000**	3,705,925,000
Receivables	8	**212,568,231**	277,787,614
Contract asset	28	**4,000,000**	70,319,085
Other current assets	9	**213,582,191**	214,129,828
Total Current Assets		**5,987,327,952**	6,002,149,366
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	11	**686,731,218**	721,167,064
Intangible asset	10	**8,475,709,551**	8,714,182,035
Investment properties	12	**285,510,452**	285,510,452
Goodwill	15	**926,007,748**	926,007,748
Property and equipment	13	**2,103,394**	23,482,941
Right-of-use (ROU) assets	24	**1,815,399**	6,672,570
Net deferred tax assets	22	**–**	21,398,655
Other noncurrent assets	9	**620,699,824**	384,325,381
Total Noncurrent Assets		**10,998,577,586**	11,082,746,846
		₱16,985,905,538	₱17,084,896,212

	Note	2022	2021
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and other current liabilities	16	**₱728,696,132**	₱648,596,232
Lease liabilities - current portion	24	**1,891,442**	4,886,938
Total Current Liabilities		**730,587,574**	653,483,170
Noncurrent Liabilities			
Loan payable	4	**67,500,000**	–
Lease liabilities - net of current portion	24	**–**	1,986,014
Net retirement liability	17	**17,903,002**	30,894,331
Net deferred tax liability	22	**531,152**	–
Total Noncurrent Liabilities		**85,934,154**	32,880,345
Total Liabilities		**816,521,728**	686,363,515

(Forward)

	Note	December 31 2022	2021
EQUITY	18		
Capital stock		**₱7,906,827,500**	₱7,906,827,500
Additional paid-in capital		**7,238,721,924**	7,238,721,924
Treasury stock		**(220,430,080)**	(220,430,080)
Cost of Parent Company common shares held by a subsidiary		**(509,597,055)**	(509,597,055)
Other equity reserves		**(707,307,851)**	(851,048,515)
Retained earnings		**2,094,797,559**	2,566,288,233
		15,803,011,997	16,130,762,007
Non-controlling interests		**366,371,813**	267,770,690
Total Equity		**16,169,383,810**	16,398,532,697
		₱16,985,905,538	₱17,084,896,212

See accompanying Notes to Consolidated Financial Statements.

PREMIUM LEISURE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Figures for 2020)

	Note	2022	2021	2020
REVENUE				
Gaming revenue share	28	**₱1,560,845,412**	₱1,300,291,468	₱635,217,388
Equipment rental	24	**519,051,226**	426,345,611	293,104,496
Commissions and distribution income		**–**	–	35,333,625
		2,079,896,638	1,726,637,079	963,655,509
COST AND EXPENSES				
Cost of services	19	**503,646,918**	632,737,322	742,369,058
General and administrative	20	**438,961,707**	331,171,925	955,482,263
		942,608,625	963,909,247	1,697,851,321
OTHER INCOME (CHARGES)				
Interest income	5	**147,434,493**	135,626,403	217,963,792
Finance cost	24	**(220,505)**	(642,417)	(6,800,483)
Dividend income	6, 11	**–**	–	22,353,086
Others – net	21	**6,529,873**	286,449,932	821,339,171
		153,743,861	421,433,918	1,054,855,566
INCOME BEFORE INCOME TAX		**1,291,031,874**	1,184,161,750	320,659,754
PROVISION FOR (BENEFIT FROM) INCOME TAX	22			
Current		**14,627,225**	11,118,008	28,076,028
Deferred		**20,457,201**	50,134,332	(31,132,712)
		35,084,426	61,252,340	(3,056,684)
NET INCOME		**1,255,947,448**	1,122,909,410	323,716,438
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Unrealized valuation gain (loss) on financial assets at FVOCI	11	**54,225,946**	(50,496,141)	(47,062,201)
Remeasurement gains on net retirement liability, net of tax	17	**8,655,955**	25,253,640	3,599,814
		62,881,901	(25,242,501)	(43,462,387)
TOTAL COMPREHENSIVE INCOME		**₱1,318,829,349**	₱1,097,666,909	₱280,254,051
Net income (loss) attributable to:				
Equity holders of the parent company		**₱1,159,554,790**	₱1,193,902,616	₱517,573,391
Non-controlling interests		**96,392,658**	(70,993,206)	(193,856,953)
		₱1,255,947,448	₱1,122,909,410	₱323,716,438
Total comprehensive income (loss) attributable to:				
Equity holders of the parent company		**₱1,220,228,226**	₱1,167,407,185	₱481,628,857
Non-controlling interests		**98,601,123**	(69,740,276)	(201,374,806)
		₱1,318,829,349	₱1,097,666,909	₱280,254,051
Basic/Diluted Earnings per Common Share	25	**₱0.0376**	₱0.0387	₱0.0168

See accompanying Notes to Consolidated Financial Statements.

PREMIUM LEISURE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Figures for 2020)

	Note	**Capital Stock** (see Note 18)	**Additional Paid-in Capital** (see Note 18)	**Treasury Stock** (see Note 18)	**Cost of Parent Company Shares Held by a Subsidiary** (see Note 18)	**Other Equity Reserves** (see Note 18)	**Retained Earnings**	**Total Equity Attributable to the Equity Holders of the Parent**	**Non-controlling Interests**	**Total**
Balance at January 1, 2022		**₱7,906,827,500**	**₱7,238,721,924**	**(₱220,430,080)**	**(₱509,597,055)**	**(₱851,048,515)**	**₱2,566,288,233**	**₱16,130,762,007**	**₱267,770,690**	**₱16,398,532,697**
Net income		**–**	**–**	**–**	**–**	**–**	**1,159,554,790**	**1,159,554,790**	**96,392,658**	**1,255,947,448**
Other comprehensive income:										
Unrealized valuation gain on financial assets at FVOCI	11	**–**	**–**	**–**	**–**	**54,225,946**	**–**	**54,225,946**	**–**	**54,225,946**
Remeasurement gain on net retirement liability - net of tax	17	**–**	**–**	**–**	**–**	**6,447,490**	**–**	**6,447,490**	**2,208,465**	**8,655,955**
Total comprehensive income		**–**	**–**	**–**	**–**	**60,673,436**	**1,159,554,790**	**1,220,228,226**	**98,601,123**	**1,318,829,349**
Realized portion of the fair value reserve		**–**	**–**	**–**	**–**	**87,305,366**	**(87,305,366)**	**–**	**–**	**–**
Reclassification to retained earnings of retirement benefit reserve		**–**	**–**	**–**	**–**	**(4,238,138)**	**5,650,851**	**1,412,713**	**–**	**1,412,713**
Cash dividends	18	**–**	**–**	**–**	**–**	**–**	**(1,549,390,949)**	**(1,549,390,949)**	**–**	**(1,549,390,949)**
Balance at December 31, 2022		**₱7,906,827,500**	**₱7,238,721,924**	**(₱220,430,080)**	**(₱509,597,055)**	**(₱707,307,851)**	**₱2,094,797,559**	**₱15,803,011,997**	**₱366,371,813**	**₱16,169,383,810**
Balance at January 1, 2021		₱7,906,827,500	₱7,238,721,924	(₱220,430,080)	(₱509,597,055)	(₱824,553,084)	₱2,629,106,978	₱16,220,076,183	₱337,510,966	₱16,557,587,149
Net income (loss)		–	–	–	–	–	1,193,902,616	1,193,902,616	(70,993,206)	1,122,909,410
Other comprehensive income (loss):										
Unrealized valuation loss on financial assets at FVOCI	11	–	–	–	–	(38,520,800)	–	(38,520,800)	(11,975,341)	(50,496,141)
Remeasurement gain on net retirement liability - net of tax	17	–	–	–	–	12,025,369	–	12,025,369	13,228,271	25,253,640
Total comprehensive income (loss)		–	–	–	–	(26,495,431)	1,193,902,616	1,167,407,185	(69,740,276)	1,097,666,909
Cash dividends	18	–	–	–	–	–	(1,256,721,361)	(1,256,721,361)	–	(1,256,721,361)
Balance at December 31, 2021		₱7,906,827,500	₱7,238,721,924	(₱220,430,080)	(₱509,597,055)	(₱851,048,515)	₱2,566,288,233	₱16,130,762,007	₱267,770,690	₱16,398,532,697

	Note	Capital Stock (see Note 18)	Additional Paid-in Capital (see Note 18)	Treasury Stock (see Note 18)	Cost of Parent Company Shares Held by a Subsidiary (see Note 18)	Other Equity Reserves (see Note 18)	Retained Earnings	Total Equity Attributable to the Equity Holders of the Parent	Non-controlling Interests	Total
Balance at January 1, 2020		₱7,906,827,500	₱7,238,721,924	(₱29,430,080)	(₱509,597,055)	(₱788,608,550)	₱3,660,924,536	₱17,478,838,275	₱538,885,772	₱18,017,724,047
Net income (loss)		–	–	–	–	–	517,573,391	517,573,391	(193,856,953)	323,716,438
Other comprehensive income (loss):										
Unrealized valuation loss on financial assets at FVOCI	11	–	–	–	–	(37,748,046)	–	(37,748,046)	(9,314,155)	(47,062,201)
Remeasurement gain on net retirement liability - net of tax	17	–	–	–	–	1,803,512	–	1,803,512	1,796,302	3,599,814
Total comprehensive income (loss)		–	–	–	–	(35,944,534)	517,573,391	481,628,857	(201,374,806)	280,254,051
Treasury stock		–	–	(191,000,000)	–	–	–	(191,000,000)	–	(191,000,000)
Cash dividends	18	–	–	–	–	–	(1,549,390,949)	(1,549,390,949)	–	(1,549,390,949)
Balance at December 31, 2020		₱7,906,827,500	₱7,238,721,924	(₱220,430,080)	(₱509,597,055)	(₱824,553,084)	₱2,629,106,978	₱16,220,076,183	₱337,510,966	₱16,557,587,149

See accompanying Notes to Consolidated Financial Statements.

PREMIUM LEISURE CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for 2020)

	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱1,291,031,874**	₱1,184,161,750	₱320,659,754
Adjustments for:				
Amortization of intangible asset	10	**238,472,484**	238,472,484	238,472,484
Provisions (reversal of provisions)	16	**187,301,449**	(281,316,859)	(756,115,335)
Interest income	5	**(147,434,493)**	(135,626,403)	(217,963,792)
Depreciation and amortization	13	**33,772,871**	148,389,562	240,067,999
Retirement expense	17	**8,802,230**	12,062,363	14,850,616
Gain on disposal of:				
Net assets of subsidiaries	14	**(542,645)**	–	(70,338,145)
Property and equipment	13	**(395,719)**	(175,500)	(15,850)
Mark-to-market loss on investments held for trading	6	**371,193**	23,622,906	6,195,655
Finance costs	24	**220,505**	642,417	6,800,483
Foreign exchange loss		**170,916**	511,428	238,218
Provision for (reversal of) impairment loss on:				
Other current assets	9	**(32,611,784)**	(10,860,620)	44,068,440
Contract asset	28	**–**	(26,000,000)	26,000,000
Goodwill	15	**–**	–	432,290,373
Receivables	8	**–**	–	113,677,613
ROU assets	24	**–**	–	9,324,857
Dividend income	6, 11	**–**	–	(22,353,086)
Gain on termination of leases	24	**–**	–	(1,165,723)
Operating income before working capital changes		**1,579,158,881**	1,153,883,528	384,694,561
Decrease (increase) in:				
Investments held for trading		**–**	(12,415,625)	50,000,000
Receivables		**51,886,620**	190,964,471	(278,975,919)
Contract asset		**70,000,000**	47,999,600	29,098,255
Other current assets		**7,205,123**	(52,079,940)	(203,504,964)
Other noncurrent assets		**(236,374,443)**	(440,302)	(9,097,146)
Increase (decrease) in trade payables and other current liabilities		**(89,079,593)**	(235,122,967)	438,940,774
Net cash generated from operations		**1,382,796,588**	1,092,788,765	411,155,561
Interest received		**143,436,911**	129,513,361	212,373,404
Retirement contributions	17	**(10,000,000)**	(5,000,000)	–
Retirement benefits paid	17	**(252,285)**	–	(1,809,643)
Income taxes paid		**–**	(10,447,746)	(1,895,478)
Net cash provided by operating activities		**₱1,515,981,214**	₱1,206,854,380	₱619,823,844

(Forward)

	Note	**2022**	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from (payment on) disposal of:				
Financial assets at FVOCI	11	**₱88,661,791**	₱–	₱–
Net assets of subsidiaries, net of cash disposed	13	**(3,910,087)**	–	74,027,310
Property and equipment		**3,869,287**	1,748,246	828,622
Acquisition of:				
Property and equipment	13	**(85,500)**	(12,221,823)	(90,839,188)
Financial assets at FVOCI	11	**–**	(484,209,375)	–
Dividend received		**–**	–	22,353,086
Net cash provided by (used in) investing activities		**88,535,491**	(494,682,952)	6,369,830
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	18	**(1,549,390,949)**	(1,256,721,361)	(1,549,390,949)
Proceeds from (payments of):				
Loans payable	4, 24	**67,500,000**	–	(150,000,000)
Lease liabilities	24	**(4,989,872)**	(12,827,398)	(50,208,626)
Interest on loans payable	24	**–**	–	(4,358,053)
Acquisition of treasury stock	18	**–**	–	(191,000,000)
Net cash used in financing activities		**(1,486,880,821)**	(1,269,548,759)	(1,944,957,628)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**117,635,884**	(557,377,331)	(1,318,763,954)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,660,934,194**	2,218,311,525	3,537,075,479
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱1,778,570,078**	₱1,660,934,194	₱2,218,311,525

See accompanying Notes to Consolidated Financial Statements.

PREMIUM LEISURE CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Information for 2020)

1. **General Information**

Corporate Information

Premium Leisure Corp. (PLC or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Sinophil Exploration Co., Inc. on November 26, 1993. The Parent Company was originally organized with oil and gas exploration and development as its primary purpose and investments and development as among its secondary purposes. On June 3, 1997, the SEC approved the change in its primary purpose from oil and gas exploration and development to investment holding and real estate development. On September 5, 2014, the SEC approved the change in PLC's primary purpose to that of engagement and/or investment in gaming-related businesses. On July 19, 2019 the SEC approved the change in PLC's primary purpose to include that the Parent Company shall not engage in real estate business activities.

PLC, a publicly-listed company in the Philippine Stock Exchange (PSE), is 79.78% (directly and indirectly) owned by Belle Corporation (Belle or the Ultimate Parent Company) and the rest by the public as at December 31, 2022 and 2021.

The registered office address of the Parent Company is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries and interest in a joint operation:

	Percentage of Ownership					
	2022		2021		2020	
	Direct	**Indirect**	Direct	Indirect	Direct	Indirect
Gaming Business						
PremiumLeisure and Amusement, Inc. (PLAI)	**100.00**	**–**	100.00	–	100.00	–
Real Estate						
Foundation Capital Resources, Inc. (FCRI)	**100.00**	**–**	100.00	–	100.00	–
Public Amusement and Recreation						
Sinophil Leisure and Resorts Corporation (SLRC)	**100.00**	**–**	100.00	–	100.00	–
Lottery Equipment Leasing, Distribution and Others						
Pacific Online Systems Corporation (POSC)	**50.10**	**–**	50.10	–	50.10	–
Loto Pacific Leisure Corporation (LotoPac)	**–**	**100.00**	–	100.00	–	100.00
Total Gaming Technologies, Inc. (TGTI)	**–**	**98.92**	–	98.92	–	98.92
Falcon Resources, Inc. (FRI)	**–**	**100.00**	–	100.00	–	100.00
TGTI Services, Inc. (TGTISI)[a]	**–**	**–**	–	100.00	–	100.00
PinoyLotto Technologies Corp. (PinoyLotto)	**–**	**50.00**	–	50.00	–	–

(a) Sold in 2022

On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated with the SEC. PinoyLotto was awarded with the five year-lease of the customized PCSO Lottery System (PLS Project) upon commencement of commercial operations, with a contract price of ₱5,800.0 million.

Commencement of commercial operations is 14 months after the issuance of the Notice to Proceed. In December 2021, the joint venture of POSC, PGMC and ILTS was issued the Notice to Proceed. In June 2022, PCSO approved the extension of commencement of commercial operations from 14 months to 22 months.

The Group's interest in PinoyLotto was accounted for as a joint operation (see Note 4).

The Parent Company, its subsidiaries and interest in joint operation are collectively referred herein as "the Group."

Approval of the Consolidated Financial Statements
The consolidated financial statements as at and for the years ended December 31, 2022 and 2021 (with comparative figures for 2020) were approved and authorized for issuance by the Board of Directors (BOD) on February 28, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC provisions.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for:
- Investments held for trading which are measured at fair value;
- Financial assets at fair value through other comprehensive income (FVOCI); and
- Retirement liability which is measured as the difference between the present value of defined benefit obligation and the fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 - *Investments held for Trading*
- Note 11 - *Financial Assets at Fair Value through Other Comprehensive Income*
- Note 12 - *Investment Properties*
- Notes 26 - *Financial Instruments*

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

  - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amendments to PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the separate financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company including its interest in its subsidiaries and joint operation.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. NCI represent the equity interest in POSC and TGTI not held by the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. However, business combinations under common control may also be accounted for using the acquisition method of accounting when the transaction has commercial substance from the perspective of the reporting entity.

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed outright.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the CGUs to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a CGU or group of CGUs and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Group, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

Joint Arrangements. Joint arrangements represent activities where the Parent Company has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets.

Classification of a joint arrangement as either joint operation or joint venture requires judgment. Management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

The Group accounted for its interest in PinoyLotto as a joint operation (see Note 4).

For a joint operation, the consolidated financial statements include the Parent Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint arrangement. The Parent Company reports items of a similar nature to those on the financial statements of the joint arrangement, on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

The financial statements of PinoyLotto with a fiscal period ended June 30, are incorporated in the consolidated financial statements as at December 31. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of PinoyLotto's financial statements and the date of the consolidated financial statements.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is classified as 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 twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

There were no reclassifications of financial assets in 2022 and 2021.

As at December 31, 2022 and 2021, the Group does not have financial liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at FVPL. Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "unrealized gain (loss) on financial assets at FVPL" account in profit or loss.

Classified under this category are the Group's investments in equity securities and share warrants included under "Investments held for trading" account (see Note 6).

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash and cash equivalents, notes receivable, receivables, contract asset, guarantee deposits (presented as part of "Other currents assets") advances to contractors and refundable deposits (presented as part of "Other noncurrent assets") (see Notes 5, 7, 9 and 28).

Financial Assets at FVOCI. Equity securities which are not held for trading are irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are included under "Other comprehensive income" account in the equity section of the consolidated statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Group's investments in equity securities included under "Financial assets at FVOCI" account (see Note 11).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's trade and other current liabilities (excluding provisions, unearned income and statutory payables), lease liabilities and loan payable (see Notes 4, 16 and 24).

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade Receivables and Contract Asset. The Group has applied the simplified approach in measuring the ECL on trade receivables and contract asset. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Assets
This account mainly consists of creditable withholding taxes (CWT), advances to suppliers, prepaid expenses, input value-added tax (VAT) and spare parts and supplies. Other assets are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

Advances to Suppliers. Advances to suppliers represent payment for purchased goods which are not yet delivered to the Group as at reporting date. Advances to suppliers are measured at the amount of cash paid. Subsequently, these are transferred to appropriate account upon receipt of the goods or services.

Prepaid Expenses. Prepaid expenses are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of tax included.

Under Revenue Regulations No. 16-2005, sale to the government agencies is subject to a 5% final withholding VAT. Allowable input VAT should not exceed 7% of the gross receipts, which effectively accounts for the standard input VAT in lieu of the actual input VAT attributable to such sale. Any excess standard input VAT over actual input VAT is recognized as other income.

Starting 2021, the 5% final withholding VAT should be treated as creditable VAT.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statements of financial position.

The amount of VAT on revenue not yet collected is included as part of “Statutory payables” line item presented under “Trade and other current liabilities” account in the consolidated statements of financial position.

Spare Parts and Supplies. Spare parts and supplies are valued at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. NRV is the current replacement cost.

Intangible Asset

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible asset is carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible asset, excluding capitalized development costs, is not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year the expenditure is incurred.

The useful life of an intangible asset is assessed as either finite or indefinite.

Intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with finite life is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible asset.

Intangible asset with indefinite useful life is not amortized, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from the indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

The Group made upfront payments to purchase a license. The license has been granted for a period of 18.6 years and renewable for another 25 years by the relevant government agency. The license was assessed as having a finite life and is amortized on a straight-line basis over 43.6 years.

Investment Properties

Investment properties comprise of parcels of land held by the Group for capital appreciation. Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, land is stated at cost less accumulated impairment loss, if any.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment property is derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement of disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization commence when property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale and the date the property and equipment is derecognized.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets as follows:

Asset Type	Number of Years
Leasehold improvements	4 or the term of the lease, whichever is shorter
Transportation equipment	4-5
Office furniture, fixtures and equipment	3-4
Lottery equipment	4-10 or term of lease, whichever is shorter

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Impairment of Nonfinancial Assets (excluding Goodwill)
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued and outstanding. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Treasury Stock. Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them.

Cost of Parent Company Common Shares Held by a Subsidiary. Parent Company's shares which are held by a subsidiary are treated similar to treasury stock and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Any difference between the carrying amount and the consideration is recognized in other reserves.

Other Equity Reserves. Other equity reserves comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS.

Other equity reserves of the Group pertain to cumulative unrealized mark-to-market losses on financial assets at FVOCI, cumulative remeasurement gains and losses on net retirement liability and other reserves.

Retained Earnings. Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

NCI. NCI represents the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in POSC and TGTI not held by the Parent Company.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements, except for commission and distribution income in which the Group acts as an agent.

The following specific recognition criteria must also be met before revenue is recognized:

Gaming Revenue Share. Revenue representing monthly payments from Melco Resorts Leisure (PHP) Corporation (Melco), formerly MCE Leisure (Philippines) Corporation, based on the performance of gaming operations of City of Dreams Manila integrated resort and casino, is recognized when earned pursuant to an Operating Agreement and is measured at the fair value of the consideration received or receivable, net of Philippine Amusement and Gaming Corporation (PAGCOR) license fee.

In determining the transaction price for gaming revenue share, the Group considers the effect of variable consideration. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Equipment Rental. Revenue is recognized over time based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement.

Commissions and Distribution Income. Revenues from the distribution of lottery tickets such as lotto, keno, sweepstakes and instant scratch tickets to customers, including retailers and sub-distributors, representing the Group's share from the sales, are recognized at a point in time, specifically, upon delivery of the tickets to the customers.

Interest Income. Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend Income. Revenue is recognized when the Group's right to receive the payment is established.

Other Income. Revenue is recognized when earned.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Services. Cost of services is recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These expenses are recognized in profit or loss when incurred.

Finance Cost. Finance cost is recognized in profit or loss using the effective interest method.

Other Charges. Other charges are recognized when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) The right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) The right to direct the use of the identified asset.

Group as a Lessee. At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) The amount of the initial measurement of lease liabilities;
b) Any lease payments made at or before the commencement date less any lease incentives received;
c) Any initial direct costs; and
d) An estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are depreciated over the shorter of the lease terms or the useful lives of the underlying assets.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the leases, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of lease liabilities consist of the following:

a) Fixed payments, including in-substance fixed payments;
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) Amounts expected to be payable by the lessee under residual value guarantees; and
d) The exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Short-term Leases and Leases of Low-value Assets. The Group has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For income tax reporting purposes, expenses under operating lease agreements are treated as deductible expenses in accordance with the terms of the lease agreements.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognized the related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Foreign Currency-Denominated Transactions and Translations
Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset the current tax assets against the current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in OCI or directly in equity.

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Earnings per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

As the Group has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

Operating Segments

For management purposes, the Group is organized into business units based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments
In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Determining the Subsidiaries with Material Non-controlling Interests. The Group is required to disclose certain financial information on its subsidiaries with material non-controlling interests. There are also qualitative considerations including the nature of relationship between the Group and the subsidiary and the nature of their businesses.

Management determines material subsidiaries with material non-controlling interests as those with assets, non-controlling interests, revenues and net income greater than 5% of consolidated assets, non-controlling interests, revenues and net income.

The Group has determined POSC as a subsidiary with material non-controlling interests (See Note 4).

Assessing Joint Control and Determining Proper Classification of a Joint Arrangement. Management has used judgment in relation to the classification of the Group's interest in PinoyLotto and classified it as a joint operation. PinoyLotto is 50% owned by the Parent Company but controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. Management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

Evaluating Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

Lease commitments are disclosed in Note 24.

Determining the Classification of Lease. The Parent Company and TGTI leases to PCSO the lottery equipment it uses for its nationwide online lottery operations. The Parent Company and TGTI have determined that it has retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Revenue from equipment rental is disclosed in Note 24.

Determining the Classification of Financial Instruments. The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group's financial assets and liabilities are disclosed in Note 26.

Determining the Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit or loss and equity.

The fair value of the Group's financial assets and liabilities are disclosed in Note 26.

Determining whether the Group is acting as Principal or an Agent. The Group assesses its revenue arrangements using the following processes to determine whether it is acting as a principal or an agent:

- Identify the specified goods or services to be provided to the customer (which for example, could be a right to a good or service to be provided by another party) and

- Assess whether it controls each specified good or service before that good or service is transferred to the customer.

The Group has determined that it is acting as an agent in its commission and distribution income arrangements and as principal in all other revenue contracts and arrangements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Assessing the Impairment Losses on Financial Assets. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses a provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Allowance for impairment losses aggregated to ₱543.5 million as at December 31, 2022 and 2021 (see Note 8). Provision and reversal of impairment losses are disclosed in Notes 20 and 21.

The carrying amount of financial assets as at December 31, 2022 and 2021 are as follows:

	Note	**2022**	2021
Cash and cash equivalents	5	**₱1,778,570,078**	₱1,660,934,194
Notes receivable	7	**3,705,925,000**	3,705,925,000
Receivables	8	**212,568,231**	277,787,614
Contract asset	28	**4,000,000**	70,319,085
Guarantee deposits*	9	**14,500,000**	14,500,000
Advances to contractors**	9	**139,738,757**	139,738,757
Refundable deposits**	9	**2,769,769**	3,706,928

**Presented under "Other current assets" account in the consolidated statements of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*

Assessing the Impairment of Significant Nonfinancial Assets (Except Goodwill). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Nonfinancial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. Determining the value of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and performance.

No provision for impairment loss was recognized for significant nonfinancial assets (excluding goodwill) in 2022, 2021 (and 2020).

The carrying amount of significant nonfinancial assets (excluding goodwill) as at December 31, 2022 and 2021 are as follows:

	Note	**2022**	2021
Intangible asset	10	**₱8,475,709,551**	₱8,714,182,035
Investment properties	12	**285,510,452**	285,510,452

Assessing the Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGUs and to choose a suitable discount rate to calculate the present value of those cash flows. The key assumptions used in the value in use calculations include discount rate, revenue growth rate and long-term growth rate.

No impairment loss was recognized in 2022 and 2021. The carrying amount of goodwill as at December 31, 2022 and 2021 is disclosed in Note 15.

Assessing the Realizability of Deferred Tax Assets. Deferred tax assets are recognized for all deductible temporary differences and unused tax credits and NOLCO to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Recognized deferred tax assets amounted to ₱6.2 million and ₱43.1 million as at December 31, 2022 and 2021, respectively (see Note 22). Unrecognized deferred tax assets amounted to ₱172.3 million and ₱191.5 million as at December 31, 2022 and 2021, respectively (see Note 22).

Determining the Significant Financing Component in a Contract. POSC entered into a brand and trademark license agreement, where POSC granted its customer a non-assignable, non-transferable and exclusive right to use POSC's instant scratch tickets' brand and trademark, effective January 1, 2018. The contract provides right to use to the customer, which exists at a point in time (i.e., January 1, 2018) and the customer gains control over the brand and trademark at the beginning of the period. Thus, the revenue, from which collection shall be received over five years, shall be recognized at the beginning of the period. POSC has concluded that there is a significant financing component considering the length of time between the transfer of control and customer's payments.

As at December 31, 2022 and 2021, the carrying amount of contract asset amounted to ₱4.0 million and ₱70.3 million, respectively (see Note 28).

Estimating Useful Life of Gaming License. The useful life of the Group's gaming license recognized as "Intangible asset" account in the consolidated statements of financial position is estimated based on the period over which the asset is expected to be available for use. The estimated useful life of intangible asset is reviewed periodically and updated if expectations differ from previous estimates. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity. Management concludes that the cost of renewal is not significant compared with the future economic benefits expected to flow to the Group from the renewal of gaming license. Hence, renewal period was included in the amortization period. The gaming license runs concurrent with PAGCOR's congressional franchise which is set to expire in 2033 and renewable for another 25 years.

In 2022 and 2021, there were no changes in the estimated useful life of gaming license. The carrying amount of the gaming license as at December 31, 2022 and 2021 amounted to ₱8,475.7 million and ₱8,714.2 million, respectively (see Note 10).

Evaluating Contingencies. The Group recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel (see Note 16).

4. Material Partly-owned Subsidiary and Interest in Joint Operation

Material Partly-owned Subsidiary

The non-controlling interests of POSC are material to the Group. NCI is 49.9% as at December 31, 2022 and 2021.

The summarized financial information of POSC is provided below. This information is based on amounts before intercompany eliminations.

	2022	2021
Total current assets	**₱930,215,799**	₱546,896,174
Total noncurrent assets	**185,741,634**	308,260,726
Total current liabilities	**111,378,809**	117,809,297
Total noncurrent liabilities	**68,473,305**	18,048,641
Total equity	**936,105,319**	719,298,962
Net income (loss)	**191,099,513**	(140,744,819)
Other comprehensive income (loss)	**25,627,391**	(3,096,771)

Interest in Joint Operation

On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, PGMC and ILTS, was incorporated with the SEC. PinoyLotto was awarded a five-year lease of the customized PCSO Lottery System, also known as '2021 PLS Project' with a contract price of ₱5,800.0 million (see Note 1).

The five-year lease will begin from the commencement of commercial operations of PinoyLotto which is expected to be in October 2023.

The Group's interest in PinoyLotto was considered as joint operation.

Relevant financial information of PinoyLotto and the Group's share of the assets, liabilities, and results of operations as at and for the year ended December 31, 2022 and 2021 are as follows:

	2022		2021	
	PinoyLotto	**Share in Joint Operation**	PinoyLotto	Share in Joint Operation
Cash	**₱51,784,995**	**₱25,892,498**	₱5,377,271	₱2,688,635
Advances to supplier	**418,472,225**	**209,236,112**	–	–
Other current assets	**4,578,601**	**2,289,300**	262,591	131,296
Property and equipment	**28,800**	**14,400**	–	–
Trade and other current liabilities	**(4,500)**	**2,250**	(3,425)	(1,713)
Nontrade payable	**(26,222,339)**	**(13,111,169)**	–	–
Loans payable	**(135,000,000)**	**(67,500,000)**	–	–
Net loss (mainly pre-operating expenses)	**(27,957,380)**	**(13,978,690)**	97,263,563	48,631,781

Loan Agreement
On October 15, 2022, PinoyLotto entered into a long-term loan agreement with a local bank for a loan facility with a maximum aggregate principal amount of ₱1,000.0 million, the proceeds of which shall be used to partially finance the capital expenditure requirements of the PLS Project.

In November 2022, PinoyLotto made its first drawdown for the principal amount of ₱135.0 million. The loan has a term of five years, payable in equal quarterly installments beginning on the second year from initial drawdown up to the maturity. Annual effective interest rate on the loan is 7.96%.

The loan is secured by a continuing surety of the Parent Company and PGMC and maintenance of a debt service reserve account.

Pursuant to the terms of the loan agreement, PinoyLotto is required to comply with certain financial covenants starting June 30, 2024. PinoyLotto is also restricted from performing certain corporate acts such as declaration or payment of dividends and incurrence of additional long-term loans, among others, if doing so, will result in violation of financial ratios or default.

As at December 31, 2022, PinoyLotto is compliant with the loan covenants.

Capital Expenditure Commitments
In connection with the acquisition of property and equipment pursuant to the PLS Project, PinoyLotto entered into purchase, supply, implementation and maintenance support agreements in 2022. The estimated capital expenditure is ₱1.36 billion. Advances made to suppliers as at December 31, 2022 amounted to ₱418.5 million.

5. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱570,167,656**	₱290,393,844
Cash equivalents	**1,208,402,422**	1,370,540,350
	₱1,778,570,078	₱1,660,934,194

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

Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Details of interest income follow:

	Note	2022	2021	2020
Notes receivable	7	**₱125,333,368**	₱112,356,539	₱166,344,251
Cash in banks and cash equivalents		**18,420,210**	17,156,822	46,029,153
Contract asset	28	**3,680,915**	6,113,042	5,590,388
		₱147,434,493	₱135,626,403	₱217,963,792

6. Investments Held for Trading

This account consists of share warrants and the Group's investments in shares of stock of Leisure and Resorts World Corporation, Vantage Equities, Inc., APC Group, Inc. and Philippine Long Distance Telephone Company.

Movements in this account are as follows:

	Note	2022	2021
Balance at beginning of year		**₱73,053,645**	₱84,260,926
Mark-to-market loss	21	**(371,193)**	(23,622,906)
Additions	11	**–**	12,415,625
Balance at end of year		**₱72,682,452**	₱73,053,645

The fair values of these securities are based on the quoted prices on the last market day of the year. The Group determines the cost of investments sold using specific identification method.

Dividend income earned from investments held for trading amounted to ₱2.4 million in 2020.

7. Notes Receivable

Notes receivable amounting to ₱3,705.9 million as at December 31, 2022 and 2021 are unsecured, payable on demand and bear interest at rates ranging from 2.42% to 4.73% and 2.91% to 3.16% in 2022 and 2021, respectively (4.11% to 5.06% in 2020) (see Note 23).

Interest income from notes receivable recognized in the consolidated statement of comprehensive income amounted to ₱125.3 million and ₱112.4 million in 2022 and 2021, respectively (₱166.3 million in 2020) (see Notes 5 and 23).

8. **Receivables**

This account consists of:

	2022	2021
Trade receivables	**₱81,355,232**	₱169,522,215
Loan assets	**422,341,815**	422,341,815
Advances to:		
Consultant	**127,500,000**	104,000,000
Officers and employees	**533,261**	1,867,609
Nontrade receivables	**113,677,614**	113,677,613
Other receivables	**10,676,251**	9,894,304
	756,084,173	821,303,556
Less: allowance for impairment losses	**543,515,942**	543,515,942
	₱212,568,231	₱277,787,614

Loan assets pertain to the Parent Company's receivable from Paxell Investment Limited and Metroplex Berhad (both Malaysian companies, collectively referred to as "Metroplex") and Legend International Resort H.K. Limited ("LIR-HK") amounting to ₱422.3 million as a result of the compensation to parties who were in possession of the shares in connection with the cancellation of the remaining 2,000,000,000 undelivered PLC shares. The loan assets were fully provided with allowance as at December 31, 2022 and 2021.

Trade receivables are generally on a 20-day to 60-day credit term. These are mostly receivables arising from equipment lease agreement with PCSO and receivables from Melco for the gaming revenue share in the operations of City of Dreams Manila.

Nontrade receivables pertain to advances to LCC Group. The management assessed that there may be delayed payments from LCC Group due to the impact of COVID 19 pandemic to its operations and since the balances pertain to long outstanding advances, the management assessed that allowance for impairment loss is necessary.

Advances to consultant are noninterest-bearing and are subject to liquidation but are for refund to the Group in the absence of the required output.

Advances to officers and employees and other receivables are noninterest-bearing and generally collected within the next financial year.

In 2022 and 2021, no provision for impairment loss was recognized (₱113.7 million provided in 2020) (see Note 20).

9. **Other Assets**

Other Current Assets
This account consists of:

	Note	**2022**	2021
CWT		**₱194,426,901**	₱158,533,301
Guarantee deposits	28	**14,500,000**	14,500,000
Input VAT		**3,854,751**	1,196,209
Prepaid expenses		**1,396,575**	12,094,403
Spare parts and supplies - at cost		**–**	61,013,735
		214,178,227	247,337,648
Less: Allowance for impairment loss		**596,036**	33,207,820
		₱213,582,191	₱214,129,828

Other Noncurrent Assets
This account consists of:

	Note	**2022**	2021
CWT		**₱271,136,967**	₱239,961,695
Advances to suppliers		**207,054,331**	–
Advances to contractors		**139,738,757**	139,738,757
Refundable deposits	24	**2,769,769**	3,706,928
Others		**–**	918,001
		₱620,699,824	₱384,325,381

Movements of allowance for impairment loss are as follows:

	2022			
	Spare parts and supplies	**Input VAT**	**CWT**	**Total**
Balance at beginning of year	**₱32,673,528**	**₱62,870**	**₱471,422**	**₱33,207,820**
Provision (reversal)	**(32,673,528)**	**–**	**61,744**	**(32,611,784)**
Balance at end of year	**₱–**	**₱62,870**	**₱533,166**	**₱596,036**

	2021			
	Spare parts and supplies	Input VAT	CWT	Total
Balance at beginning of year	₱43,534,148	₱62,870	₱471,422	₱44,068,440
Reversal	(10,860,620)	–	–	(10,860,620)
Balance at end of year	₱32,673,528	₱62,870	₱471,422	₱33,207,820

	2020			
	Spare parts and supplies	Input VAT	CWT	Total
Balance at beginning of year	₱–	₱62,870	₱–	₱62,870
Provision	43,534,148	–	471,422	44,005,570
Balance at end of year	₱43,534,148	₱62,870	₱471,422	₱44,068,440

CWT under "Other noncurrent assets" account pertain to CWT from the gaming revenue share of PLAI.

Advances to suppliers will be applied in future billings. Advances to contractors that are considered noncurrent are expected to be refunded within two years.

Guarantee deposits pertain to cash bonds held in escrow account as part of the agreement with PCSO (see Note 28).

Refundable deposits are subject to adjustments every year if rent rates increase and shall be returned to the lessee without interest.

Prepaid expenses pertain to various prepayments, including POSC's advisory and maintenance services related to the software development contract, which will be applied in the next financial year. Amortization of software development amounted to ₱11.1 million and ₱66.8 million in 2022 and 2021, respectively (₱126.6 million in 2020) (see Note 13).

Spare parts and supplies are carried at lower and cost or net realizable value. Reversal of provision for probable loss on spare parts and supplies are netted against related expense and included as part of "Rental, utilities and supplies" line item under "Cost of services" account.

10. Intangible Asset

Intangible asset, which was part of the assets acquired from Belle in 2014, pertains to the provisional license granted by PAGCOR for which PLAI is a co-licensee to operate integrated resorts, including casinos. On April 29, 2015, PAGCOR granted the Regular Gaming License (License), which has the same terms and conditions of the provisional license. The License runs concurrent with PAGCOR's Congressional Franchise, set to expire in 2033, renewable for another 25 years.

The amortization of the intangible asset started on December 14, 2014, the effectivity of the Notice to Commence Casino Operations granted by PAGCOR.

Movements in intangible asset are as follows:

	Note	**2022**	2021
Cost			
Balance at beginning and end of year		**₱10,843,215,811**	₱10,843,215,811
Accumulated Amortization			
Balance at beginning of year		**2,129,033,776**	1,890,561,292
Amortization	19	**238,472,484**	238,472,484
Balance at end of year		**2,367,506,260**	2,129,033,776
Carrying Amount		**₱8,475,709,551**	₱8,714,182,035

The unamortized life of the license as at December 31, 2022 is 35.5 years.

11. **Financial Assets at FVOCI**

This account pertains to investments in equity instruments classified as financial assets at FVOCI as at December 31, 2022 and 2021, consisting of the following:

	Note	2022	2021
Quoted shares:			
Black Spade Acquisition, Inc. (BSA)		**₱558,665,100**	₱490,207,738
Belle-common shares	23	**121,985,018**	226,978,226
Golf club shares		**6,000,000**	3,900,000
		686,650,118	721,085,964
Unquoted shares:			
Others		**81,100**	81,100
		₱686,731,218	₱721,167,064

The movements of financial assets at FVOCI in 2022 and 2021 are as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱1,374,727,979**	₱890,518,604
Disposal	**(223,490,081)**	–
Addition	**–**	484,209,375
Balance at end of year	**1,151,237,898**	1,374,727,979
Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI		
Balance at beginning of year	**(653,560,915)**	(603,064,774)
Disposal	**134,828,289**	–
Unrealized valuation gain (loss)	**54,225,946**	(50,496,141)
Balance at end of year	**(464,506,680)**	(653,560,915)
Carrying Amount	**₱686,731,218**	₱721,167,064

On February 4, 2022, the Group sold its investment in its Ultimate Parent Company for a consideration of ₱88.7 million.

Investment in BSA with a total acquisition cost of ₱496.6 million pertains to 1,000,000 units of BSA which is composed of 1,000,000 common shares and 500,000 share warrants. Each whole warrant entitles the holder to purchase one Class A ordinary share at a price of $11.50 per share. Share warrants amounting to ₱12.4 million as at December 31, 2021 were classified under “Investments held for Trading” account (see Note 6).

Dividend income earned from financial assets at FVOCI amounted to ₱20.0 million in 2020.

The investment in BSA and common shares of Belle based on the quoted price as at reporting date while the investment in golf club shares is based on secondary market prices as at reporting date.

12. Investment Properties

Investment properties pertain to parcels of land amounting to ₱285.5 million as at December 31, 2022 and 2021.

No rental income was earned from investment properties in 2022, 2021 (and 2020).

Expenses related to investment properties amounted to ₱73,744 and ₱73,754 million in 2022 and 2021, respectively (₱73,694 in 2020), which mainly pertain to real property taxes.

The fair value of the investment properties as at December 31, 2022 and 2021 amounting to ₱295.2 million is higher than its carrying value, as determined by an independent appraiser and estimated using market approach. The value of the land was based on the sales and listings of comparable properties registered within the vicinity and within Level 3 fair value hierarchy. The Group assessed that the highest and best use of its properties does not differ from their current use.

13. Property and Equipment

The movements in this account follow:

	2022				
	Leasehold Improvement	**Transportation Equipment**	**Office Equipment, Furniture and Fixtures**	**Lottery Equipment**	**Total**
Cost					
Balance at beginning of year	**₱16,158,665**	**₱37,621,408**	**₱39,379,210**	**₱527,639,556**	**₱620,798,839**
Disposals	**(9,426,435)**	**(20,012,553)**	**(22,282,168)**	**(25,775,312)**	**(77,496,468)**
Additions	**–**	**–**	**85,500**	**–**	**85,500**
Balance at end of year	**6,732,230**	**17,608,855**	**17,182,542**	**501,864,244**	**543,387,871**
Accumulated Depreciation and Amortization					
Balance at beginning of year	**13,924,344**	**30,336,922**	**37,884,652**	**515,169,980**	**597,315,898**
Disposals	**(9,426,435)**	**(16,587,657)**	**(22,233,496)**	**(25,775,312)**	**(74,022,900)**
Depreciation and amortization	**1,078,637**	**3,001,725**	**1,441,541**	**12,469,576**	**17,991,479**
Balance at end of year	**5,576,546**	**16,750,990**	**17,092,697**	**501,864,244**	**541,284,477**
Carrying Amount	**₱1,155,684**	**₱857,865**	**₱89,845**	**₱–**	**₱2,103,394**

	2021				
	Leasehold Improvement	Transportation Equipment	Office Equipment, Furniture and Fixtures	Lottery Equipment	Total
Cost					
Balance at beginning of year	₱31,175,485	₱54,492,467	₱40,378,748	₱814,177,341	₱940,224,041
Additions	330,601	116,250	979,330	10,795,642	12,221,823
Disposals	(15,347,421)	(16,987,309)	(1,978,868)	(297,333,427)	(331,647,025)
Balance at end of year	16,158,665	37,621,408	39,379,210	527,639,556	620,798,839
Accumulated Depreciation and Amortization					
Balance at beginning of year	27,813,803	41,065,240	37,520,299	750,318,986	856,718,328
Depreciation and amortization	1,457,961	5,520,990	2,343,221	61,349,677	70,671,849
Disposals	(15,347,420)	(16,249,308)	(1,978,868)	(296,498,683)	(330,074,279)
Balance at end of year	13,924,344	30,336,922	37,884,652	515,169,980	597,315,898
Carrying Amount	₱2,234,321	₱7,284,486	₱1,494,558	₱12,469,576	₱23,482,941

The Group sold certain equipment with a carrying amount of ₱3.5 million and ₱1.5 million for a total consideration of ₱3.9 million and ₱1.7 million in 2022 and 2021, respectively, resulting to a gain on sale amounting to ₱0.4 million and ₱0.2 million in 2022 and 2021, respectively (see Note 21).

Depreciation and amortization consist of the following:

	Note	2022	2021	2020
Property and equipment		**₱17,991,479**	₱70,671,849	₱89,747,937
Software development	9	**11,136,364**	66,818,181	126,590,909
ROU assets	24	**4,645,028**	10,899,532	23,729,153
		₱33,772,871	₱148,389,562	₱240,067,999

Depreciation and amortization are allocated as follows:

	Note	2022	2021	2020
Cost of services	19	**₱29,217,792**	₱137,888,867	₱97,892,775
General and administrative expenses	20	**4,555,079**	10,500,695	15,584,315
		₱33,772,871	₱148,389,562	₱113,477,090

14. Sale of Subsidiaries

TGTISI. On June 9, 2022, POSC's BOD approved the transfer of all the rights, title and interests in TGTISI's shares to a third party for a consideration of ₱1.0 million.

Total payment on the disposal of the net assets of TGTISI, net of cash disposed amounted to ₱3.9 million. Total gain on deconsolidation, which is the difference between the consideration received and the Group's share on TGTISI's net asset at the date of disposal, amounting to ₱0.5 million is presented under "Other income (charges)" account in the statements of comprehensive income (see Note 21).

LCC. On February 6, 2020, POSC's BOD approved the sale of Lucky Circle Corporation (LCC), the Group's Distribution and Retail Activities segment, to focus its resources on its principal business of providing modern and efficient online gaming facilities and equipment to its customers. LCC operates and/or manages several outlets throughout the Philippines which sell products of the PCSO, including lotto, keno and instant scratch tickets. LCC is included as part of "Lottery equipment, leasing, distribution and others" in the Group's reportable segment.

On February 13, 2020, POSC concluded the sale of all of POSC's equity interest in LCC, equivalent to ₱127.0 million shares for ₱1.082 per share to a third party for a total consideration of ₱137.4 million. Total proceeds from the disposal of the net assets of LCC, net of cash disposed amounted to ₱74.0 million. Gain from the disposal of the net assets of LCC group in 2020 amounting to ₱70.3 million is presented under "Other income (charges)" account in the statements of comprehensive income (see Note 21).

15. **Goodwill**

As at December 31, 2022 and 2021, goodwill arising from business combination consists of:

POSC	**₱1,717,643,956**
FRI	**110,933,996**
	1,828,577,952
Less: allowance for impairment loss	**902,570,204**
	₱926,007,748

Goodwill is subject to an annual impairment review. The recoverable amounts of the operations have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The cash flow projections cover five years, taking into consideration the effect of significant events such as the Covid-19 pandemic on the macroeconomic factors used in developing the assumptions.

No provision for impairment loss on goodwill was recognized in 2022 and 2021. In 2020, provision for impairment loss on goodwill amounted to ₱432.3 million (see Note 20).

POSC
Key assumptions considered are as follows:

Discount Rate. Discount rate reflects management's estimate of the risks specific to the CGU. The pre-tax discount rate of 9.79% and 5.08% was used in 2022 and 2021, respectively, (8.80% in 2020) based on the Weighted Average Cost of Capital (WACC) of POSC.

Revenue Growth Rate, Long-Term Growth Rate and Terminal Values. No growth rate was applied in the 5-year cash flow projections in 2022, 2021 (and 2020), considering the contract of PinoyLotto with PCSO and historical performance of POSC.

FRI
The recoverable amount of goodwill from the acquisition of FRI by TGTI was determined based on value-in-use calculations using actual past results and observable market data such as growth rates, operating margins, among others. The expected cash flows are discounted by applying a suitable WACC.

With the change in FRI's exclusivity arrangement with its principal, goodwill in FRI was fully provided with allowance for impairment loss as at December 31, 2022 and 2021.

16. **Trade Payables and Other Current Liabilities**

This account consists of:

	2022	2021
Trade payables	**₱41,878,364**	₱45,795,389
Accrued expenses and other payables	**409,914,910**	229,385,826
Unearned income	**215,174,739**	320,241,477
Software and license fees payable	**22,551,018**	18,240,074
Statutory payables	**12,387,650**	10,738,001
Communication, rental and utilities	**3,175,387**	6,166,044
Others	**23,614,064**	18,029,421
	₱728,696,132	₱648,596,232

Trade payables are generally on a 30-day credit term.

Accrued expenses and other payables mainly represent provisions. Other than provisions, accruals are usually payable within a 30-day term upon receipt of billing. The Group provides for probable losses. Provisions represent estimated probable losses arising in the normal course of business. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, further information are not disclosed so as not to prejudice the Group's position on the matter. In 2022, the Group recognized provisions amounting to ₱187.3 million (see Note 20). In 2021 reversal of provisions amounted to ₱281.3 million (₱756.1 million in 2020) (see Note 21).

Unearned income pertains to the advance payment from Melco, which will be applied as payment of PLAI's future gaming revenue share (see Note 28).

Software and license fees payable are for consultancy services on gaming operations and the supply of computer hardware and operating system software for online lottery system (see Note 28). These are normally settled within the next financial year.

Statutory payables mainly pertain to statutory contributions, withholding taxes, VAT payable and deferred output VAT and other liabilities to the government agencies, which are payable within the next financial year.

17. **Net Retirement Benefits**

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Changes in the retirement liability of the Group in 2022 and 2021 are as follows:

	2022		
	Fair Value of Plan Assets	**Present Value of Defined Benefit Obligation**	**Net Retirement Liability**
Balance at beginning of year	**₱53,291,874**	**(₱84,186,205)**	**(₱30,894,331)**
Net retirement income (costs) in profit or loss:			
Current service cost	**–**	**(7,851,272)**	**(7,851,272)**
Net interest	**3,603,090**	**(4,554,048)**	**(950,958)**
	3,603,090	**(12,405,320)**	**(8,802,230)**
Contribution	**10,000,000**	**–**	**10,000,000**
Benefits paid	**(11,384,305)**	**11,636,590**	**252,285**
Remeasurement gain recognized in OCI:			
Actual return excluding amount included in net interest cost	**(4,899,000)**	**–**	**(4,899,000)**
Actuarial changes arising from changes in financial assumptions	**–**	**14,900,199**	**14,900,199**
Actuarial changes due to experience adjustment	**–**	**1,540,075**	**1,540,075**
	(4,899,000)	**16,440,274**	**11,541,274**
Balance at end of year	**₱50,611,659**	**(₱68,514,661)**	**(₱17,903,002)**

	2021		
	Fair Value of Plan Assets	Present Value of Defined Benefit Obligation	Net Retirement Liability
Balance at beginning of year	₱64,259,827	(₱123,550,599)	(₱59,290,772)
Net retirement income (costs) in profit or loss:			
Current service cost	–	(13,601,070)	(13,601,070)
Past service cost	–	4,138,954	4,138,954
Net interest	2,255,130	(4,855,377)	(2,600,247)
	2,255,130	(14,317,493)	(12,062,363)
Contribution	5,000,000	–	5,000,000
Benefits paid	(19,430,421)	19,430,421	–
Remeasurement gain recognized in OCI:			
Actuarial changes due to experience adjustment	–	19,998,356	19,998,356
Actuarial changes arising from changes in financial assumptions	–	9,232,318	9,232,318
Actuarial changes arising from changes demographic assumptions	–	5,020,792	5,020,792
Actual return excluding amount included in net interest cost	1,207,338	–	1,207,338
	1,207,338	34,251,466	35,458,804
Balance at end of year	₱53,291,874	(₱84,186,205)	(₱30,894,331)

Movements in cumulative remeasurement gains (losses) on net retirement liability consist of the following:

	2022		
	Retirement benefits reserve	**Deferred Tax** (see Note 22)	**Total**
Balance at beginning of year	**₱14,637,044**	**₱4,120,509**	**₱10,516,535**
Remeasurement gain	**11,541,274**	**2,885,319**	**8,655,955**
Realized remeasurement	**(5,650,853)**	**(1,412,713)**	**(4,238,140)**
Balance at end of year	**₱20,527,465**	**₱5,593,115**	**₱14,934,350**

	2021		
	Retirement benefits reserve	Deferred Tax (see Note 22)	Total
Balance at beginning of year	(₱20,821,760)	(₱6,084,655)	(₱14,737,105)
Remeasurement gain	35,458,804	11,499,724	23,959,080
Effect of change in tax rate	–	(1,294,560)	1,294,560
Balance at end of year	₱14,637,044	₱4,120,509	₱10,516,535

The latest actuarial valuation of the Group is as at December 31, 2022.

The Group's plan assets are administered by a Trustee. The Group and the retirement plan have no specific matching strategies between the retirement plan assets and define benefit asset or obligation under the retirement plan. The Group expects to contribute ₱10.0 million to the fund in 2023.

The following table presents the fair values of the plan assets of the Group as at December 31:

	2022	2021
Cash and cash equivalents	**₱46,707**	₱29,361
Debt instruments-government bonds	**21,902,515**	31,280,723
Debt instruments-other bonds	**3,695,652**	2,092,934
Unit investment trust funds	**24,318,213**	19,230,112
Others	**648,572**	658,744
	₱50,611,659	₱53,291,874

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2022	2021
Discount rate	**5.05% - 7.32%**	5.05% - 5.19%
Rate of compensation increase	**6.00% - 8.00%**	6.00%-8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2022 and 2021 assuming all other assumptions were held constant:

	2022		2021	
	Increase (Decrease)	**Increase (Decrease) in Defined Benefit Obligation**	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation
Discount rate	**+100**	**(₱43,208,726)**	+100	(₱9,153,062)
	-100	**54,153,988**	-100	10,984,943
Salary increase rate	**+100**	**60,449,885**	+100	10,909,242
	-100	**(48,191,845)**	-100	(9,284,240)

The average duration of the defined benefit obligation is 16.35 years in 2022.

The maturity analysis (ten-year projection) of the undiscounted benefit payments follows:

	2022	2021
Less than one year	**₱4,728,118**	₱8,112,891
More than one year to five years	**9,685,976**	9,395,115
More than five years to ten years	**405,722,008**	53,234,856

18. **Equity**

Preferred Stock

As at December 31, 2022 and 2021, PLC has not issued any preferred stock out of the authorized 6,000,000,000 shares with par value of ₱0.25. Under the provision of the Group's articles of incorporation, the rights and features of the preferred stocks shall be determined through a resolution of the BOD prior to issuance.

Common Stock

Common stock as at December 31, 2022 and 2021 consists of the following:

	Number of Shares	Amount
Authorized - ₱0.25 par value per share	37,630,000,000	₱9,407,500,000
Issued and subscribed -		
Balance at beginning and end of year	31,627,310,000	₱7,906,827,500

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
Common stock			
August 28, 1995	100,000,000,000	1,000,000,000	₱0.01
September 30, 1996	100,000,000,000	1,000,000,000	0.01
March 10, 1997	(198,000,000,000)	–	–
March 10, 1997	12,000,000,000	8,797,310,000	1.00
March 28, 2006	(1,870,000,000)	(1,870,000,000)	1.00
June 24, 2008	(1,000,000,000)	(1,000,000,000)	1.00
July 9, 2009	(1,000,000,000)	(1,000,000,000)	1.00
September 5, 2014	27,500,000,000	24,700,000,000	0.25
	37,630,000,000	31,627,310,000	
Preferred stock			
March 10, 1997	6,000,000,000	–	₱0.25*

**On May 29, 2014, SEC approved the reduction of par value of preferred shares to ₱0.25 from ₱1.00 per share.*

In 1995, 25,000,000 primary shares of the Parent Company's capital stock were offered and sold to the public at par value. On August 28, 1995, the Parent Company's shares of stock were formally listed in the small board of the PSE.

On September 30, 1996, the SEC approved the increase in the Parent Company's authorized capital stock from ₱1,000.0 million, divided into 100,000,000,000 shares at ₱0.01 par value, to ₱2,000.0 million, divided into 200,000,000,000 shares at the same par value.

On March 10, 1997, the stockholders approved the increase in the Parent Company's authorized capital stock from ₱2,000.0 million, divided into 200,000,000,000 shares at ₱0.01 par value a share, to ₱20,000.0 million, divided into 14,000,000,000 common shares and 6,000,000,000 preferred shares both at ₱1 par value.

On February 18, 2002, the stockholders approved the cancellation of 3,870,000,000 shares held by one of the Parent Company's shareholders, of these shares a total of 2,870,000,000 shares have been cancelled and delisted in 2006 and 2008.

On March 28, 2006, the SEC approved the reduction of the Parent Company's authorized capital stock by 1,870,000,000 shares to 18,130,000,000 shares divided into 12,130,000,000 common shares and 6,000,000,000 preferred shares.

On June 24, 2008, the SEC formally approved the Parent Company's application for further reduction and cancellation of authorized capital stock by 1,000,000,000 shares resulting in total authorized capital stock of 17,130,000,000 shares divided into 11,130,000,000 common shares and 6,000,000,000 preferred shares.

On July 9, 2009, the SEC approved the Parent Company's application for further reduction of authorized capital stock by 1,000,000,000 shares resulting in total authorized capital stock of 16,130,000,000 shares, divided into 10,130,000,000 common shares and 6,000,000,000 preferred shares.

On April 22, 2014, PLC filed with the SEC a Notice of Withdrawal of the Memorandum of Appeal filed on June 20, 2013 and proceeded to effect the cancellation of the remaining 1,000,000,000 shares to fully implement the Memorandum of Agreement (MOA) rescinding the Swap Agreement with Metroplex and LIR-HK.

On May 29, 2014, the SEC approved PLC's application for equity restructuring which included the following:

- Reduction in par value per share in par value per share from ₱16,130.0 million, divided into 10,130,000,000 common shares and 6,000,000,000 preferred shares both with the par value of ₱1.00 per share, to ₱4,032.5 million, divided into 10,130,000,000 common shares and 6,000,000,000 preferred shares both with a par value of ₱0.25 per share.

- Application of the resulting additional paid-in capital amounting to ₱2,614.5 million to partially wipe out the Parent Company's deficit of ₱3,543.4 million as at December 31, 2013.

On July 18, 2014, PLC's BOD and stockholders unanimously approved the amendment to the articles of incorporation for the increase in authorized capital stock from ₱4,032,500,000, divided into 10,130,000,000 common shares with par value of ₱0.25 per share and 6,000,000,000 preferred shares with par value of ₱0.25 per share, to ₱10,907,500,000, divided into 37,630,000,000 common shares with par value of ₱0.25 per share and 6,000,000,000 preferred shares with par value of ₱0.25 per share. The application for the increase in authorized capital stock was approved by the SEC on September 5, 2014.

Additional Paid-in Capital

Additional paid-in capital as at December 31, 2022 and 2021 consists of the following:

Subscriptions and/or issuances of shares	₱6,941,634,391
Business combination	297,087,533
	₱7,238,721,924

Additional paid-in capital arising from business combination pertains to the excess of consideration from the carrying values of net assets acquired from the step acquisition of POSC in 2015, which was accounted for as business combination under common control using pooling of interest method.

Treasury Stock

The BOD has authorized the buy-back of the Parent Company's common shares to enhance the shareholder value. The Parent Company is authorized to repurchase up to ₱500.0 million worth of common shares.

As at December 31, 2022 and 2021, 410,379,000 shares have been bought back by the Parent Company with a cost of ₱220.4 million. In 2020, the Parent Company bought back 382,000,000 shares with a cost of ₱191.0 million.

Parent Company Common Shares Held by a Subsidiary

POSC holds common shares of the Parent Company totaling 377,143,000 shares as at December 31, 2022 and 2021 with a cost of ₱509.6 million as at December 31, 2022 and 2021. These are presented as "Cost of Parent Company common shares held by a subsidiary" and is treated as a reduction in equity. Related other reserve amounted to ₱254.3 million as at December 31, 2022 and 2021.

Retained Earnings

On February 28, 2023, the Parent Company's BOD approved the declaration of cash dividends of ₱0.05024 per share amounting to approximately ₱1,568.3 million to shareholders of record as at March 15, 2023. Total dividends are inclusive of dividends payable to a subsidiary which holds Parent Company shares amounting to ₱18.9 million.

On April 18, 2022, the Parent Company's BOD approved the declaration of cash dividends of ₱0.05024 per share amounting to approximately ₱1,568.3 million to shareholders of record as at May 16, 2022. Total dividends are inclusive of dividends paid to a subsidiary which holds Parent Company shares amounting to ₱18.9 million.

On April 14, 2021, the Parent Company's BOD approved the declaration of cash dividends of ₱0.04075 per share amounting to approximately ₱1,272.1 million to shareholders of record as at April 28, 2021. Total dividends are inclusive of dividends paid to subsidiary which holds Parent Company shares amounting to ₱15.4 million.

On February 21, 2020, the Parent Company's BOD approved the declaration of cash dividends of ₱0.05024 per share amounting to approximately ₱1,568.3 million to shareholders of record as at March 6, 2020. Total dividends are inclusive of dividends paid to subsidiary which holds Parent Company shares amounting to ₱18.9 million.

The consolidated retained earnings as at December 31, 2022 and 2021 includes the accumulated earnings of the subsidiaries which are not currently available for dividend declaration unless declared by the subsidiaries of the Parent Company. The Parent Company's retained earnings available for dividend declaration, computed based on the regulatory requirements of SEC amounted to ₱2,633.0 million and ₱2,687.5 million as at December 31, 2022 and 2021, respectively.

Other Equity Reserves

Details of other equity reserves shown in the consolidated statements of financial position follows:

	2022	2021
Cumulative unrealized valuation losses on financial asset at FVOCI	**(₱464,506,680)**	(₱606,037,992)
Cumulative remeasurement gains on net retirement liability	**11,518,526**	9,309,174
Other reserves	**(254,319,697)**	(254,319,697)
	(₱707,307,851)	(₱851,048,515)

19. Cost of Services

This account consists of:

	Note	**2022**	2021	2020
Amortization of intangible asset	10	**₱238,472,484**	₱238,472,484	₱238,472,484
Online lottery system expenses		**102,829,369**	112,725,047	225,685,647
Software and license fees		**60,508,456**	54,498,348	40,565,718
Communication		**43,522,403**	59,064,228	74,763,898
Depreciation and amortization	13	**29,217,792**	137,888,867	97,892,775
Payroll and related expenses		**12,207,289**	11,919,159	35,630,729
Rental, utilities and supplies		**8,584,463**	10,027,692	27,990,035
Others		**8,304,662**	8,141,497	1,367,772
		₱503,646,918	₱632,737,322	₱742,369,058

20. **General and Administrative Expenses**

This account consists of:

	Note	2022	2021	2020
Provisions		**₱187,363,193**	₱–	₱625,298,413
Transportation and travel		**68,096,691**	83,235,532	89,630,415
Outside services		**62,805,069**	67,772,459	70,101,954
Salaries, wages and benefits		**42,568,378**	63,431,441	74,107,138
Professional, service and management fees		**20,921,858**	12,648,620	15,093,380
Pre-operating expenses		**13,993,257**	48,630,295	–
Marketing, advertising and promotion		**12,036,387**	96,000	229,029
Taxes and licenses		**6,563,665**	22,463,644	23,229,561
Rental and utilities		**5,812,273**	3,602,109	9,584,270
Depreciation and amortization	13	**4,555,079**	10,500,695	15,584,315
Insurance		**2,556,769**	2,892,686	4,056,583
Communication		**2,508,353**	3,919,796	4,558,347
Representation and entertainment		**2,473,236**	1,533,387	5,116,544
Placement and listing fee		**1,374,499**	1,419,490	1,844,432
Repairs and maintenance		**1,251,808**	2,174,642	1,688,333
Miscellaneous		**4,081,192**	6,851,129	15,359,549
		₱438,961,707	₱331,171,925	₱955,482,263

Provisions represent estimated probable losses arising in the normal course of business in 2022 (see Note 16). In 2020, provisions pertain to impairment losses on goodwill, receivables, spare parts and supplies, contract asset, ROU assets and CWT (see Notes 8, 9, 15, 24 and 28).

Pre-operating expenses of PinoyLotto is as follows:

	2022	2021	2020
Professional fees	**₱6,221,510**	₱–	₱–
Bank charges	**3,266,241**	–	–
Taxes and licenses	**2,740,990**	–	–
Rent and utilities	**920,890**	–	–
Entertainment and representation	**398,094**	–	–
Pre-operating expenses	**–**	48,630,295	–
Others	**445,532**	–	–
	₱13,993,257	₱48,630,295	₱–

Pre-operating expenses pertain to cost to obtain contract.

21. **Other Income (Charges)** - Net

This account consists of:

	Note	2022	2021	2020
Sale of scrap items		**₱2,892,120**	₱–	₱–
Service income (expense)		**2,035,056**	490,728	(1,132,202)
Foreign exchange gain (loss)		**(1,830,662)**	745,079	(949,730)
Gain from disposal of net assets of subsidiaries	14	**542,645**	–	70,338,145
Gain on sale of property and equipment	13	**395,719**	175,500	15,850
Mark-to-market loss on investments held for trading	6	**(371,193)**	(23,622,906)	(6,195,655)
Reversal of provisions	16	**–**	281,316,859	756,115,335
Reversal of allowance for impairment of contract asset	28	**–**	26,000,000	–
Gain on termination of lease	24	**–**	–	1,165,723
Others		**2,866,188**	1,344,672	1,981,705
		₱6,529,873	₱286,449,932	₱821,339,171

Others mainly consist of miscellaneous income, bank charges and seller's prize from winning tickets exceeding ₱10,000.

22. **Income Taxes**

Current income tax expense pertains to RCIT.

The components of the net deferred tax assets of the Group are as follows:

	2022	2021
Items recognized in profit or loss		
Deferred tax assets:		
Retirement liability	**₱5,703,653**	₱8,136,166
Unamortized past service costs	**331,820**	2,271,666
Unrealized foreign exchange loss	**125,761**	–
NOLCO	**–**	32,966,294
	6,161,234	43,374,126
Deferred tax liabilities:		
Contract asset	**(1,000,000)**	(17,579,771)
Excess payment over lease related expenses	**(99,271)**	(70,700)
Unrealized foreign exchange gain	**–**	(204,491)
	(1,099,271)	(17,854,962)
	5,061,963	25,519,164
Items recognized in OCI		
Cumulative remeasurement gains on retirement liability	**(5,593,115)**	(4,120,509)
Net deferred tax assets (liabilities)	**(₱531,152)**	₱21,398,655

Unrecognized deferred tax assets pertain to the following:

	2022	2021
Allowance for impairment losses on receivables	**₱171,959,192**	₱106,922,735
NOLCO	**369,810**	84,583,966
	₱172,329,002	₱191,506,701

The foregoing deferred tax assets were not recognized since management believes that it has no sufficient taxable income against which the deductible temporary differences and the carryforward benefits of these assets can be utilized in the future.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied	Expired	Ending Balance	Valid Until
2022	₱–	₱16,436,829	₱–	₱–	₱16,436,829	2025
2021	53,848,887	–	–	–	₱53,848,887	2026
2020	187,338,965	–	(143,634,179)	–	43,704,786	2025
2019	190,988,252	–	(131,865,178)	(59,123,074)	–	2022
	₱432,176,104	₱16,436,829	(₱275,499,357)	(₱59,123,074)	₱113,990,502	

The reconciliation between the provision for income tax computed at statutory tax rate and the provision for (benefit from) income tax shown in the consolidated statement of comprehensive income is as follows:

	2022	2021	2020
Income tax at statutory income tax rate	**₱387,174,694**	₱296,040,438	₱103,488,629
Income tax effects of:			
Income not subject to income tax	**(383,096,549)**	(373,605,131)	(204,561,845)
Nondeductible expenses	**66,096,064**	61,268,235	84,546,809
Change in unrecognized deferred tax assets	**(25,754,850)**	69,194,594	2,881,247
Effect in beginning balance due to change in tax rate	**–**	12,608,916	**–**
Income subjected to final tax	**(9,341,875)**	(4,289,206)	(13,808,746)
Expired NOLCO	**6,942**	34,494	29,380
Reversal of deferred tax assets	**–**	–	24,367,842
	₱35,084,426	₱61,252,340	(₱3,056,684)

Pursuant to Presidential Decree No. 1869, *Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, relative to the Franchise and Powers of the PAGCOR*, as amended by RA No. 9487, *PAGCOR Charter*, co-licensee's share from gaming revenue is subject to 5% franchise tax in lieu of all taxes. Accordingly, PLAI's gaming revenue share is not subjected to income tax.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act or RA No. 11534 was signed into law on March 26, 2021 and took effect on April 11, 2021 which reduced the corporate income tax rate from 30% to 25% and 20% and minimum corporate income tax rate from 2% to 1% starting July 1, 2020.

The effect of the reduction of tax rates were applied in the 2021 deferred tax expense, as required by PAS 12, *Income Taxes*. Details of adjustments are as follows:

Deferred tax expense	₱37,525,416
Effect of change in tax rate	12,608,916
Adjusted deferred tax expense	₱50,134,332

23. Related Party Transactions and Balances

Related parties are enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, and subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD. In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with Related Parties

In the ordinary course of business, the Group has the following transactions with related parties.

Related Party	Note	Nature of Transactions	Year	Transactions for the Year	Outstanding Balance of Assets (Liabilities)	Terms and Conditions
Ultimate Parent Company	7	Notes receivable	**2022**	**₱–**	**₱3,705,925,000**	Unsecured and bearing interest rates ranging 2.42% to 4.73% and 2.91% to 3.16% in 2022 and 2021, respectively (4.11% to 5.06% in 2020)
			2021	–	3,705,925,000	
			2020	–	3,705,925,000	
	11	Financial assets at FVOCI	**2022**	**89,995,050**	**121,985,018**	
			2021	–	226,978,226	
			2020	–	284,972,730	
	7	Interest income	**2022**	**125,333,368**	**–**	Unsecured and noninterest-bearing, 30 days
			2021	112,356,539	–	
			2020	166,344,251	–	
	20	Service fee	**2022**	**54,000,000**	**–**	Unsecured and noninterest-bearing, 30 days
			2021	54,000,000	–	
			2020	54,000,000	–	
Affiliate		Rent	**2022**	**13,500,000**	**–**	Unsecured and noninterest-bearing, 30 days
			2021	–	–	
			2020	4,500,000	–	

As at December 31, 2022 and 2021, PLC has a Service Agreement with Belle wherein the latter shall provide services to support the operations of the casino license from PAGCOR. Belle shall likewise provide sufficient personnel and other resources for accounting and administrative functions. Management and service fees amounting to ₱54.0 million in 2022, 2021 (and 2020) were presented as part of "Outside services" under general and administrative expenses in the consolidated statements of comprehensive income.

The outstanding balances at year-end are due on demand. There have been no guarantees provided or received for any related party receivables or payables and settlements occur in cash.

Compensation of key management personnel of the Group are as follows:

	2022	2021	2020
Short-term employee benefits	**₱21,526,866**	₱35,999,293	₱32,503,805
Retirement benefits costs	**3,997,315**	2,395,949	3,581,139
	₱25,524,181	₱38,395,242	₱36,084,944

24. **Lease**

Group as Lessor

POSC leases online lotto equipment and accessories to PCSO for a period of one year until July 31, 2021 as provided in the 2020 Amended ELA. The ELA has several extensions until May 2023 (see Note 28).

Rental payments are based on a percentage of gross amount of lotto ticket sales from the operation of all POSC's lotto terminals. Equipment rental income amounted to ₱512.7 million and ₱390.8 million in 2022 and 2021, respectively (₱245.9 million in 2020) (see Note 28).

TGTI leases "Online KENO" equipment and accessories to PCSO for a period of 10 years from the time the ELA will run in commercial operations. In 2021, the ELA was extended on a month-to-month basis not exceeding 1 year, commencing from April 1, 2021 and not exceeding April 1, 2022. The ELA expired and was not renewed in 2022. Rental payment by PCSO is based on certain percentage of gross amount of "Online KENO" games from the operation of all TGTI's KENO terminals. Equipment rental income amounted to ₱6.3 million and ₱35.6 million in 2022 and 2021, respectively (₱47.2 million in 2020) (see Note 28).

Group as Lessee

The Group leases office space, and warehouses. The leases typically run for a period of two to five years, with an option to renew the lease after date. Amounts recognized in the consolidated statements of comprehensive income follow:

	Note	**2022**	2021	2020
Rent expense		**₱12,592,852**	₱14,851,199	₱22,988,476
Amortization on ROU assets	13	**4,645,028**	10,899,532	23,729,153
Interest expense on lease liabilities		**220,505**	642,417	2,442,430
Impairment loss of ROU assets	20	**–**	–	9,324,857
Gain on termination of lease	21	**–**	–	(1,165,723)
		₱17,458,385	₱26,393,148	₱57,319,193

In 2020, PLC and SM Arena Complex Corporation, an affiliate, agreed to terminate the original term of the lease of corporate suites. Gain on termination of leases recognized under "Other income (expense)" account amounted to ₱1.2 million (see Note 21).

Interest expense on lease liabilities is recognized under "Finance cost" account in the consolidated statements of comprehensive income. In 2020, finance cost also includes interest on fully paid loan amounting to ₱4.4 million. The unsecured loan amounting to 150.0 million was availed in 2019 and was fully paid in 2020.

Rent expense in 2022, 2021 (and 2020) pertains to low-value asset leases on storage and short-term leases on warehouses.

The movements in the ROU assets are presented below:

	Note	**2022**	2021
Balance at beginning of year		**₱6,672,570**	₱10,119,536
Amortization	13	**(4,645,028)**	(10,899,532)
Modification		**(212,143)**	–
Addition		**–**	8,926,056
Pre-termination		**–**	(1,473,490)
Balance at end of year		**₱1,815,399**	₱6,672,570

The movements in the lease liabilities are presented below:

	2022	2021
Balance at beginning of year	**₱6,872,952**	₱11,605,367
Payments	**(4,989,872)**	(12,827,398)
Interest expense	**220,505**	642,417
Modification	**(212,143)**	–
Addition	**–**	8,926,056
Pre-termination	**–**	(1,473,490)
Balance at end of year	**1,891,442**	6,872,952
Current portion	**1,891,442**	4,886,938
Noncurrent portion	**₱–**	₱1,986,014

Refundable deposits amounted to ₱2.8 million and ₱3.7 million as at December 31, 2022 and 2021, respectively (see Note 9). An amount of ₱1.8 million was impaired pertaining to the pre-termination of ROU assets in 2020.

The future minimum lease payments under noncancellable leases are as follows:

	2022	2021
Within one year	**₱1,916,339**	₱5,124,015
After one year but not more than five years	**–**	2,012,156
	₱1,916,339	₱7,136,171

25. Basic/Diluted Earnings per Common Share

As at December 31, 2022, 2021 and 2020, the basic/diluted earnings per share were computed as follows:

	2022	2021	2020
Earnings attributable to Equity holders of the Parent (a)	**₱1,159,554,790**	₱1,193,902,616	₱517,573,391
Number of issued common shares at beginning of year	**31,627,310,000**	31,627,310,000	31,627,310,000
Number of Parent Company common shares held by a subsidiary at beginning of year	**(377,143,000)**	(377,143,000)	(377,143,000)
Weighted average number of treasury stock	**(410,379,000)**	(410,379,000)	(378,545,667)
Weighted average number of issued common shares - basic, at end of year (b)	**30,839,788,000**	30,839,788,000	30,871,621,333
Basic/diluted EPS (a/b)	**₱0.0376**	₱0.0387	₱0.0168

26. Financial Instruments

Financial Risk Management Objectives and Policies

The financial instruments mainly comprise cash and cash equivalents, notes receivables, receivables, contract asset, guarantee deposits (presented as part of “Other currents assets”), advances to contractors and refundable deposits (presented as part of “Other noncurrent assets, investments held for trading, financial assets at FVOCI, trade and other current liabilities (excluding provisions, unearned income and statutory payables), lease liabilities and loan payable. The main purpose of these financial instruments is to finance the Group’s projects and operations.

The BOD has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management policies are established to identify and manage the Group’s exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group’s activities.

It is the Group’s policy that no trading of financial instruments should be undertaken by the Group.

The main risks arising from the financial instruments are credit risk, equity price risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks.

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, notes receivables, receivables, contract asset, guarantee deposits (presented as part of “Other currents assets”), advances to contractors and refundable deposits (presented as part of “Other noncurrent assets, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

	2022						
	Neither Past Due nor Impaired	**Past Due but not Impaired**					
		Less than 30 Days	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Impaired**	**Total**
Cash and cash equivalents*	**₱1,778,068,579**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,778,068,579**
Notes receivable	**3,705,925,000**	**–**	**–**	**–**	**–**	**–**	**3,705,925,000**
Receivables	**212,568,231**	**–**	**–**	**–**	**–**	**543,515,942**	**756,084,173**
Contract asset	**4,000,000**	**–**	**–**	**–**	**–**	**–**	**4,000,000**
Guarantee deposits**	**14,500,000**	**–**	**–**	**–**	**–**	**–**	**14,500,000**
Advances to contractors***	**139,738,757**	**–**	**–**	**–**	**–**	**–**	**139,738,757**
Refundable deposits***	**2,769,769**	**–**	**–**	**–**	**–**	**–**	**2,769,769**
	₱5,857,570,336	**₱–**	**₱–**	**₱–**	**₱–**	**₱543,515,942**	**₱6,401,086,278**

**Excluding cash on hand.*
***Presented under "Other current assets" account in the consolidated statements of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*

	2021						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱1,660,389,063	₱–	₱–	₱–	₱–	₱–	₱1,660,389,063
Notes receivable	3,705,925,000	–	–	–	–	–	3,705,925,000
Receivables	277,787,614	–	–	–	–	543,515,942	821,303,556
Contract asset	70,319,085	–	–	–	–	–	70,319,085
Guarantee deposits**	14,500,000	–	–	–	–	–	14,500,000
Advances to contractors***	139,738,757	–	–	–	–	–	139,738,757
Refundable deposits***	3,706,928	–	–	–	–	–	3,706,928
	₱5,872,366,447	₱–	₱–	₱–	₱–	₱543,515,942	₱6,415,882,389

**Excluding cash on hand.*
***Presented under "Other current assets" account in the consolidated statements of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*

Financial assets are considered past due when collections are not received on due date.

<u>Credit Quality of Financial Assets</u>
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	2022			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
High Grade				
Cash and cash equivalents*	**₱1,778,068,579**	**₱–**	**₱–**	**₱1,778,068,579**
Notes receivable	**3,705,925,000**	**–**	**–**	**3,705,925,000**
Receivables	**212,568,231**	**–**	**–**	**212,568,231**
Contract asset	**4,000,000**	**–**	**–**	**4,000,000**
Guarantee deposit**	**14,500,000**	**–**	**–**	**14,500,000**
Advances to contractors**	**139,738,757**	**–**	**–**	**139,738,757**
Refundable deposits**	**2,769,769**	**–**	**–**	**2,769,769**
Substandard Grade				
Receivables	**–**	**–**	**543,515,942**	**543,515,942**
Gross Carrying Amount	**₱5,857,570,336**	**₱–**	**₱543,515,942**	**₱6,401,086,278**

**Excluding cash on hand.*
***Presented under "Other current assets" account in the consolidated statements of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*

	2021			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High Grade				
Cash and cash equivalents*	₱1,660,389,063	₱–	₱–	₱1,660,389,063
Notes receivable	3,705,925,000	–	–	3,705,925,000
Receivables	277,787,614	–	–	277,787,614
Contract asset	70,319,085	–	–	70,319,085
Guarantee deposits**	14,500,000	–	–	14,500,000
Advances to contractors**	139,738,757	–	–	139,738,757
Refundable deposits**	3,706,928	–	–	3,706,928
Substandard Grade				
Receivables	–	–	543,515,942	543,515,942
Gross Carrying Amount	₱5,872,366,447	₱–	₱543,515,942	₱6,415,882,389

**Excluding cash on hand.*
***Presented under "Other current assets" account in the consolidated statements of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*

High grade financial assets consist of receivables, which are normally settled by the counterparty following the terms. Standard grade financial assets consist of receivables from its counterparties with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

ECL for trade receivables and contract asset is based on simplified approach which requires a lifetime ECL computation.

Other financial assets at amortized cost consist mostly of cash and cash equivalents, notes receivables, other receivables, guarantee deposit, advances to contractors and refundable deposits. It is the Company's policy to measure ECL on the foregoing instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Cash and cash equivalents are deposited and invested with the top ten banks in the Philippines and are considered low risk credit investments.

Notes receivables have low credit risk, since the related parties with whom the Group has transacted with are not expected to default in settling its obligations with respect to these financial assets. Hence, these financial assets are considered high grade.

For guarantee deposits, advances to contractors and refundable deposits, credit risk is low since the parties are not expected to default in settling its obligations and the Group only transacted with reputable companies with respect to these financial assets.

Receivables with high probability of delinquency and default were provided with allowance for impairment losses.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's Investments held for trading. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2022 and 2021 consolidated total comprehensive income before income tax:

Increase (Decrease) in Equity Price	**2022**	2021
Impact in profit or loss		
5%	**₱3,634,123**	₱3,652,682
(5%)	**(3,634,123)**	(3,652,682)
Impact in other comprehensive income		
1%	**6,867,312**	7,211,671
(1%)	**(6,867,312)**	(7,211,671)

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The table also analyzes the maturity profile of the Group's financial liabilities in order to provide a complete view of the Group's contractual commitments and liquidity.

	2022				
	Less than 3 months	**3-6 months**	**6-12 months**	**More than 12 months**	**Total**
Trade and other current liabilities*	**₱98,733,852**	**₱–**	**₱–**	**₱58,832,186**	**₱157,566,038**
Loan payable	**–**	**–**	**–**	**67,500,000**	**67,500,000**
Lease liabilities**	**1,149,804**	**766,536**	**–**	**–**	**1,916,340**
	₱99,883,656	**₱766,536**	**₱–**	**₱126,332,186**	**₱226,982,378**

** Excluding provisions, unearned income and statutory payables*
***Based on undiscounted payments*

	2021				
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade and other current liabilities*	₱243,895,297	₱48,156,775	₱7,087,656	₱26,345,063	₱325,484,791
Lease liabilities**	–	–	5,124,015	2,012,156	7,136,171
	₱243,895,297	₱48,156,775	₱12,211,671	₱28,357,219	₱332,620,962

** Excluding provisions, unearned income and statutory payables*
***Based on undiscounted payments*

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

As at December 31, 2022 and 2021, foreign currency-denominated financial assets and financial liability in US dollars, translated into Philippine peso at the closing rate are as follows:

	2022		2021	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Cash	**$1,962,785**	**₱109,435,082**	$209,028	₱10,679,109
Software license fee payable*	**(838,192)**	**(46,733,405)**	(733,127)	(37,455,466)
Foreign currency-denominated financial assets (liabilities)	**$1,124,593**	**₱62,701,677**	($524,099)	(₱26,776,357)

**Presented under "Trade and other current liabilities" account in the consolidated statements of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱55.76 to US$1.0 and ₱51.09 to US$1.0, as at December 31, 2022 and 2021, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before tax as at December 31, 2022 and 2021. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	2022		2021	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
Change in US$ rate	**5%**	**(5%)**	5%	(5%)
Effect on income before income tax	**₱3,135,084**	**(₱3,135,084)**	(₱1,338,810)	₱1,338,810

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2022 and 2021.

The Group considers the total equity attributable to the equity holders of the Parent as its capital amounting to ₱15,754.1 million and ₱16,130.8 million as at December 31, 2022 and 2021, respectively.

The Group is not subject to any externally imposed capital requirements.

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At FVPL				
Investments held for trading	**₱72,682,452**	**₱72,682,452**	₱73,053,645	₱73,053,645
At FVOCI				
Financial assets at FVOCI	**686,731,218**	**686,731,218**	721,167,064	721,167,064
	759,413,670	**759,413,670**	794,220,709	794,220,709
Financial Liabilities				
Loan Payable	**₱67,500,000**	**₱66,538,186**	₱–	₱–

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of financial assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss. The fair value measurement of financial assets at FVPL and FVOCI is classified as Level 1.

Loan Payable. The fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments. Discount rate used in 2022 is 5.78%. The fair value measurement of loan payable is classified as Level 2.

The carrying values of the following financial instruments approximate their fair values:

	2022	2021
Financial Assets at Amortized Cost:		
Cash and cash equivalents	**₱1,778,570,078**	₱1,660,934,194
Notes receivable	**3,705,925,000**	3,705,925,000
Receivables	**212,568,227**	277,787,614
Contract asset	**4,000,000**	70,319,085
Guarantee deposits*	**14,500,000**	14,500,000
Advances to contractors**	**139,738,757**	139,738,757
Refundable deposits**	**2,769,770**	3,706,928
	₱5,858,071,832	₱5,872,911,578
Financial Liabilities at Amortized Cost:		
Trade and other current liabilities***	**₱157,592,988**	₱325,484,791

**Presented under "Other current assets" account in the consolidated statements of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statements of financial position.*
**** Excluding provisions, unearned income and statutory payables*

Cash and Cash Equivalents, Notes Receivables, Receivables, Contract Asset, Trade and Other Current Liabilities (excluding provisions, unearned income and statutory payables). The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Refundable Deposits and Guarantee deposits. The carrying value of refundable deposits and guaranteed deposit approximates fair value as at December 31, 2022 and 2021 due to unavailability of information as to the repayment date that would provide reasonable basis for the fair value measurement.

The Group has no financial liabilities measured at fair value as at December 31, 2022 and 2021. There were no transfers between fair value measurements in 2022 and 2021.

27. Segment Information

The primary segment reporting format is presented based on business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

As at December 31, 2022 and 2021, the Group is organized into five business segments, namely: investment holding, real estate, public amusement and recreation, gaming business and lottery equipment, leasing and others.

	2022						
	Investment Holding	**Real Estate**	**Public Amusement and Recreation**	**Gaming Business**	**Lottery Equipment, Leasing and Others**	**Eliminations/ Adjustments**	**Consolidated**
Earnings Information							
Revenue:							
External	**₱–**	**₱–**	**₱–**	**₱1,560,845,412**	**₱519,051,226**	**₱–**	**₱2,079,896,638**
Internal	**1,470,000,000**	**–**	**–**	**–**	**–**	**(1,470,000,000)**	**–**
Cost and expenses, excluding depreciation and amortization	**(81,127,817)**	**(84,997)**	**(11,064,390)**	**(278,521,322)**	**(309,537,374)**	**–**	**(680,335,900)**
Interest income	**133,667,401**	**1,144**	**429**	**9,647,317**	**437,289**	**–**	**143,753,580**
Finance cost	**–**	**–**	**–**	**–**	**(282,677)**	**–**	**(282,677)**
Dividend income	**–**	**–**	**–**	**–**	**18,947,664**	**(18,947,664)**	**–**
Depreciation and amortization	**(3,408)**	**–**	**–**	**(41,148)**	**(33,721,116)**	**(238,472,484)**	**(272,238,156)**
Other income	**–**	**–**	**–**	**–**	**20,238,389**	**–**	**20,238,389**
Provision for income tax	**(11,050,536)**	**–**	**–**	**–**	**(24,033,890)**	**–**	**(35,084,426)**
Net income (loss) for the year	**1,511,485,640**	**(83,853)**	**(11,063,961)**	**1,291,930,259**	**191,099,511**	**(1,727,420,148)**	**1,255,947,448**
Other Information							
Investments held for trading and financial assets at FVOCI	**128,066,117**	**–**	**558,665,100**	**–**	**179,142,925**	**(179,142,925)**	**686,731,217**
Total assets	**18,501,651,876**	**742,284**	**562,599,137**	**1,872,561,006**	**1,115,957,434**	**(5,067,606,203)**	**16,985,905,534**
Total liabilities	**1,561,499,122**	**260,486,957**	**470,841,157**	**578,145,573**	**179,852,114**	**(2,234,303,195)**	**816,521,728**
Goodwill	**–**	**–**	**–**	**–**	**926,007,748**	**–**	**926,007,748**
Earnings before income taxes, depreciation and amortization (EBITDA)	**–**	**–**	**–**	**–**	**–**	**–**	**1,553,341,918**

	2021						
	Investment Holding	Real Estate	Public Amusement and Recreation	Gaming Business	Lottery Equipment, Leasing and Others	Eliminations/ Adjustments	Consolidated
Earnings Information							
Revenue:							
External	₱–	₱–	₱–	₱1,300,291,468	₱426,345,611	₱–	₱1,726,637,079
Internal	1,310,000,000	–	–	–	–	(1,310,000,000)	–
Cost and expenses, excluding depreciation and amortization	(67,881,097)	(10,602)	(1,303,346)	(113,171,225)	(395,672,297)	–	(578,038,567)
Interest income	123,651,297	–	94	5,739,835	122,135	–	129,513,361
Finance cost	–	–	–	–	(748,897)	–	(748,897)
Dividend income	–	–	–	–	15,368,577	(15,368,577)	-
Depreciation and amortization	(3,408)	–	–	(16,577)	(148,369,578)	(238,472,484)	(386,862,047)
Other income	–	–	–	281,316,859	12,343,963	–	293,660,822
Provision for income tax	(11,118,009)	–	–	–	(50,134,332)	–	(61,252,341)
Net income (loss) for the year	1,354,648,783	(10,602)	(1,303,252)	1,474,160,360	(140,744,818)	(1,563,841,061)	1,122,909,410
Other Information							
Investments held for trading and financial assets at FVOCI	140,964,275	–	490,207,738	–	252,166,540	(162,171,490)	721,167,063
Total assets	18,571,506,860	753,908	505,050,728	1,966,091,492	855,156,901	(4,813,663,677)	17,084,896,212
Total liabilities	1,561,602,974	260,458,760	470,686,149	493,606,318	135,857,937	(2,235,848,623)	686,363,515
Goodwill	–	–	–	–	926,007,748	–	926,007,748
Earnings before income taxes, depreciation and amortization (EBITDA)	–	–	–	–	–	–	1,279,103,240

28. Significant Contracts and Commitments

Operating Agreement with Melco

On March 13, 2013, Belle, together with PLAI, entered into an Operating Agreement with MPHIL Holdings No. 2 Corporation, MPHIL Holdings No. 1 Corporation and Melco. Under the terms of the Operating Agreement, Melco was appointed as the operator and manager of the casino development project.

The Operating Agreement shall be in full force and effect for the period of the PAGCOR License, unless terminated earlier in accordance with the agreements among the parties.

Pursuant to this agreement, the PLAI shares from the performance of the casino gaming operations.

PLAI's gaming revenue share is determined in accordance with PLAI's operating agreement with Melco as follows:

	2022	2021	2020
Gaming revenue share - gross	**₱1,973,905,543**	₱2,040,109,900	₱1,017,666,745
Less PAGCOR license fee paid by Melco	**413,060,131**	739,818,432	382,449,357
Gaming revenue share - net	**₱1,560,845,412**	₱1,300,291,468	₱635,217,388

Unearned income amounted ₱215.2 million and ₱320.2 million as at December 31, 2022 and 2021, respectively (see Note 16).

Agreements with PCSO

POSC. POSC has an ELA with the PCSO for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment of PCSO. This also includes the supply of betting slips and ticket paper rolls.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, the Parent Company was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. As at December 31, 2022 and 2021, the total guarantee deposits, included under "Other current assets" in the consolidated statements of financial position, amounted to ₱12.0 million (see Note 9).

Since July 31, 2019, the ELA has been extended several times up to May 31, 2023 to allow PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, until a new lottery system is fully realized and to ensure unhampered and uninterrupted operations of the online lottery and to avoid the loss of funds to PCSO.

On September 9, 2020, the term of the ELA was extended on a month-to-month basis effective August 1, 2020 but not to exceed one year, commensurate to the necessity and immediacy to complete the bidding process of the new lottery system. POSC undertakes not to pull-out the lottery terminals until after the 7th month after the expiration of the ELA.

The rental fee, presented as "Equipment rental" in the consolidated statements of comprehensive income, is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMIN operations. The number of installed lotto terminals totaled 3,605 and 3,129 as at December 31, 2021 and 2020. POSC's rental income amounted to ₱512.7 million and ₱390.8 million in 2022 and 2021, respectively (₱245.9 million in 2020) (see Note 24).

TGTI. TGTI has an ELA with PCSO which provides for the lease of the equipment for PCSO's Online KENO games. This covers PCSO's online keno lottery operations. The lease includes online keno equipment and accessories. The rental fee, presented as "Equipment rental" in the consolidated statements of comprehensive income, is based on a percentage of the gross sales of the "Online KENO" terminals. The ELA may be extended and/or renewed upon the mutual consent of the parties.

Since December 11, 2020, the ELA had several extensions up to April 1, 2022 when the ELA expired and was not renewed.

TGTI is required to post a cash bond and performance security bond with an aggregate amount of ₱2.5 million. The guarantee deposit is included under "Other current assets" in the consolidated statements of financial position (see Note 9).

The number of installed online KENO terminals totaled 57 and 569 as at December 31, 2022 and 2021, respectively. TGTI's revenue from equipment rental amounted to ₱6.3 million and ₱35.6 million in 2022 and 2021, respectively (₱47.2 million in 2020) (see Note 24).

Brand and Trademark Agreement with PMLC

In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with PMLC granting the latter a non-assignable, non-transferable and exclusive right to use POSC's instant scratch tickets' brand and trademarks. The agreement has an initial term of five (5) years effective on January 1, 2018, subject to adjustment to conform to and coincide with the term of the PMLC's agreement with PCSO for the supply and distribution of its instant scratch tickets. In consideration of the BTLA, PMLC agreed to pay POSC a guaranteed fixed monthly fee of ₱4.0 million starting January 2018. The agreement with PMLC was accounted for as sale of right to use the brand and trademark. POSC already transferred the control over the brand and trademark to PMLC on January 1, 2018 and there are no other performance obligation to be provided to PMLC.

In 2020, management recognized an impairment loss of ₱26.0 million on contract asset because of the delays on the payment of accrued license fees equivalent to the months when the PCSO games were suspended. These were subsequently reversed in 2021 when payments were received (see Notes 20 and 21).

Accreted interest income amounted to ₱3.7 million and ₱6.1 million in 2022 and 2021, respectively (₱5.6 million in 2020) (see Note 5). Contract asset was recognized for the earned consideration but not yet collected. As at December 31, 2022 and 2021, contract asset amounted to ₱4.0 million and ₱70.3 million, respectively.

Contracts with Scientific Games and Intralot and Management Agreement

Scientific Games. As at December 31, 2022 and 2021, POSC has a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the supply of Visayas-Mindanao Online Lottery System. In consideration, POSC shall pay Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operation using the computer hardware and operating system provided by Scientific Games. The contract shall continue as long as the POSC's ELA with PCSO is in effect.

In 2021, the contract with Scientific Games was extended until July 31, 2022.

In 2022, the contract with Scientific Games was extended until December 31, 2022.

Intralot. As at December 31, 2022 and 2021, POSC and TGTI have contracts with Intralot Inc., a company subsidiary domiciled in Atlanta, Georgia, for the supply of hardware, operating system software and terminals and the required training required to operate the system. In consideration, POSC and TGTI shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations. The Contract shall continue as long as POSC's and TGTI's ELA with PCSO are in effect.

The contract with POSC was extended until December 31, 2022 while the contract with TGTI was no longer renewed when TGTI's ELA with PCSO expired on April 1, 2022.

Software and license fee recognized amounted to ₱60.5 million and ₱54.5 million in 2022 and 2021, respectively (₱40.6 million in 2020) (see Note 19). Software and license fees payable, included under "Trade and other current liabilities" account, amounted to ₱22.6 million and ₱18.2 million as at December 31 2022 and 2021, respectively (see Note 16).

29. Supplemental Schedule of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	1/1/2022	**Additions (Reversals)**	**Finance Costs**	**Cash Flows**	**12/31/2022**
Lease liabilities	**₱6,872,952**	**(₱212,143)**	**₱220,505**	**(₱4,989,872)**	**₱1,891,442**
Dividends payables	**–**	**1,549,390,949**	**–**	**(1,549,390,949)**	**–**
Loans payable	**–**	**67,500,000**	**–**	**–**	**67,500,000**
Total liabilities from financing activities	**₱6,872,952**	**₱1,616,678,806**	**₱220,505**	**(₱1,554,380,821)**	**₱69,391,442**

	1/1/2021	Additions (Reversals)	Finance Costs	Cash Flows	12/31/2021
Lease liabilities	₱11,605,367	₱7,452,566	₱642,417	(₱12,827,398)	₱6,872,952
Dividends payables	–	1,256,721,361	–	(1,256,721,361)	–
Total liabilities from financing activities	₱11,605,367	₱1,264,173,927	₱642,417	(₱1,269,548,759)	₱6,872,952

	1/1/2020	Additions (Reversals)	Finance Costs	Cash Flows	12/31/2020
Lease liabilities	₱91,607,328	(₱32,235,765)	₱2,442,430	(₱50,208,626)	₱11,605,367
Dividends payables	–	1,549,390,949	–	(1,549,390,949)	–
Treasury stock	(29,430,080)	–	–	(191,000,000)	(220,430,080)
Loans payables	150,000,000	–	–	(150,000,000)	–
Interest payables	–	–	4,358,053	(4,358,053)	–
Total liabilities from financing activities	₱212,177,248	₱1,517,155,184	₱6,800,483	(₱1,944,957,628)	(₱208,824,713)

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Premium Leisure Corp. and Subsidiaries
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, 1300 Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Premium Leisure Corp. and Subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated February 28, 2023. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2022
- Schedules required by Annex 68-J as at December 31, 2022
- Conglomerate Map as at December 31, 2022
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2022 and 2021

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of 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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

The 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. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No.
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

PREMIUM LEISURE CORP. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 and 2021

Ratio	Formula	2022	2021
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		
	Total Current Assets	**₱5,987,327,952**	₱6,002,149,366
	Divide by: Total Current Liabilities	**730,587,574**	653,483,170
	Current Ratio	**8.20**	9.18
Acid Test Ratio	**Quick assets (Total Current Assets lessInventories and Other Current Assets) divided by Total Current Liabilities**		
	Total Current Assets	**₱5,987,327,952**	₱6,002,149,366
	Other Current Assets	**213,582,191**	214,129,828
	Quick Assets	**6,200,910,143**	6,216,279,194
	Divide by: Total Current Liabilities	**730,587,574**	653,483,170
	Acid Test Ratio	**8.49**	9.51
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		
	Total interest-bearing debt	**₱67,500,000**	₱–
	Total Equity	**16,169,383,810**	16,398,532,697
	Debt to Equity Ratio	**0.42%**	–
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		
	Total Assets	**₱16,985,905,538**	₱17,084,896,212
	Total Equity	**16,169,383,810**	16,398,532,697
	Asset to Equity Ratio	**1.05**	1.04
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		
	Net Income Before Income Tax	**₱1,291,031,874**	₱1,184,161,750
	Less: Interest income	**(147,434,493)**	(135,626,403)

Ratio	Formula	2022	2021
	Add: Interest Expense	**220,505**	642,417
	Earnings Before Interest and Taxes	**1,143,817,886**	1,049,177,764
	Divide by: Interest Expense	**220,505**	642,417
	Interest Rate Coverage Ratio	**5,187.27**	1,633.17
Return on Equity	**Net Income divided by Average Total Equity**		
	Net Income	**₱1,255,947,448**	₱1,122,909,410
	Average Total Equity	**16,283,958,254**	16,478,059,923
	Return on Equity	**7.71%**	6.81%
Return on Assets	**Net Income divided by Average Total Assets**		
	Net Income	**₱1,255,947,448**	₱1,122,909,410
	Average Total Assets	**17,035,400,875**	17,438,955,138
	Return on Assets	**7.37%**	6.44%
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		
	Net Income	**₱1,255,947,448**	₱1,122,909,410
	Add: Non-Cash Expenses	**468,781,971**	355,729,134
	Net Income Before Non-Cash Expenses	**1,724,729,419**	1,478,638,544
	Total Liabilities	**816,521,728**	686,363,515
	Solvency Ratio	**2.11**	2.15
Net Profit Margin	**Net Income divided by Total Revenue**		
	Net Income	**₱1,255,947,448**	₱1,122,909,410
	Total Revenue	**2,079,896,638**	1,726,637,079
	Net Profit Margin	**60.39%**	65.03%

PREMIUM LEISURE CORP. AND SUBSIDIARIES

PARENT COMPANY'S RECONCILIATON OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Retained earnings available for dividend distribution as at beginning of year	₱2,910,249,059
Net income during the year closed to retained earnings	1,511,485,640
Less: Dividend declarations during the year	(1,568,338,613)
Treasury stock	(220,430,080)
Total retained earnings available for dividend declaration as at end of year	₱2,632,966,006

PREMIUM LEISURE CORP. AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF REVISED SRC RULE 68
DECEMBER 31, 2022

Table of Contents

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Financial Assets at Fair Value through Profit or Loss				
APC Goup, Inc.	45,821,000	9,439,126	9,439,126	–
Leisure and Resorts World Corporation	10,724,792	25,846,749	25,846,749	–
Vantage Equities, Inc.	43,376,750	36,002,702	36,002,702	–
Share warrants	500,000	1,393,875	1,393,875	
		72,682,452	72,682,452	–
Financial Assets at Fair Value through Other Comprehensive Income				
Black Spade Acquisition Co	1,000,000	558,665,100	558,665,100	–
Belle Corporation	99,987,719	121,985,018	121,985,018	–
Tagaytay Highlands International Golf Club, Inc.	2	3,000,000	3,000,000	–
Tagaytay Midlands Golf Club Inc.	2	3,000,000	3,000,000	–
APC Group, Inc.		11,100	–	–
PLDT Inc.		70,000	–	–
		686,731,218	686,650,118	–
		₱759,413,670	**₱759,332,570**	**₱–**

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at end of period
Advances to officers and employees	₱1,867,609	₱–	(₱1,336,348)	₱–	₱531,261	₱–	₱531,261

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial statements

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
Foundation Capital Resources, Inc. (Subsidiary)	₱6,824,938	₱–	₱–	₱–	₱–	₱6,824,938	₱6,824,938
Premium Leisure Corp. (Parent)	1,403,000,000	–	(1,155,937)	–	–	1,401,844,063	1,401,844,063
	₱1,409,824,938	₱–	(₱1,155,937)	₱–	₱–	₱1,408,669,001	₱1,408,669,001

Schedule D. Long-term debt

(In Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
Loan Payable			
Unionbank of the Philippines	₱135,000	₱–	₱67,500

Schedule G. Capital Stock

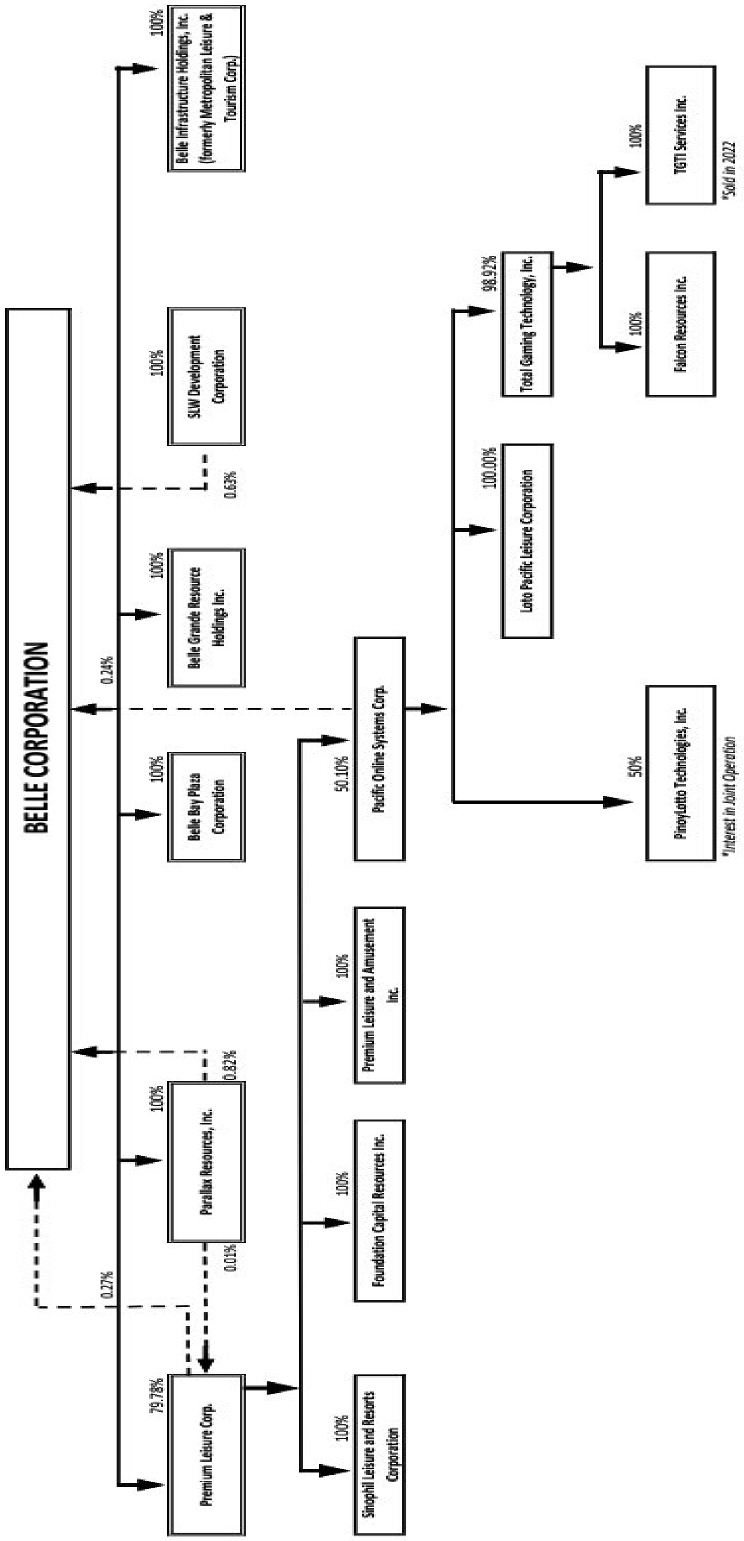
Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	37,630,000,000	31,216,931,000*	–	24,904,904,324	44,439,004	6,267,587,672
Preferred Stock	6,000,000,000	–	–	–	–	–

* Net of 410,379,000 treasury shares

PREMIUM LEISURE CORP. AND SUBSIDIARIES

Map of the Relationship of the Companies within the Group

December 31, 2022



Annex A

MINUTES OF THE ANNUAL MEETING OF THE
STOCKHOLDERS OF

PREMIUM LEISURE CORP.

On 28 April 2022
(via Remote Communication)

DIRECTORS PRESENT:

WILLY N. OCIER	Chairman of the Board Chairman, Executive Committee
ARMIN ANTONIO B. RAQUEL SANTOS	President and Chief Executive Officer Member, Executive Committee Member, Compensation & Remuneration Committee
EXEQUIEL P. VILLACORTA, JR.	Member, Audit Committee Member, Risk Oversight Committee Member, Executive Committee
JUAN VICTOR S. TANJUATCO	Independent Director Chairman, Corporate Governance Committee Chairman, Compensation & Remuneration Committee Member, Audit Committee Member, Related Party Transactions Committee
JAIME J. BAUTISTA	Independent Director Chairman, Risk Oversight Committee Member, Audit Committee Member, Related Party Transactions Committee Member, Corporate Governance Committee
MARIA GRACIA M. PULIDO TAN	Independent Director Chairperson, Audit Committee Member, Risk Oversight Committee Member, Corporate Governance Committee
JERRY C. TIU	Independent Director Chairman, Related Party Transactions Committee Member, Risk Oversight Committee

Member, Compensation & Remuneration Committee

ALSO PRESENT:

ELMER B. SERRANO	Corporate Secretary
JACKSON T. ONGSIP	Chief Financial Officer and Treasurer
ARTHUR A. SY	Assistant Corporate Secretary
PHIL IVAN A. CHAN	Assistant Corporate Secretary

Stockholders present in person or represented by proxy	27,767,609,795 shares (Please see Record of Attendance here attached as **Annex A**)

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1. Call to Order

The meeting opened with an invocation followed by the Philippine National Anthem. The host then acknowledged the presence of directors and key officers of **Premium Leisure Corp.** (the **Company**).

Mr. Willy N. Ocier, Chairman of the Board, welcomed stockholders and guests to the 2021 Annual Stockholders' Meeting of the Company, streaming live via Zoom Webinar. The Chairman thanked the stockholders for joining the meeting.

The Chairman then called the meeting to order. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of meeting.

2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify to the posting and publication and existence of a quorum.

The Corporate Secretary certified that, in compliance with the rules issued by the Securities and Exchange Commission, notice of the meeting, the Definitive Information Statement, along with the Company's "Guidelines for Participation via Remote Communication and Voting *in Absentia*" were uploaded via PSE EDGE and posted on the Company's website on 29 March 2022. Further, the Corporate Secretary certified that the same notice of meeting was published in the following newspapers of general circulation, both in print and online formats on 30 March 2022 and 31 March 2022 at the Business Sections of BusinessWorld and Daily Tribune.

The Corporate Secretary also certified that based on record of attendance, stockholders attending by proxy and stockholders who have registered to remotely join the virtual meeting represent 27,767,609,795 common shares, representing 88.95% of the issued and outstanding capital stock of the Company as of record date of 21 March 2022. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary also informed participants that the meeting will be recorded.

3. Approval of Minutes of the Annual Stockholders' Meeting held on 25 June 2021

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the annual meeting of stockholders held on 25 June 2021. A copy of the minutes was posted on the Company's website soon after last year's annual meeting adjourned. The minutes have also been appended to the Definitive Information Statement for this meeting.

The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

The Corporate Secretary then presented the tabulation of votes for the approval of the minutes:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
27,767,609,796	**88.94%**	0	Nil	0	Nil

With the above votes in favor, the following resolution was passed and adopted:

> "**RESOLVED**, that the minutes of the annual meeting of stockholders held on 25 June 2021 are approved."

4. Approval of 2021 Operations and Results

The Chairman then requested Mr. Armin Antonio B. Raquel-Santos, President and Chief Executive Officer, to render his report on the results of operations for 2021. Mr. Raquel-Santos reported as follows:

> "Good morning and thank you for joining Premium Leisure Corp.'s (PLC) 2022 Annual Stockholders' Meeting.

PLC recovered significantly in 2021 with our top line and bottom line numbers up year on year. Our Company achieved Php1,7 billion in consolidated revenues, up by Php763.0 million or 79% from 2020. Our rebound in revenues was primarily due to more robust economic activities in 2021 despite the continuing effects of the COVID-19 pandemic to the Philippines and the rest of the world.

Because of the easing of restrictions and gradual economic re-opening, the gaming revenue share of our wholly owned subsidiary PremiumLeisure and Amusement Inc. (PLAI) increased by 105% to Php1.3 billion from Php635 million in 2020, while Pacific Online Systems Corporation's (Pacific Online) equipment lease rental income and commission and distribution were higher by 30% to Php426 million from Php328 million in 2020.

Our streamlining measures across the Group resulted in the decrease of costs and expenses by Php734 million or 43% for the period as part of our pandemic response.

The combination of better revenues and lower costs allowed PLC to post Php1.12 billion in net income for 2021, increasing by more than 200% over our 2020 net income of Php324 million.

Furthermore, our Operating EBITDA for 2021 is at Php1 billion, a turnaround from a negative EBITDA of Php496 million in 2020.

Last year, we continued to collaborate with our partner in City of Dreams Manila, Melco Resorts and Entertainment (Philippines) Corporation, in bringing our business back towards profitability amid the lockdowns and operational limitations while ensuring the continued safety and protection of all our stakeholders.

Meanwhile, on September 6, 2021, our majority owned subsidiary Pacific Online won the bid for the Philippine Charity Sweepstakes Office's Customized Lottery System in partnership with Philippine Gaming Management Corporation and International Lottery & Totalizator Systems, Inc. Pacific Online holds a 50% stake in the joint venture incorporated as PinoyLotto Technologies Corp. or PinoyLotto. With our renewed partnership with the PCSO, PinoyLotto will be a steady source of recurring income, thereby benefiting PLC stockholders in the years to come.

As the pandemic continues to affect the gaming and entertainment industry, PLC is focused on streamlining operations, prudent financial management and finding investment opportunities to improve profitability, continue paying out dividends and enhance shareholder value.

We are affirming our commitment to responsible corporate citizenship through the Melco Resorts (Philippines) Foundation Corporation, the charitable arm of City of Dreams Manila, and Belle Kaagapay in doing good and giving back to our host communities.

The Foundation funded and built a state-of-the-art Presidential Security Group Station Hospital, a project of the Department of National Defense and the PSG with the support of PAGCOR, which was inaugurated on November 10, 2021 by President Rodrigo Duterte.

On behalf of Premium Leisure Corp., we wish to express our gratitude to our Board of Directors for their leadership and wisdom, to our hard working and dedicated employees for their passion and excellence, and to our valued shareholders for your loyalty and unwavering trust. With your help, together with our many stakeholders, we will pursue our goal to become a truly sustainable company.

We highly appreciate your support. Thank you. Good morning."

After the report, the Chairman thanked Mr. Raquel-Santos for his report and asked the Corporate Secretary to announce the results of voting. The Corporate Secretary presented the tabulation of votes:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
27,767,609,796	**88.94%**	0	Nil	0	Nil

With the above votes in favor, the following resolution was passed and adopted:

"**RESOLVED**, that the 2021 Annual Report and the 2021 Audited Financial Statements are approved."

5. Approval and Ratification of the Acts of the Board of Directors and Management

The next item in the agenda is the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by the Board of Directors and carried out by Management during their term, or from the date of the last annual stockholders' meeting up to this meeting. These corporate acts are detailed in the Definitive Information Statement provided to all stockholders of record.

The Corporate Secretary presented the tabulation of votes:

In Favor		**Against**		**Abstain**	
No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock	No. of Shares	% of Voting Outstanding Capital Stock
27,767,609,796	**88.95%**	0	Nil	0	Nil

With the above votes in favor of approval, the following resolution was passed and adopted:

> "**RESOLVED**, that the acts of the Board of Directors and Management during their term or from the date of the last annual stockholders' meeting up to this meeting are ratified and approved."

6. Election of Directors for 2022-2023

The next item in the agenda is the election of directors for the year 2022-2023. The Chairman requested Mr. Juan Victor S. Tanjuatco, Chairman of the Corporate Governance Committee, to present the nominees to the Board.

Mr. Tanjuatco stated that the Corporate Governance Committee has pre-screened and short-listed candidates qualified to be elected to the Board of Directors. He then announced the names of the following nominees to the Board for 2022-2023:

Mr. Willy N. Ocier
Mr. Armin Antonio B. Raquel Santos
Mr. Exequiel P. Villacorta, Jr.

<u>Independent Directors</u>

Mr. Juan Victor S. Tanjuatco
Mr. Jaime J. Bautista
Atty. Maria Gracia M. Pulido Tan
Mr. Jerry C. Tiu

The Corporate secretary thereafter presented the number of votes garnered by each of the nominees:

Nominee	No. of Votes
Willy N. Ocier	27,767,609,796
Armin Antonio B. Raquel Santos	27,767,609,796
Exequiel P. Villacorta, Jr.	27,767,609,796
Juan Victor S. Tanjuatco	27,767,609,796
Jerry C. Tiu	27,767,609,796
Maria Gracia M. Pulido Tan	27,767,609,796
Jaime J. Bautista	27,767,609,796

The Corporate Secretary then announced that since there are only seven (7) nominees and with the votes received, all nominees have obtained sufficient votes for election. The following resolution was therefore passed and adopted:

> "**RESOLVED**, that following are elected to the Board of Directors of Premium Leisure Corp. for 2022-2023, to serve as such directors until their successors have been duly qualified and elected:
>
> Mr. Willy N. Ocier
> Mr. Armin Antonio B. Raquel Santos
> Mr. Exequiel P. Villacorta, Jr.
>
> Independent Directors
>
> Mr. Juan Victor S. Tanjuatco
> Mr. Jaime J. Bautista
> Atty. Maria Gracia M. Pulido Tan
> Mr. Jerry C. Tiu"

7. Appointment of External Auditor

The next item in the agenda is the appointment of the Company's external auditor for 2022. The Chairman informed the stockholders that the Audit Committee processed and screened the nominees for external auditor and recommended, as confirmed by the Board of Directors, the appointment of Reyes Tacandong & Co. as external auditor for 2022.

The Corporate Secretary then announced the results of voting:

In Favor		Against		Abstain	
No. of Shares	% of Voting Outstanding	No. of Shares	% of Voting Outstanding	No. of Shares	% of Voting Outstanding

	Capital Stock		Capital Stock		Capital Stock
27,767,609,796	**88.95%**	0	Nil	0	Nil

With the above votes in favor of approval, the following resolution was passed and adopted:

> "**RESOLVED**, that the appointment of Reyes Tacandong & Co. as external auditor for 2022 is approved."

8. Open Forum

The Chairman then proceeded with the Question and Answer portion of the meeting. He explained that all stockholders of record were allowed to submit questions in advance via email to plccorsec@premiumleisurecorp.com, and through the chat box of the meeting livestream. He explained that the Company will endeavor to answer questions not addressed during the meeting via email. The Chairman thanked the stockholders for sending their questions and comments.

The Chairman requested the host to read some of the questions received from the stockholders.

The host began reading questions. The first question was sent by email, which reads, "*What caused the increased profitability in 2021?*"

Mr. Raquel Santos answered that this is due to our continued partnership with our operator, Melco Resorts and Entertainment (Philippines), relaxation of community quarantines and our strict adherence to Covid19 protocols.

Since 2020, we have put in place streamlining measures thereby decreasing our expenses, and the exercise of fiscal prudence which resulted to our healthy balance sheet and substantial retained earnings.

The host then read the next and final question which was sent via email. The question reads, "*With the Company's subsidiary winning the New Lottery System, what should we as shareholders expect hereon?*"

Mr. Raquel Santos responded that as mentioned in his President's Report earlier, the JV partnership among Pacific Online, PGPC and ILTS will give a steady cash flow to Pacific Online, which ultimately will benefit all PLC shareholders.

The Chairman thanked the host for reading the questions.

9. Other Matters

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

10. Adjournment

There being no further business to transact, the Chairman thanked everyone who joined the meeting wished everyone good health. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:

ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

WILLY N. OCIER
Chairman

Premium Leisure Corp.
Annual Stockholders' Meeting
28 April 2022, 10:00 a.m.

Record of Attendance

Total number of voting shares outstanding	31,216,931,000
Total number of shares present by proxy	-
Total number of shares participating remotely	-
Total number of shares represented	27,767,609,796
Attendance percentage	**88.95%**

Annex B

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Maria Gracia M. Pulido-Tan**, Filipino, of legal age 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 (ID) of **Premium Leisure Corp.** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Belle Corporation	Independent Director	June 2021 to present
Pacific Online Systems Corporation	Independent Director	May 2021 to present
Justice George A. Malcolm Foundation, Inc.	Trustee	2019 to present
Trifels, Inc.	Director	May 2016 to present
Construction Industry Arbitration Commission	Arbitrator	2016 to present
Philippine Dispute Resolution Center, Inc.	Arbitrator	2020 to present
Philippine Judicial Academy	Member, Tax Faculty	
University of the Philippines College of Law	Professorial Lecturer, Mandatory Continuing Legal Education	On call

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an ID in the

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an ID in the Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, 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 (5) days from its occurrence.

Done, this _ day of 17 FEB 2023, at Pasig City.

Maria Gracia M. Pulido-Tan

SUBSCRIBED AND SWORN to before me this _ day of 17 FEB 2023 at Pasig City, affiant personally appeared before me and exhibited to me her Tax Identification Number (TIN) Card with TIN [redacted]

Doc. No. 206;
Page No. 43;
Book No. I;
Series of 2023

RVillangca
ROGERSON V. VILLANGCA
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 216 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9084905 / 01.04.23 / Pasig
IBP No. 260917 / 01.05.23 / RSM
Roll of Attorneys No. 80672
Admitted to the Bar on 20 May 2022

Annex C

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Roberto V. Antonio**, Filipino, of legal age 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 **Premium Leisure Corp.** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Pacific Online Systems Corporation	Independent Director	September 2022 to Present
Development Bank of the Philippines	Board Member	September 2022 to Present
Kalimera, Inc.	President	June 12 2010 to Present
RVA and Sons, Inc.	President	April 23 1997 to Present
RVA International Trading Corporation	President	June 12 1994 to Present
La Salle Greenhills Foundation	President	Year 2003 to Present
Right Eight Security Agency, Inc.	Vice Chairman	January 31 2001 to Present
Mustang Holdings, Inc.	Consultant	January 3 2022 to Present
La Salle Greenhills Alumni	Board Member	Year 2003 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
-not applicable-		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
-not applicable-		

6. I have the required permission from Mr. Michael O. De Jesus, President and CEO of Development Bank of the Philippines, to be an independent director in Premium Leisure Corp. pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, 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 (5) days from its occurrence.

Done, this ___ day of MAR 2023, at PASIG CITY.

Roberto V. Antonio

SUBSCRIBED AND SWORN to before me this 2_ day of MAR 2023 at PASIG CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with [redacted]

Doc. No. 393;
Page No. 80;
Book No. 1;
Series of 2023;

ROBERTO ROLANDO L. GEOTINA
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 215 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004906/01.04.23/Pasig City
IBP No. 260919/01.05.23/RSM
Roll of Attorneys No. 78571
Admitted to the Bar on 13 May 2022

Annex D

DEVELOPMENT BANK OF THE PHILIPPINES
Head Office: Sen Gil J. Puyat Avenue corner
Makati Avenue, Makati City, Philippines

March 01 2023

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village
Barangay Bel-Air, Makati City

Attention : **Ms. Rachel Esther J. Gumtang-Remalante**
Director
Corporate Governance and Finance Department

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Marketsand Securities Regulation Department

Re : Consent Pursuant to Section 12, Rule XVIII of the Revised Civil Service Rules and OP Memorandum Circular No. 17

Gentlemen:

The undersigned, on behalf of the Development Bank of the Philippines (DBP), a government-owned and controlled corporation, confirms that **Mr. Roberto V. Antonio**, a member of the DBP Board of Directors, is permitted to be nominated and elected as Independent Director of **Premium Leisure Corp.**, a publicly-listed private corporation.

This letter of consent is issued pursuant toSection 12, Rule XVIII of the Revised Civil Service Rules and Office of the President Memorandum Circular No. 17.

Thank you.

Very truly yours,

MICHAEL O. DE JESUS
President & Chief Executive Officer

cc: **Mr. Willy N. Ocier**
Chairman & President
Pacific Online Systems Corporation

Annex E

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Jerry C. Tiu**, Filipino, of legal age 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 (ID) of **Premium Leisure Corp.** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
APC Group, Inc.	Independent Director	July 22, 2021 to present
Tagaytay Highlands Community Condominium Association, Inc.	Director President	August 9, 2001 to present August 25, 2001 to present
Tagaytay Midlands Community Homeowners' Association, Inc.	Director President	September 3, 2002 to present June 28, 2008 to present
Greenlands Community Homeowners' Association, Inc.	Director Chairman President	April 26, 2006 to present December 12, 2014 to June 24, 2017 September 20, 2006 to December 12, 2014 Sept. 20, 2006 to present
Tagaytay Highlands International Golf Club, Inc.	Director President	December 22, 1999 to present June 28, 2001 to present
The Country Club at Tagaytay Highlands, Inc.	Director President	December 22, 1999 to present November 21, 2001 to present
Tagaytay Midlands Golf Club, Inc.	Director President	April 12, 2000 to present November 21, 2001 to present
The Spa & Lodge at Tagaytay Highlands, Inc.	Director and President	August 16, 2001 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. I am not in government service/affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, 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 (5) days from its occurrence.

Done, this 28 day of FEB 2023, at PASIG CITY.

Jerry C. Tiu

SUBSCRIBED AND SWORN to before me this 28 day of FEB 2023 at PASIG CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN [redacted]

Doc. No. 488;
Page No. 99;
Book No. 1;
Series of 2023

PAT T. GUZMAN, JR.
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 212 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004907 / 01.04.23 / Pasig
IBP No. 262535 / 01.03.23 / RSM
Roll of Attorneys No. 77106
Admitted to the Bar: 05.06.22

Annex F

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Laurito E. Serrano**, Filipino, of legal age 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 **Premium Leisure Corp.** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Anglo-Philippine Holdings, Inc.	Independent Director	July 2021- present
2GO Group, Inc.	Independent Director	April 2017-present
Rizal Commercial Banking Corporation	Independent Director	March 2019-present
Axelum Resources Corp.	Independent Director	April 2017-present
MRT Development Corporation	Director	July 2013-present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
-not applicable-		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
-not applicable-		

6. I am not in government service/affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, 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 (5) days from its occurrence.

Done, this 28 FEB day of 2023, at PASIG CITY.

Laurito E. Serrano

SUBSCRIBED AND SWORN to before me this 28 FEB 2023 day of ______ at PASIG CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with [redacted]

Doc. No. 490;
Page No. 99;
Book No. 1;
Series of 2023;

PAT T. GUZMAN, JR.
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 212 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004907 / 01.04.23 / Pasig
IBP No. 262535 / 01.03.23 / RSM
Roll of Attorneys No. 77106
Admitted to the Bar: 05.06.22

Republic of the Philippines)
Taguig City)S.S.

CERTIFICATION

I, **Elmer B. Serrano**, of legal age, Filipino citizen, with office address at 1105, Tower 2 High Street South Corporate Plaza, 11th Avenue cor. 26th Street, BGC, Taguig City, after being duly sworn in accordance with law, certify that:

1. I am the Corporate Secretary of **PREMIUM LEISURE CORP.** (the **Corporation**), a corporation duly organized and existing under the laws of the Philippines, with offices at the 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Philippines;

2. Except for Mr. Roberto V. Antonio who has secured the necessary consent from the Development Bank of the Philippines (DBP) in relation to his position as Independent Director of DBP (*the DBP consent is attached for reference*), no other director or officer of the Corporation is connected with any government agencies or instrumentalities; and

3. The foregoing is in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this MAR 03 2023 at Taguig City.

ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 03 2023 in Taguig City, affiant personally appeared and presented to me his Tax Identification Number [redacted].

Doc. No. 58;
Page No. 17;
Book No. II;
Series of 2023.

MELISSA JEAN G. HIPOLITO
Appointment No. 25 (2022-2023)
Notary Public for Taguig City
Until December 31, 2023
Attorney's Roll No. 70077
1105 Tower 2 High Street South Corporate Plaza
26th Street Bonifacio Global City, Taguig City
PTR No. 5675504; 01.04.23; Taguig City
IBP Receipt No. 266967; 01.04.23; Pampanga
MCLE Compliance No. VI-0019878; 4.14.22*
*until April 14, 2023, per Supreme Court En Banc Resolution dated February 15, 2022

Annex D

DEVELOPMENT BANK OF THE PHILIPPINES
Head Office: Sen Gil J. Puyat Avenue corner
Makati Avenue, Makati City, Philippines

March 01 2023

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village
Barangay Bel-Air, Makati City

Attention : **Ms. Rachel Esther J. Gumtang-Remalante**
Director
Corporate Governance and Finance Department

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Marketsand Securities Regulation Department

Re : Consent Pursuant to Section 12, Rule XVIII of the Revised Civil Service Rules and OP Memorandum Circular No. 17

Gentlemen:

The undersigned, on behalf of the Development Bank of the Philippines (DBP), a government-owned and controlled corporation, confirms that **Mr. Roberto V. Antonio**, a member of the DBP Board of Directors, is permitted to be nominated and elected as Independent Director of **Premium Leisure Corp.**, a publicly-listed private corporation.

This letter of consent is issued pursuant toSection 12, Rule XVIII of the Revised Civil Service Rules and Office of the President Memorandum Circular No. 17.

Thank you.

Very truly yours,

MICHAEL O. DE JESUS
President & Chief Executive Officer

cc: **Mr. Willy N. Ocier**
Chairman & President
Pacific Online Systems Corporation