

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Mar 31, 2023
2. SEC Identification Number
ASO93-7946
3. BIR Tax Identification No.
003-831-302-000
4. Exact name of issuer as specified in its charter
Alliance Global Group, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, E. Rodriguez Jr. Avenue,
Bagumbayan, Quezon City, Metro Manila, Philippines
Postal Code
1110
8. Issuer's telephone number, including area code
(632) 8709-2038 to 41
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	9,103,689,779
Treasury	1,166,138,200

11. 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; Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Alliance Global Group, Inc.

AGI

PSE Disclosure Form 17-2 - Quarterly Report

References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2023
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2023	Dec 31, 2022
Current Assets	381,432,767,705	375,183,024,896
Total Assets	756,418,999,995	748,020,150,617
Current Liabilities	172,263,341,343	158,523,139,611
Total Liabilities	382,952,215,375	382,052,038,281
Retained Earnings/(Deficit)	178,656,293,084	174,156,661,143
Stockholders' Equity	373,466,784,620	365,968,112,336
Stockholders' Equity - Parent	240,089,152,244	232,732,073,072
Book Value per Share	26.37	25.5

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	48,076,235,506	36,389,702,906	48,076,235,506	36,389,702,906
Gross Expense	38,184,695,683	28,779,472,467	38,184,695,683	28,779,472,467
Non-Operating Income	2,212,032,393	1,108,201,832	2,212,032,393	1,108,201,832
Non-Operating Expense	3,122,364,599	1,929,183,797	3,122,364,599	1,929,183,797
Income/(Loss) Before Tax	8,981,207,617	6,789,248,474	8,981,207,617	6,789,248,474
Income Tax Expense	1,855,591,283	1,439,527,016	1,855,591,283	1,439,527,016
Net Income/(Loss) After Tax	7,125,616,334	5,349,721,458	7,125,616,334	5,349,721,458
Net Income Attributable to Parent Equity Holder	4,678,486,991	3,887,055,483	4,678,486,991	3,887,055,483
Earnings/(Loss) Per Share (Basic)	0.52	0.42	0.52	0.42

Earnings/(Loss) Per Share (Diluted)	0.52	0.42	0.52	0.42
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	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	3.01	2.79
Earnings/(Loss) Per Share (Diluted)	3.01	2.79

Other Relevant Information
See attached SEC Form 17-Q.

Filed on behalf by:

Name	Alan Quintana
Designation	Corporate Secretary

COVER SHEET

SEC Registration Number

A S 0 9 3 - 7 9 4 6

COMPANY NAME

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

A N D S U B S I D I A R I E S

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

7 T H F L O O R , 1 8 8 0 E A S T W O O D

A V E N U E , E A S T W O O D C I T Y

C Y B E R P A R K ,

1 8 8 E . R O D R I G U E Z J R . A V E N U E ,

B A G U M B A Y A N , Q U E Z O N C I T Y

Form Type

1 7 - Q

(For March 31, 2023)

Department requiring the report

S E C

Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale

COMPANY INFORMATION

Company's Email Address

dinainting@allianceglobal.com.ph

Company's Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

No. of Stockholders

989

Annual Meeting
Month/Day

3rd Thursday of June

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

DINA INTING

Email Address

dinainting@allianceglobal.com.ph

Telephone Number/s

8709-2038 to 41

Mobile Number

N/A

Contact Person's Address

7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **March 31, 2023**
2. *SEC Identification Number* **AS093-7946**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. *(SEC Use Only)*
Industry classification code
7. **7thFloor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City**
Address of principal office
8. **(632) 870920-38 to -41**
Registrant's telephone number, including area code
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

<i>Title of Each Class</i>	<i>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</i>
Common	9,103,689,779 (net of 1,166,138,200 buyback shares held by AGI)
10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.*

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

PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Income
Consolidated Statements of Changes in Equity
Consolidated Statements of Cash Flows
Notes to Interim Consolidated Financial Statements
Schedule of Financial Soundness Indicators
Aging Schedule of Trade and Other Receivables Under Current Assets

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Financial Reporting Standards (“PFRS”) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as of and for the year ended December 31, 2022 (“ACFS”). The accounting policies and methods used in the ICFS are consistent with those applied in ACFS. The amendments to existing standards adopted by the Group effective January 1, 2023 do not have material impact on the Group’s ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

The ICFS comprise the financial statements of the Company and its subsidiaries, after elimination of material intercompany transactions. In addition, shares of stock of the Company acquired by any of these subsidiaries are recognized as treasury shares and presented at cost as part of Treasury Shares in the consolidated statements of changes in equity. Any changes in their market values as recognized separately by the subsidiaries are likewise eliminated in full. Gain or loss on the sale of these treasury shares is presented as addition to or deduction from additional paid-in capital.

Business Segments

The Group is organized into four major business segments, which aptly correspond to its operating subsidiaries, namely Megaworld, Emperador, Travellers or NWR (formerly known as RWM), and GADC, which in turn represent the main products and services provided by the Group and the lines of business in which the Group operates (real estate property development and leasing, manufacture and distribution of distilled spirits, leisure-entertainment and hospitality, and quick-service restaurants operations) (see Note 4 to the ICFS).

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

Please refer to Note 1 to the ICFS and ACFS for a comprehensive list of subsidiaries, associates and joint ventures.

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF INTERIM FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Key Performance Indicators – Top Five

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

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

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

Results of Operations – First Quarter 2023 vs 2022

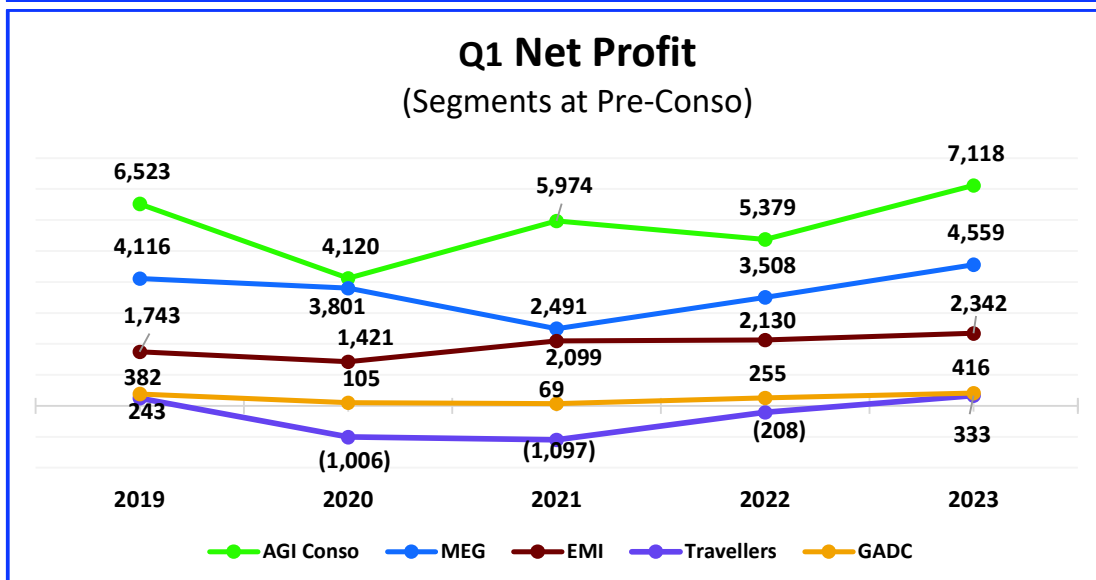
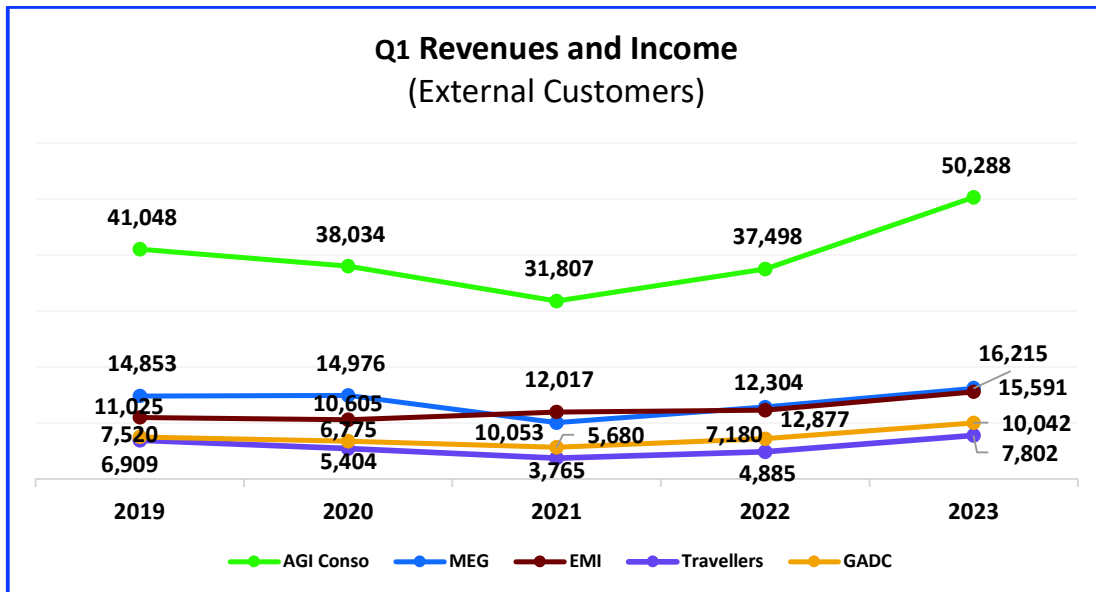
The **Philippine economy**¹ grew 6.4% in the first quarter (“Q1”) this year, slower than 7.1% in fourth quarter (“Q4”), yet beating market consensus and within the government target of 6% to 7% for 2023. Domestic economic activities continued to benefit from a better business environment under Alert Level 1² amid still high inflation³ and continued interest rate hikes. The

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

² Businesses and transportation are at full capacity under Alert Level 1 which started in March 2022 for Metro Manila and most parts of the country (only 26 areas are under Alert Level 2 as of April 30, 2023). The COVID-19 pandemic which broke out in 2020 put the world under a public health emergency of

lingering COVID-19 pandemic was seen subsiding and this allowed easing of mobility restrictions and resumption of travel that helped drive economic growth and the Group's businesses.

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



international concern that caused governments worldwide to impose, and re-impose, mobility and lockdown restrictions. As the pandemic situation improves due to vaccination, economic activities and travel resume.

On May 5, 2023, WHO declared that the pandemic is no longer a global health emergency, but the danger of the pandemic remains.

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

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

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

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

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

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

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

YoY to P39.6 billion.

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

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

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

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, opened the current year with Q1 revenues and income surging 26% YoY to P15.6 billion and NP jumping 10% YoY to P2.3 billion, buoyed by strong demand for its diversified Brandy and Scotch Whisky portfolio. Global business remained healthy during the quarter amid high inflation, rising interest rates, supply chain disruptions⁴ and logistic pressures. In the current quarter, the group achieved a 33% GPR compared to 32% a year ago as costs grew at a slower pace than revenues, mainly due to high-margin branded business. The group resumed advertising and promotional spending and physical meetings to end the quarter with NPR of 15% as compared to 17% a year ago.

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

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

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

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

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

operations required higher general and administrative expenses and interest costs, resulting in NPR of 4%.

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

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

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

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

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

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

By profit and loss accounts:

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

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

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

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

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

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

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

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

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

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

Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

Prospects for the future

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

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

Others

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

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

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

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

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

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

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

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

SIGNATURE

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

Alliance Global Group, Inc.

Issuer

By:



DINA D.R. INTING

Chief Financial Officer/

Corporate Information Officer/

(As Principal Financial/Accounting Officer)

May 15, 2023

Alliance Global Group, Inc. and Subsidiaries
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Schedule of Financial Soundness Indicators
Annex 68-E
As of March 31, 2023

Ratio	Formula	3/31/2023	12/31/2022
Current ratio	Current assets / Current liabilities	2.21	2.37
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	1.00	1.09
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.07	0.24
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds payable)	0.57	0.58
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.03	2.04
		3/31/2023	3/31/2022
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	4.28	4.92
Return on investment	Net profit / Total stockholders' equity	0.02	0.02
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.02	0.02
Return on assets	Net profit/ Total assets	0.009	0.01
Net profit margin	Net profit / Total revenues	0.14	0.14

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Philippine Pesos)

	March 31, 2023	December 31, 2022
	(UNAUDITED)	(AUDITED)
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 77,087,445,508	P 79,929,420,988
Trade and other receivables - net	80,046,383,955	78,381,241,085
Contract assets	14,614,302,288	13,613,227,726
Financial assets at fair value through profit or loss	15,011,993,526	14,962,280,499
Inventories - net	173,159,593,362	168,184,703,157
Other current assets	<u>20,536,384,091</u>	<u>19,150,406,701</u>
	380,456,102,730	374,221,280,156
Non-current assets classified as held for sale	<u>976,664,975</u>	<u>961,744,740</u>
	381,432,767,705	375,183,024,896
Total Current Assets	<u>381,432,767,705</u>	<u>375,183,024,896</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	21,560,401,301	22,030,887,658
Contract assets	5,949,427,458	6,006,696,047
Advances to landowners and joint operators	7,802,980,117	7,896,413,808
Financial assets at fair value through other comprehensive income	402,836,872	342,843,851
Investments in associates and joint ventures	6,562,880,188	6,441,645,845
Property, plant and equipment - net	148,848,502,227	148,458,368,969
Investment properties - net	131,360,159,350	129,355,913,097
Intangible assets - net	40,984,031,414	40,665,090,713
Deferred tax assets - net	5,073,718,057	5,062,963,643
Other non-current assets	<u>6,441,295,306</u>	<u>6,576,302,090</u>
	374,986,232,290	372,837,125,721
Total Non-current Assets	<u>374,986,232,290</u>	<u>372,837,125,721</u>
TOTAL ASSETS	<u>P 756,418,999,995</u>	<u>P 748,020,150,617</u>

	March 31, 2023	December 31, 2022
	(UNAUDITED)	(AUDITED)
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 84,802,200,821	P 84,620,688,818
Interest-bearing loans	35,466,191,171	32,504,240,444
Bonds payable	25,598,728,752	14,026,453,110
Lease liabilities	1,342,837,110	1,361,900,995
Contract liabilities	2,531,919,736	3,392,947,567
Income tax payable	2,526,300,537	2,299,470,084
Advances from other related parties	1,455,342,348	1,627,756,528
Other current liabilities	18,539,820,868	18,689,682,065
	<hr/>	<hr/>
Total Current Liabilities	172,263,341,343	158,523,139,611
NON-CURRENT LIABILITIES		
Interest-bearing loans	134,977,632,122	136,287,705,784
Bonds payable	18,663,549,050	31,212,622,400
Lease liabilities	16,191,057,327	16,405,976,571
Contract liabilities	5,631,262,885	4,853,473,963
Retirement benefit obligation	415,037,415	754,923,733
Redeemable preferred shares	1,574,159,348	1,537,091,539
Deferred tax liabilities - net	19,867,119,127	19,323,313,874
Other non-current liabilities	13,369,056,758	13,153,790,806
	<hr/>	<hr/>
Total Non-current Liabilities	210,688,874,032	223,528,898,670
	<hr/>	<hr/>
Total Liabilities	382,952,215,375	382,052,038,281
EQUITY		
Equity attributable to owners		
of the parent company	240,089,152,244	232,732,073,072
Non-controlling interest	133,377,632,376	133,236,039,264
	<hr/>	<hr/>
Total Equity	373,466,784,620	365,968,112,336
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	P 756,418,999,995	P 748,020,150,617
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See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	2023	2022
REVENUES AND INCOME		
Sale of goods	P 24,964,785,518	P 20,049,835,355
Rendering of services	23,111,449,988	16,339,867,551
Share in net profits of associates and joint ventures - net	70,354,394	-
Finance and other income	2,141,677,999	1,108,201,832
	50,288,267,899	37,497,904,738
COSTS AND EXPENSES		
Cost of goods sold	15,209,230,234	12,270,052,554
Cost of services	12,496,938,335	8,810,506,090
Other operating expenses	10,478,527,114	7,698,913,823
Share in net losses of associates and joint ventures - net	-	41,780,990
Finance costs and other charges	3,122,364,599	1,887,402,807
	41,307,060,282	30,708,656,264
PROFIT BEFORE TAX	8,981,207,617	6,789,248,474
TAX EXPENSE	1,855,591,283	1,439,527,016
NET PROFIT	7,125,616,334	5,349,721,458
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains on remeasurement of retirement benefit obligation	420,492,000	82,144,000
Net unrealized fair value gain on financial assets at fair value through other comprehensive income	78,626,001	98,942,238
Deferred tax expense relating to components of other comprehensive income (loss)	(105,123,000)	(20,536,000)
	393,995,001	160,550,238
Items that will be reclassified subsequently to profit or loss		
Translation adjustments	219,904,405	(215,622,500)
Net unrealized fair value gain (loss) on cash flow hedge	(3,393,012)	38,440,132
Deferred tax income (expense) relating to components of other comprehensive income (loss)	8,033,514	(6,379,793)
	224,544,907	(183,562,161)
TOTAL COMPREHENSIVE INCOME	P 7,744,156,242	P 5,326,709,535
Net profit attributable to:		
Owners of the parent company	P 4,678,486,991	P 3,887,055,483
Non-controlling interest	2,447,129,343	1,462,665,975
	P 7,125,616,334	P 5,349,721,458
Total comprehensive income attributable to:		
Owners of the parent company	P 5,046,328,372	P 3,807,732,574
Non-controlling interest	2,697,827,870	1,518,976,961
	P 7,744,156,242	P 5,326,709,535
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:		
Basic and Diluted	P 0.5230	P 0.4176

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company														
	Capital Stock	Additional Paid-in Capital	Treasury Shares – at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings			Total	Noncontrolling Interest	Total Equity
										Appropriated	Unappropriated	Total			
Balance at January 1, 2023	P 10,269,827,979	P 34,518,916,029	(P 14,411,741,336)	P 193,960,665	P 159,403,187	(P 6,250,765,182)	P 28,819,212	P 620,625,162	P 33,446,366,213	P 4,764,840,000	P 169,391,821,143	P 174,156,661,143	P 232,732,073,072	P 133,256,039,264	P 365,968,112,336
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	2,103,008,919	-	-	-	2,103,008,919	(2,327,094,163)	(224,085,244)
Acquisition of treasury shares	-	-	(284,700,211)	-	-	-	-	-	-	-	-	-	(284,700,211)	(284,700,211)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(233,048,712)	(233,048,712)	
Share-based compensation	-	-	(284,700,211)	-	-	-	-	-	2,103,008,919	-	-	-	-	3,908,117	
	-	-	(284,700,211)	-	-	-	-	-	2,103,008,919	-	-	-	1,818,308,708	(2,556,234,758)	(737,926,050)
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	671,297,142	-	(178,855,050)	(178,855,050)	492,442,092	-	492,442,092
Total comprehensive income (loss)	-	-	-	254,565,020	(6,097,856)	121,772,398	(2,398,181)	-	-	-	4,678,486,991	4,678,486,991	5,046,328,372	2,697,827,870	7,744,156,242
Balance at March 31, 2023	P 10,269,827,979	P 34,518,916,029	(P 14,696,441,547)	P 448,525,685	P 153,305,331	(P 6,128,992,784)	P 26,421,031	P 620,625,162	P 36,220,672,274	P 4,764,840,000	P 173,891,453,084	P 178,656,293,084	P 240,089,152,244	P 133,377,632,376	P 373,466,784,620
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,697,035	P 125,318,941,755	P 335,222,638,790
Transactions with owners:															
Change in percentage of ownership	-	-	-	-	-	-	-	-	580,566,734	-	-	-	580,566,734	(221,085,602)	359,481,132
Acquisition of treasury shares	-	-	(65,605,210)	-	-	-	-	-	-	-	-	-	(65,605,210)	(65,605,210)	
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	(382,152,125)	(382,152,125)	
Share-based compensation	-	-	(65,605,210)	-	-	-	-	-	-	-	-	-	-	3,172,554	
	-	-	(65,605,210)	-	-	-	-	-	580,566,734	-	-	-	514,961,524	(600,065,173)	(85,103,649)
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	(696,447)	-	-	-	(696,447)	-	(696,447)
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,168,340,000	(3,168,340,000)	-	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(3,168,340,000)	3,168,340,000	-	-	-	-
Total comprehensive income (loss)	-	-	-	57,478,473	176,040,610	(339,327,243)	26,485,251	-	-	-	3,887,055,483	3,887,055,483	3,807,732,574	1,518,976,961	5,326,709,535
Balance at March 31, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,581,953,262)	P 142,490,423	P 248,987,280	(P 4,375,788,558)	(P 8,123,016)	P 620,625,162	P 20,358,383,054	P 4,454,180,000	P 158,578,149,595	P 163,032,329,595	P 214,225,694,686	P 126,237,853,543	P 340,463,548,229

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 8,981,207,617	P	7,116,607,827
Adjustments for:			
Interest expense	2,736,993,060		1,729,973,217
Depreciation and amortization	2,552,898,010		2,677,793,795
Interest income	(966,498,027 )	(	573,185,482)
Unrealized foreign currency gains - net	(260,698,949 )	(	8,118,334)
Fair value losses (gains) on financial assets at fair value through profit or loss	(73,714,862)		1,352,055
Share in net losses (profits) of associates and joint ventures	(70,354,393)		41,780,990
Provisions	41,117,103		38,060,790
Reversal of impairment losses - net	(14,447,722 )	(	54,400,087)
Impairment loss on inventories	9,517,952		3,462,798
Dividend income	(7,017,624)	(-
Net loss on disposal of assets	6,835,344		24,737,456
Stock option benefit expense	3,908,117		3,172,554
Gain from derecognition of right-of-use assets and lease liabilities	-	(	4,187,084)
Gain from COVID-19-related rent concessions	-	(	466,777)
Operating profit before working capital changes	12,939,745,626		10,996,583,718
Decrease (increase) in trade and other receivables	(356,182,482)		4,621,306,768
Increase in inventories	(4,069,467,026 )	(	2,938,562,146)
Increase in contract assets	(943,805,973 )	(	629,817,035)
Decrease (increase) in financial assets at fair value through profit or loss	(69,758,824)		113,776,156
Decrease (increase) in advances to contractors and suppliers	93,433,691	(	237,269,308)
Increase in other current assets	(1,786,758,743 )	(	428,388,806)
Increase in trade and other payables	334,686,630		3,034,400,747
Increase (decrease) in contract liabilities	(83,238,909)		912,455,623
Decrease in retirement benefit obligation	(15,054,189 )	(	14,005,516)
Decrease in other current liabilities	(149,861,197 )	(	1,853,608,216)
Increase (decrease) in other non-current liabilities	409,565,952	(	818,940,962)
Cash generated from operations	6,303,304,556		12,757,931,023
Cash paid for taxes	(1,005,273,563 )	(	1,672,612,885)
Net Cash From Operating Activities	5,298,030,993		11,085,318,138
<i>Balance carried forward</i>	P 5,298,030,993	P	11,085,318,138

	<u>2023</u>	<u>2022</u>
<i>Balance brought forward</i>	P 5,298,030,993	P 11,085,318,138
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment properties	(2,820,588,923)	(1,968,203,801)
Property, plant and equipment	(2,316,218,775)	(4,171,312,188)
Intangible assets	(16,064,776)	(1,115,100)
Proceeds from:		
Collections of advances from associates and other related parties	126,531,185	-
Disposal of property, plant and equipment	104,547,309	4,522,619
Advances collected from related parties	51,723,977	265,577,434
Interest received	611,898,198	243,336,059
Additional advances granted to associates and other related parties	(472,647,139)	(588,676,944)
Decrease in other non-current assets	346,336,905	35,558,632
Cash dividends received	<u>7,017,624</u>	<u>-</u>
Net Cash Used in Investing Activities	(<u>4,377,464,415</u>)	(<u>6,180,313,289</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing loans and bonds	8,378,456,225	14,986,181,851
Payment of interest-bearing loans and bonds	(6,973,827,311)	(19,205,466,824)
Interest paid	(3,335,047,191)	(2,152,547,616)
Buyback of shares from non-controlling interest	(668,595,880)	(27,841,508)
Payment of lease liabilities	(473,364,798)	(296,106,716)
Acquisition of treasury shares	(284,700,211)	(65,605,210)
Dividends paid	(233,048,712)	(382,152,125)
Advances paid to related parties	<u>(172,414,180)</u>	<u>(356,539,095)</u>
Net Cash Used in Financing Activities	(<u>3,762,542,058</u>)	(<u>7,500,077,243</u>)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,841,975,480)	(2,595,072,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>79,929,420,988</u>	<u>82,278,122,850</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P <u>77,087,445,508</u>	P <u>79,683,050,456</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(With Comparative Figures as of December 31, 2022)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Alliance Global Group, Inc. (the “Company”, “Parent Company”, or “AGI”) was registered with the Philippine Securities and Exchange Commission (“SEC”) on October 12, 1993 and listed its shares in the Philippine Stock Exchange (“PSE”) on April 19, 1999.

Currently, AGI is one of the leading conglomerates in the Philippines, with interests in real estate property development, food and beverage, tourism-entertainment and gaming, and quick-service restaurant. Its fifth leg, the infrastructure, has not yet started operations. The Company and its subsidiaries, associates and joint ventures (collectively referred to as the “Group”) operate a diversified range of businesses that focus on developing products and services that generally cater to their target markets, under the following entities (see Note 4):

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	“Megaworld”	(a)	71%	70%
Megaworld Resort Estates, Inc.		(b)	85%	84%
Townsquare Development, Inc.			51%	51%
Golden Panda-ATI Realty Corporation			51%	51%
Arcovia Properties, Inc.			71%	70%
Belmont Newport Luxury Hotels, Inc.			71%	70%
Davao Park District Holdings Inc.			71%	70%
Eastwood Cyber One Corporation			71%	70%
Global One Hotel Group, Inc.			71%	70%
Global One Integrated Business Services, Inc.			71%	70%
Hotel Lucky Chinatown, Inc.			71%	70%
Landmark Seaside Properties, Inc.			71%	70%
Luxury Global Hotels and Leisures, Inc.			71%	70%
Luxury Global Malls, Inc.			71%	70%
Mactan Oceanview Properties and Holdings, Inc.			71%	70%
Megaworld Cayman Islands, Inc.		(c)	71%	70%
Megaworld Cebu Properties, Inc.			71%	70%
Megaworld Land, Inc.			71%	70%
Citywalk Building Administration, Inc.			71%	70%
Forbestown Commercial Center Administration, Inc.			71%	70%
Iloilo Center Mall Administration, Inc.			71%	70%
Newtown Commercial Center Administration, Inc.			71%	70%
Paseo Center Building Administration, Inc.			71%	70%
San Lorenzo Place Commercial Center Administration, Inc.			71%	70%
Southwoods Lifestyle Mall Management, Inc.			71%	70%
Cityfront Commercial Center Administration, Inc.			71%	70%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Megaworld and subsidiaries				
Uptown Commercial Center Administration, Inc.			71%	70%
Valley Peaks Property Management, Inc.			71%	70%
Megaworld Newport Property Holdings, Inc.			71%	70%
Oceantown Properties, Inc.			71%	70%
Piedmont Property Ventures, Inc.			71%	70%
Prestige Hotels and Resorts, Inc.			71%	70%
Richmonde Hotel Group International Ltd.		(d)	71%	70%
San Vicente Coast, Inc.			71%	70%
Savoy Hotel Manila, Inc.			71%	70%
Savoy Hotel Mactan, Inc.			71%	70%
Kingsford Hotel Manila, Inc.			71%	70%
Agile Digital Ventures, Inc.			71%	70%
MREIT Fund Managers, Inc.	“MFMP”	(n)	71%	70%
MREIT Property Managers, Inc.	“MPMI”	(n)	71%	70%
MREIT, Inc.	“MREIT”	(n)	47%	44%
Belmont Hotel Mactan, Inc.			71%	70%
Stonehaven Land, Inc.			71%	70%
Streamwood Property, Inc.			71%	70%
Megaworld Bacolod Properties, Inc.			65%	64%
Manila Bayshore Property Holdings, Inc.			68%	66%
Megaworld Capital Town, Inc.			54%	53%
Megaworld Central Properties, Inc.			54%	53%
Soho Cafe and Restaurant Group, Inc.			53%	52%
La Fuerza, Inc.			47%	46%
Megaworld-Daewoo Corporation			42%	42%
Northwin Properties, Inc.			42%	42%
Gilmore Property Marketing Associates Inc.			37%	36%
Integrated Town Management Corporation			35%	35%
Maple Grove Land, Inc.			35%	35%
Megaworld Globus Asia, Inc.			35%	35%
Suntrust Properties, Inc.				
Governor’s Hills Science School, Inc.			71%	70%
Sunrays Properties Management, Inc.			71%	70%
Suntrust Ecotown Developers, Inc.			71%	70%
Suntrust One Shanata, Inc.			71%	70%
Suntrust Two Shanata, Inc.			71%	70%
Stateland, Inc.			70%	68%
Global-Estate Resorts, Inc.				
Southwoods Mall Inc.	“GERI”	(e)	58%	57%
Twin Lakes Corp.			64%	63%
Twin Lakes Hotel, Inc.			64%	63%
Megaworld Global-Estate, Inc.			63%	62%
Fil-Estate Golf and Development, Inc.			58%	57%
Golforce, Inc.			58%	57%
Southwoods Ecocentrum Corp.			35%	34%
Philippine Aquatic Leisure Corp.			35%	34%
Fil-Estate Properties, Inc.			58%	57%
Aklan Holdings Inc.			58%	57%
Blu Sky Airways, Inc.			58%	57%
Fil-Estate Subic Development Corp.			58%	57%
Fil-Power Concrete Blocks Corp.			58%	57%
Fil-Power Construction Equipmen Leasing Corp.			58%	57%
Golden Sun Airways, Inc.			58%	57%
La Compañía De Sta. Barbara, Inc.			58%	57%
MCX Corporation			58%	57%
Pioneer L-5 Realty Corp.			58%	57%
Prime Airways, Inc.			58%	57%
Sto. Domingo Place Development Corp.			58%	57%
Fil-Estate Industrial Park, Inc.			46%	45%
Sherwood Hills Development Inc.			32%	32%
Fil-Estate Urban Development Corp.			58%	57%
Global Homes and Communities, Inc.			58%	57%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Global-Estate Resorts, Inc.				
Savoy Hotel Boracay, Inc.			58%	57%
Belmont Hotel Boracay, Inc.			58%	57%
Megaworld and subsidiaries				
Novo Sierra Holdings, Corp.			58%	57%
Elite Communities Property Services, Inc.			58%	57%
Oceanfront Properties, Inc.			29%	29%
Empire East Land Holdings, Inc.	“EELHP”		58%	57%
Sonoma Premiere Land, Inc.		(f)	75%	74%
Pacific Coast Mega City, Inc.		(g)	76%	75%
Valle Verde Properties, Inc.			58%	57%
Laguna BelAir School, Inc.			42%	42%
20th Century Nylon Shirt, Inc.			58%	57%
Eastwood Property Holdings, Inc.			58%	57%
Empire East Communities, Inc.			58%	57%
Sherman Oak Holdings, Inc.			58%	57%
Emperador and subsidiaries				
Emperador Inc.	“EMP” or “Emperador”		81%	81%
Emperador Distillers, Inc.	“EDI”		81%	81%
Alcazar de Bana Holdings Company, Inc.			81%	81%
ProGreen AgriCorp, Inc.			81%	81%
South Point Science Park, Inc.			81%	81%
Anglo Watsons Glass, Inc.			81%	81%
Cocos Vodka Distillers Philippines, Inc.			81%	81%
The Bar Beverage, Inc.			81%	81%
Tradewind Estates, Inc.			81%	81%
BoozyLife, Inc.			50%	50%
Zabana Rum Company, Inc.			81%	81%
The World’s Finest Liquor	“TWFL”	(o)	81%	81%
Emperador International Ltd.	“EIL”	(d)	81%	81%
Emperador Asia Pte Ltd.	“EA”	(h)	81%	81%
Grupo Emperador Spain, S.A.U.	“GES”	(h)	81%	81%
Bodega San Bruno, S.L.	“BSB”	(h)	81%	81%
Bodegas Fundador S.L.U.	“BFS”	(h)	81%	81%
Harvey’s Cellars S.L.U (formerly Destilados de la Mancha S.L.)	“HCS”	(h)	81%	81%
Grupo Emperador Gestion S.L.	“GEG”		81%	81%
Domecq Bodega Las Copas, S.L.	“DBLC”	(g, h)	40%	40%
Stillman Spirits, S.L.	“SSSL”	(h)	81%	81%
Pedro Domecq S.A. de C.V.	“PDSC”	(g, h)	40%	40%
Emperador Europe SARL	“EES”	(h)	81%	81%
Emperador Holdings (GB) Limited.	“EGB”	(h)	81%	81%
Emperador UK Limited	“EUK”	(h)	81%	81%
Whyte and Mackay Group Limited	“WMG”	(h)	81%	81%
Whyte and Mackay Global Limited	“WMGL”	(h)	81%	81%
Whyte and Mackay Limited	“WML”	(h)	81%	81%
Whyte and Mackay Warehousing Ltd.	“WMWL”	(h)	81%	81%
GADC and subsidiaries				
Golden Arches Development Corporation	“GADC”		49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%
Golden Arches Realty Corporation			49%	49%
Red Asian Food Solutions, Inc.			37%	37%
Clark Mac Enterprises, Inc.			49%	49%
Golden Laoag Foods Corporation			38%	38%
Davao City Food Industries, Inc.			37%	37%
First Golden Laoag Ventures, Inc.			34%	34%
McDonald’s Anonas City Center			34%	34%
McDonald’s Puregold Taguig			29%	29%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Golden Arches Development Corporation				
Golden City Food Industries, Inc.			29%	29%
McDonald's Bonifacio Global City			27%	27%
Molino First Golden Foods Inc.			26%	26%
GY Alliance Concepts, Inc.			19%	19%
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.				
Agile Fox Amusement and Leisure Corporation	"Travellers"	(i)	60%	60%
APEC Assets Limited			60%	60%
Aquamarine Delphinium Leisure and Recreation, Inc.			60%	60%
Bright Pelican Leisure and Recreation, Inc.			60%	60%
Brightleisure Management, Inc.			60%	60%
Brilliant Apex Hotels and Leisure Corporation			60%	60%
Coral Primrose Leisure and Recreation Corporation			60%	60%
Deluxe Hotels and Recreation, Inc.			60%	60%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	60%
FHTC Entertainment & Productions, Inc.	"FHTC"		60%	60%
Golden Peak Leisure and Recreation, Inc.			60%	60%
Grand Integrated Hotels and Recreation, Inc.			60%	60%
Grandservices, Inc.			60%	60%
Grandventure Management Services, Inc.			60%	60%
Lucky Star Hotels and Recreation, Inc.			60%	60%
Lucky Panther Amusement and Leisure Corporation			60%	60%
Luminescent Vertex Hotels and Leisure Corporation			60%	60%
Magenta Centaurus Amusement and Leisure Corporation			60%	60%
Majestic Sunrise Leisure & Recreation, Inc.			60%	60%
Netdeals, Inc.			60%	60%
Newport Star Lifestyle, Inc.			60%	60%
Royal Bayshore Hotels & Amusement, Inc.			60%	60%
Sapphire Carnation Leisure and Recreation Corporation			60%	60%
Scarlet Milky Way Amusement and Leisure Corporation			60%	60%
Sparkling Summit Hotels and Leisure Corporation			60%	60%
Valiant Leopard Amusement and Leisure Corporation			60%	60%
Vermillion Triangulum Amusement and Leisure Corporation			60%	60%
Westside City, Inc. (formerly Westside City Resorts World, Inc.)	"WCI"	(j)	59%	59%
Purple Flamingos Amusement and Leisure Corporation			59%	59%
Red Falcon Amusement and Leisure Corporation			59%	59%
Captain View Group Limited			57%	59%
Westside Theatre Inc.			60%	60%
Corporate and Others				
Alliance Global Brands, Inc.			100%	100%
McKester Pik-nik International Limited	"MPIL"	(d)	100%	100%
Great American Foods, Inc.		(k)	100%	100%
New Town Land Partners, Inc.	"NTLPI"		100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	100%	100%
Boracay Newcastle Resorts, Inc.			100%	100%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2023	December 2022
Subsidiaries				
Corporate and Others				
Dew Dreams International, Inc.			100%	100%
First Centro, Inc.	“FCI”		100%	100%
ERA Real Estate Exchange, Inc.			100%	100%
Oceanic Realty Group International, Inc.			100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%
Alliance Global-Infracorp Development, Inc. (formerly Infracorp Development, Inc.)			100%	100%
Shiok Success International, Inc.			100%	100%
Travellers Group Ltd.		(d)	100%	100%
Venezia Universal Ltd.		(d)	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%
Adams Properties, Inc.	“Adams”		60%	60%
Associates				
First Premiere Arches Restaurant Inc.			49%	49%
Bonifacio West Development Corporation			33%	32%
Suntrust Resort Holdings, Inc. (formerly Suntrust Home Developers, Inc.)	“SUN”		24%	24%
Palm Tree Holdings and Development Corporation			28%	28%
SWC Project Management Limited			24%	24%
WC Project Management Limited			24%	24%
Suncity WC Hotel Inc.			24%	24%
Fil-Estate Network, Inc.			12%	11%
Fil-Estate Sales, Inc.			12%	11%
Fil-Estate Realty and Sales Associates, Inc.			12%	11%
Fil-Estate Realty Corp.			12%	11%
Nasugbu Properties, Inc.			8%	8%
Joint Ventures				
Bodegas Las Copas, S.L.	“BLC”	(l)	40%	40%
Front Row Theatre Management, Inc.		(m)	30%	30%

Explanatory notes:

- (a) AGI’s effective ownership interest is derived from its 47% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% direct holdings of other subsidiaries.
- (b) AGI and Megaworld directly owns 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands (“BVI”).
- (e) AGI’s effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of March 31, 2023 and December 31, 2022.
- (f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (g) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiary PDSC is operating under the laws of Mexico.
- (h) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and HCS (a subsidiary of BFS) are operating under the laws of Spain. EES is operating under the laws of Luxembourg. DBLC’s subsidiary PDSC is operating under the laws of Mexico. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML, WMWL and WMGL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
- (i) Effective ownership is based on total voting rights of both common and preferred shares held by the Group – 33% by AGI, 2% by FCI, 2% by Megaworld, and 39% by Adams [24% by Genting Hongkong Limited (“GHL”) and negligible by the public]. As for Travellers’ common shares, 42% are directly owned by AGI, 4% by FCI, 3% by Megaworld, 20% by Adams, 31% by GHL and less than 1% by the public.
- (j) AGI’s effective ownership is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (k) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (l) A foreign joint venture under GES and operating under the laws of Spain.
- (m) A joint venture through FHTC.

- (n) MFMI, MPMI and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (“REIT”) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of real estate investment trust, as provided under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009.
- (o) TWFL is a newly incorporated subsidiary of Emperador in 2022.

The Company, its subsidiaries, associates and joint ventures are incorporated and operating in the Philippines, except for such foreign subsidiaries and a joint venture as identified in the preceding table (see explanatory notes c, d, g, h, k and l above).

AGP’s shares of stock and those of Megaworld, EMP, GERI, EELHI, MREIT and SUN are listed in and traded through the PSE as of March 31, 2023.

The principal activities of the Group are further described in Note 4.

The Company’s registered office and primary place of business is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Board of Directors (“BOD”) approved on May 15, 2023 the release of the interim consolidated financial statements (“ICFS”) of the Group as of and for the three months ended March 31, 2023 (including the comparative financial statements as of December 31, 2022, and for the three months ended March 31, 2022).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements (“ACFS”) as of and for the year ended December 31, 2022 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (“PFRS”), and should be read in conjunction with the Group’s ACFS as of and for the year ended December 31, 2022.

The ICFS are presented in Philippine pesos, the Company’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the ICFS of the Group are measured using the Company’s functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The presentation of the ICFS is consistent with the most recent ACFS presentation.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	: Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Accounting Estimates – Definition of Accounting Estimates
PAS 12 (Amendments)	: Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
PFRS 17 (Amendments)	: Insurance Contracts – Insurance Contracts and Initial Application of PFRS 17 and PFRS 9 – Comparative Information

The adoption of the amendments did not have a significant impact on the Group's ICFS.

(b) Effective Subsequent to 2023 that is Relevant to the Group

Management will adopt the amendments to PFRS 10, *Consolidated Financial Statements*, and the amendments to PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* in accordance with their transitional provisions when these become effective. Currently, the effective dates of the amendments are deferred indefinitely.

3. JUDGMENTS AND ESTIMATES

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the policies applied and amounts reported in the ICFS and related explanatory notes. Judgments and estimates are based on historical experience and management's best knowledge of current events and actions, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as at and for the three months ended March 31, 2023 and as at December 31, 2022, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

Aside from the foregoing, the judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS as at and for the year ended December 31, 2022.

4. SEGMENT INFORMATION

4.1 *Business Segments*

The Group is organized into major business segments, which are the major subsidiaries of the Group. These represent the main products and services provided by the Group and the line of business in which the Group operates. Presented below is the basis of the Group in reporting its primary segment information.

- (a) The *Megaworld* segment consists of development of real estate, integrated resorts, leasing of properties and hotel operations business which is primarily undertaken by Megaworld Corporation and subsidiaries, the Group's forerunner in the real estate industry.
- (b) The *Emperador* segment refers to the manufacture and distribution of distilled spirits, including the production of glass containers, which is undertaken by Emperador Inc. and subsidiaries.
- (c) The *Travellers* segment relates to tourism-oriented business that integrates entertainment, hospitality and leisure, including gaming, as that of Resorts World Manila, which is operated by Travellers International Hotel Group, Inc. and subsidiaries.
- (d) The *GADC* segment refers to operations of McDonald's restaurants in the Philippines in accordance with the franchise agreement between GADC and McDonald's Corporation, USA.

The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment, intangible assets and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables, interest-bearing loans and bonds payable.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the three months ended March 31, 2023 and 2022.

	For three months ended March 31, 2023 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 14,685,105,337	P 7,897,313,500	P 9,937,456,076	P 15,267,765,698	P 47,787,640,611
Intersegment sales	59,350,610	621,914	(16,420,365)	232,404	43,784,563
Finance and other income	<u>1,529,616,934</u>	<u>(95,770,555)</u>	<u>104,813,321</u>	<u>323,492,051</u>	<u>1,862,151,751</u>
Segment revenues and income	16,274,072,881	7,802,164,859	10,025,849,032	15,591,490,153	49,693,576,925
Cost of sales and expenses excluding depreciation and amortization	<u>(8,308,010,022)</u>	<u>(5,964,730,578)</u>	<u>(8,345,251,794)</u>	<u>(12,135,373,590)</u>	<u>(34,753,365,984)</u>
	7,966,062,859	1,837,434,281	1,680,597,238	3,456,116,563	14,940,210,941
Depreciation and amortization	<u>(846,316,008)</u>	<u>(715,181,777)</u>	<u>(684,704,002)</u>	<u>(344,153,748)</u>	<u>(2,590,355,535)</u>
Finance costs and other charges	<u>(1,389,180,681)</u>	<u>(766,247,204)</u>	<u>(349,317,487)</u>	<u>(278,491,689)</u>	<u>(2,783,237,061)</u>
Profit before tax	5,730,566,170	356,005,300	646,575,749	2,833,471,126	9,566,618,345
Tax expense	<u>(1,171,529,927)</u>	<u>(7,285,041)</u>	<u>(225,777,597)</u>	<u>(447,603,243)</u>	<u>(1,852,195,808)</u>
SEGMENT PROFIT	<u>P 4,559,036,243</u>	<u>P 348,720,259</u>	<u>P 420,798,152</u>	<u>P 2,385,867,883</u>	<u>P 7,714,422,537</u>
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 413,026,329,479	P 119,644,778,659	P 41,681,708,806	P 145,347,131,063	P 719,699,948,007
Segment liabilities	156,623,763,371	80,743,106,934	32,573,078,776	50,802,769,262	320,742,718,343
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	46,790,924	(9,145)	-	23,572,615	P 70,354,394

	For three months ended March 31, 2022 (Unaudited)				
	<u>Megaworld</u>	<u>Travellers</u>	<u>GADC</u>	<u>Emperador</u>	<u>Total</u>
REVENUES AND INCOME					
Sales to external customers	P 12,359,971,822	P 4,847,999,259	P 7,181,656,843	P 11,765,368,882	P 36,154,996,806
Intersegment sales	72,849,479	945,439	13,319,795	5,365,251	92,479,964
Finance and other income	<u>517,210,398</u>	<u>36,982,079</u>	<u>(2,247,445)</u>	<u>538,338,609</u>	<u>1,090,283,641</u>
Segment revenues and income	12,950,031,699	4,885,926,777	7,192,729,193	12,309,072,742	37,337,760,411
Cost of sales and expenses excluding depreciation and amortization					
	<u>(6,660,993,894)</u>	<u>(3,843,254,516)</u>	<u>(5,848,672,332)</u>	<u>(9,139,142,651)</u>	<u>(25,492,063,393)</u>
	6,289,037,805	1,042,672,261	1,344,056,861	3,169,930,091	11,845,697,018
Depreciation and amortization	<u>(875,724,565)</u>	<u>(803,611,261)</u>	<u>(555,383,927)</u>	<u>(473,597,353)</u>	<u>(2,708,317,106)</u>
Finance costs and other charges	<u>(992,539,890)</u>	<u>(457,721,056)</u>	<u>(288,485,758)</u>	<u>(128,089,869)</u>	<u>(1,866,386,573)</u>
Profit (loss) before tax	4,420,773,350	(218,660,056)	500,187,176	2,568,242,869	7,270,543,339
Tax expense	<u>(886,434,339)</u>	<u>(1,072,319)</u>	<u>(201,132,466)</u>	<u>(349,201,226)</u>	<u>(1,437,840,350)</u>
SEGMENT PROFIT (LOSS)	<u>P 3,534,339,011</u>	<u>(P 219,732,375)</u>	<u>P 299,054,710</u>	<u>P 2,219,041,643</u>	<u>P 5,832,702,989</u>
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates And joint ventures	(66,043,355)	(9,225)	-	24,271,590	(41,780,990)

The following presents the segment assets and liabilities of the Group as of December 31, 2022 (audited):

SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 407,268,364,874	P 120,512,238,096	P 42,258,378,031	P 139,215,259,307	P 709,254,240,308
Segment liabilities	154,955,291,814	82,974,847,246	33,549,877,780	47,695,845,248	319,175,862,088

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its ICFS.

	<u>March 31, 2023 (Unaudited)</u>	<u>March 31, 2022 (Unaudited)</u>
Revenues and income		
Total segment revenues and income	P 49,693,576,925	P 37,337,760,411
Unallocated corporate revenue	638,475,537	252,624,291
Elimination of intersegment revenues	(43,784,563)	(92,479,964)
Revenues as reported in interim consolidated statements of comprehensive income	<u>P 50,288,267,899</u>	<u>P 37,497,904,738</u>
Profit or loss		
Segment operating profit	P 7,714,422,537	P 5,832,702,989
Unallocated corporate loss	(545,021,640)	(390,501,567)
Elimination of intersegment revenues	(43,784,563)	(92,479,964)
Profit as reported in interim consolidated statements of comprehensive income	<u>P 7,125,616,334</u>	<u>P 5,349,721,458</u>
	<u>March 31, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
Assets		
Segment assets	P 719,699,948,007	P 709,254,240,308
Unallocated corporate assets	<u>36,719,051,988</u>	<u>38,765,910,309</u>
Total assets reported in the interim consolidated statements of financial position	<u>P 756,418,999,995</u>	<u>P 748,020,150,617</u>
Liabilities		
Segment liabilities	P 320,742,718,343	P 319,175,862,088
Unallocated corporate liabilities	<u>62,209,497,032</u>	<u>62,876,176,193</u>
Total liabilities reported in the interim consolidated statements of financial position	<u>P 382,952,215,375</u>	<u>P 382,052,038,281</u>

Concentration of revenue is considered when at least 10% of total segment revenue is generated from a single customer. There is no concentration of the Group's revenue in a single customer as the 10% threshold has not been met in any of the periods presented.

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of March 31, 2023 and December 31, 2022 are shown below.

	<u>March 31, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
Cost	P 217,624,953,647	P 210,240,679,818
Accumulated depreciation, amortization and impairment	(68,776,451,420)	(61,782,310,849)
Net carrying amount	<u>P 148,848,502,227</u>	<u>P 148,458,368,969</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	P 148,458,368,969	P 141,904,029,538
Additions	2,422,401,486	16,209,505,039
Depreciation and amortization charges for the period	(1,936,975,940)	(8,855,486,388)
Derecognition	(150,000,000)	(531,371,405)
Reclassification	149,670,000	-
Disposals – net	(111,382,653)	(845,935,453)
Impairment reversal	16,420,365	74,555,614
Transfer from investment property	<u>-</u>	<u>503,072,024</u>
Balance at end of period, net of accumulated depreciation, amortization and impairment	<u>P 148,848,502,227</u>	<u>P 148,458,368,969</u>

6. INVESTMENT PROPERTIES

The Group's investment properties include several parcels of land, buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the reporting periods are shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Cost	P 153,385,481,117	P 150,674,521,177
Accumulated depreciation	(22,025,321,767)	(21,318,608,080)
Net carrying amount	<u>P 131,360,159,350</u>	<u>P 129,355,913,097</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is shown below.

	<u>March 31, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Balance at beginning of period, net of accumulated depreciation	P 129,355,913,097	P 120,539,734,330
Additions	3,344,967,340	12,115,399,232
Depreciation charges for the period	(708,259,687)	(2,795,315,636)
Transfer to inventories	(632,461,400)	-
Disposals – net	-	(832,805)
Transfer to property, plant and equipment	<u>-</u>	<u>(503,072,024)</u>
Balance at end of period, net of accumulated depreciation	<u>P 131,360,159,350</u>	<u>P 129,355,913,097</u>

7. DIVIDENDS

There were no dividends declared and paid by the Company for the three-month periods ended March 31, 2023 and 2022.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Basic and Diluted:		
Net profit attributable to owners of the parent company	P 4,678,486,991	P 3,887,055,483
Divide by the weighted average number of outstanding common shares	<u>8,945,455,779</u>	<u>9,307,730,879</u>
	<u>P 0.5230</u>	<u>P 0.4176</u>

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019, the BOD approved another share repurchase program for P2.5 billion over a 12-month period ended September 23, 2020. Further, on September 21, 2020, the BOD approved another one-year share repurchase program for P2.5 billion to end on September 23, 2021. On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. On December 12, 2022, the BOD approved the increase in amount allocated by an additional P3.0 billion worth of common shares, under the same terms and conditions of the present buy-back program. As of March 31, 2023 and 2022, the Company has repurchased 1,166,138,200 shares for P13.5 billion and 803,863,100 shares for P9.4 billion, respectively, which are reported as Treasury Shares.

Under the Revised Corporation Code of the Philippines, a stock corporation can repurchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be repurchased or acquired. Accordingly, the Parent Company's ongoing share repurchase program restricts the Parent Company's retained earnings for distribution as dividends up to the cost of the treasury shares.

There are 158.23 million shares held by subsidiaries with a total cost of P1.2 billion as of March 31, 2023 and 2022 that were reported as part of Treasury Shares in the consolidated statements of changes in equity and taken out of outstanding common shares in computing EPS.

The basic and diluted earnings per share are the same for the three months ended March 31, 2023 and 2022, as the Company's Executive Stock Option Plan are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the Executive Stock Option Plan.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended March 31, 2023 and 2022, and the related outstanding balances as of March 31, 2023 and December 31, 2022 are as follows:

Related Party Category	Notes	Amount of Transaction		Receivable (Payable)	
		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Subsidiaries' stockholders:					
Casino transactions	9.2	P -	P 163,700,026	P -	P -
Management fees	9.3	(3,592,179)	(614,692)	(62,097,470)	(666,258,120)
Accounts payable	9.5	-	-	(315,040,576)	(315,040,576)
Related party under common ownership:					
Purchase of raw materials	9.1	267,529,474	918,899,419	(139,218,074)	(319,428,263)
Purchase of finished goods	9.1	5,444,480	3,459,780	(1,633,173)	-
Advances granted	9.4	(126,531,185)	247,820,862	4,325,190,635	4,451,721,820
Management services	9.1	20,500,000	15,000,000	(71,500,000)	(115,500,000)
Associates:					
Advances granted	9.4	139,963	22,394,952	1,010,032,900	1,009,892,937
Others:					
Accounts receivable	9.5	420,783,199	52,883,696	1,665,416,903	1,244,633,704
Accounts payable	9.5	-	-	(45,208,430)	(45,208,430)
Advances	9.6	172,414,180	303,909,161	(1,455,342,348)	(1,627,756,528)
Donations		62,929,100	50,438,286	(20,656,802)	(18,066,970)

Unless otherwise stated, the outstanding balances of the Group's transactions with its related parties are unsecured, noninterest-bearing and payable or collectible on demand.

9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials through Andresons Global, Inc., a related party under common ownership. These transactions are normally being paid within 30 days. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC. Emperador had a management agreement with Consolidated Distillers of the Far East, Inc., a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant. The outstanding balances as of March 31, 2023 and December 31, 2022 are shown as part of Trade and Other Payables account in the consolidated statements of financial position.

9.2 Casino Transactions with GHL

Travellers recognizes outstanding payables to GHL [see Note 1(i)] representing show money received by Travellers from foreign patrons which the counterparty will later remit to the other. There is no outstanding balance as of March 31, 2023 and December 31, 2022.

9.3 Operations and Management Agreement with GHL

Some of Travellers' administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented under the Other Operating Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this transaction is presented under Trade and Other Payables account in the consolidated statements of financial position.

9.4 Advances to Associates and Related Parties under Common Ownership

Entities within the Group grant advances to associates and other related parties for working capital purposes. These advances to associates and other related parties are unsecured, noninterest-bearing and repayable upon demand. Settlement is generally made in cash or through offsetting arrangements.

The movements of the outstanding balances of Advances to associates and other related parties, which are shown as part of Trade and Other Receivables account in the consolidated statements of financial position, are presented as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	P 5,461,614,757	P 3,634,327,162
Cash advances granted	139,963	1,827,287,595
Collections	(126,531,185)	-
Balance at end of period	<u>P 5,335,223,535</u>	<u>P 5,461,614,757</u>

As of March 31, 2023 and December 31, 2022, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.5 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billings, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. The amounts due from and to related parties are unsecured, noninterest-bearing and due and demandable any time. Settlement is generally made in cash or through offsetting arrangements.

The outstanding balances of the Due from/to Related Parties are included under Trade and Other Receivables and Trade and Other Payables accounts, respectively, in the consolidated statements of financial position, as presented below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Due from Related Parties</i>		
Balance at beginning of period	P 1,244,633,704	P 851,430,622
Additions	472,507,176	939,341,556
Collections	(51,723,977)	(546,138,474)
Balance at end of period	<u>P 1,665,416,903</u>	<u>P 1,244,633,704</u>

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Due to Related Parties</i>		
Balance at beginning of period	P 360,249,006	P 360,249,006
Collections	<u>-</u>	<u>-</u>
Balance at end of period	<u>P 360,249,006</u>	<u>P 360,249,006</u>

As of March 31, 2023 and December 31, 2022, based on management's assessment, no additional amount of impairment is necessary.

9.6 Advances from Other Related Parties

Certain expenses of entities within the Group are paid for by other related parties. The advances are unsecured, noninterest-bearing, with no repayment terms, and generally payable in cash or through offsetting arrangements.

The movements in advances from other related parties are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	P 1,627,756,528	P 2,469,533,312
Advances availed	-	1,592,209,958
Advances paid	<u>(172,414,180)</u>	<u>(2,433,986,742)</u>
Balance at end of period	<u>P 1,455,342,348</u>	<u>P 1,627,756,528</u>

9.7 Transactions with the Retirement Plans

The Group has formal retirement plans established separately for each significant subsidiary, particularly Megaworld, GERI, EELHI, Travellers, GADC, EDI and WML. These plans are defined benefit post-employment plans maintained for qualified employees, administered and managed by trustee banks (except for GERI which is still an unfunded plan) that are legally separated from the Group. The retirement funds do not provide any guarantee or surety for any obligation of the Group and their investments are not covered by any restrictions or liens.

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

Travellers is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR").

All contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos.

In a Resolution dated May 3, 2021, the Supreme Court also held that Travellers' "gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax".

10.2 Skytrain Project

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

10.3 Co-Development Agreement between WCRWI and SUN

The principal terms of the co-development agreement are as follows:

(i) WCRWI and Travellers shall lease the Project Site (i.e. "the site upon which the hotel casino is to be erected") to SUN.

WCRWI and Travellers shall lease to SUN the site upon which a hotel casino will be erected at an annual rental of US\$10.6 million (P540.1 million), exclusive of VAT, until August 19, 2039. The lease shall automatically be renewed subject to applicable laws for another 25 years, unless otherwise agreed upon by the parties. The annual rental shall be payable upon the commencement of operation of the hotel casino.

In line with the foregoing, on February 21, 2020, WCRWI and Travellers entered into a lease agreement with SUN.

(ii) SUN shall finance the development and construction of a hotel casino.

SUN shall finance the development and construction of a hotel casino on the leased area. SUN shall also pay a certain fixed amount to WCRWI for reimbursement of costs already incurred and construction works that have already been accomplished on the Project Site.

In 2021, the conditions specified in the CDA had been fulfilled and the transfer of assets has been completed.

(iii) WCRWI shall enter into an agreement with SUN, for the latter to operate and manage a hotel casino.

WCRWI and SUN shall enter into an agreement for the operations and management of a hotel casino for the period of the gaming Provisional License Agreement (i.e. up to July 11, 2033) as well as any extension or renewal of the Provisional License Agreement on terms mutually agreed between WCRWI and SUN. The operations and management agreement was entered into by the parties on May 4, 2020.

As of March 31, 2023, the hotel casino has not yet commenced its operation; hence, agreement above has not yet materialized.

(iv) WCRWI and the Travellers as warrantors

Fortune Noble Limited ("Fortune") [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN shares subject to the terms and conditions mutually agreed upon by the parties.

WCRWI and Travellers agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of WCRWI's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of: (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.55 billion new SUN shares including interest as well from the date of shares subscription completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the Group as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9, *Financial Instruments*. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the expected credit loss model ("ECL").

Applying the ECL model, the option price that WCRWI and Travellers are committed to pay amounting to P3.7 billion was compared with the value of the collateral or the shares of stocks that they will receive. In determining the value of the shares, management assessed that the price of SUN shares in the PSE as of March 31, 2023 amounting to P0.89 per share or a total value of P7.2 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote (see Note 11.2).

As of March 31, 2023 and December 31, 2022, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SUN shares and that the probability of default was assessed to be remote.

10.4 Purchase and Sale Commitment

On December 27, 2020, the Group (as seller) signed a letter of intent with Global One Real Estate Spain SAU, a related party under common ownership, (as buyer) for the sale of the Group's certain land and buildings in Spain (reported as Non-Current Assets Classified as Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million at any time until three years after the COVID-19 pandemic has ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023. As of March 31, 2023, the purchase and sale transaction has not yet consummated.

10.5 Other Commitments and Contingencies

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying ICFS. Management is of the opinion that losses, if any, from these items will not have any material impact on the ICFS.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting periods.

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), interest-bearing loans, bonds payable, trade receivables and payables and derivative assets and liabilities which arise directly from the Group’s business operations. The financial debts were issued to raise funds for the Group’s capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

11.1 Market Risk

(a) Foreign Currency Sensitivity

Most of the Group’s transactions are carried out in Philippine pesos, U.S. dollars, Euros and U.K. pounds, which are the functional currencies of the individual subsidiaries making the transactions.

The currency exchange risk arises from transactions carried out in currencies other than the functional currency of the subsidiaries at each entity level. The Group has no significant exposure to changes in foreign currency exchange rates for Euros and U.K. pounds since these currencies are not significant to the Group’s consolidated financial statements.

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at period-end closing rate are as follows:

	<u>March 31, 2023 (Unaudited)</u>		<u>December 31, 2022 (Audited)</u>	
	<u>U.S. Dollars</u>	<u>HK Dollars</u>	<u>U.S. Dollars</u>	<u>HK Dollars</u>
Financial assets	P 10,987,329,037	P 3,279,646,036	P 13,151,297,538	P 2,877,528,389
Financial liabilities	(36,134,456,220)	(650,071,639)	(37,410,095,996)	(912,338,548)
	<u>(P 25,147,127,183)</u>	<u>P 2,629,574,397</u>	<u>(P 24,258,798,458)</u>	<u>P 1,965,189,841</u>

The sensitivity of the consolidated income before tax for the period with regard to the Group’s financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 6.34% and +/- 10.63% changes in exchange rate for the three months ended March 31, 2023 and for the year ended December 31, 2022, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 6.40% and +/- 10.62% changes in exchange rate for the three months ended March 31, 2023 and for the year ended December 31, 2022, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group’s foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P1.4 billion for the three-month period ended March 31, 2023 and increased (or decreased) by P2.6 billion for the year ended December 31, 2022. If the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.2 billion for the three-month period ended March 31, 2023 and decreased or (increased) by P0.2 billion for the year ended December 31, 2022.

The Group periodically reviews the trend of the foreign exchange rates and monitors its non-functional currency cash flows.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis in the previous page is considered to be representative of the Group's currency risk.

(b) Interest Rate Sensitivity

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. At present, the Group is exposed to changes in market interest rates through certain bank borrowings and cash and cash equivalents, which are subject to variable interest rates. The Group maintains a debt portfolio unit of both fixed and variable interest rates. All other financial assets are subject to variable interest rates.

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 1.57% for Philippine peso and +/- 5.92% for U.S. dollar in 2023, and +/- 6.90% for Philippine peso and +/- 3.61% for U.S. dollar in 2022 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at March 31, 2023 and December 31, 2022, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P1.3 billion for the three-month period ended March 31, 2023, and decreased by P4.0 billion for the year ended December 31, 2022. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

Generally, the Group's credit risk is attributable to trade and other receivables arising mainly from transactions with approved franchisees, installment sales receivables, rental receivables and other financial assets. The carrying values of these financial assets subject to credit risk are disclosed in Note 12.

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Franchisees are subject to stringent financial, credit and legal verification process. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant portion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from the other financial assets of the Group, composed significantly of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Cash and cash equivalents in banks in the Philippines are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution. The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high quality external credit ratings.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

The expected loss rates are based on the payment profiles of sales. Further, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

ECL for advances to associates and other related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

Except for real estate sales, contract assets and rental receivables, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are required to issue post-dated checks, which provide additional credit enhancement.

Trade and other receivables that are past due but not impaired are presented below.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Not more than 30 days	P 2,945,708,800	P 3,861,672,009
31 to 60 days	1,301,702,365	1,417,672,772
Over 60 days	<u>4,037,340,098</u>	<u>4,373,030,052</u>
	<u>P 8,284,751,263</u>	<u>P 9,652,374,833</u>

Moreover, the management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance with the general approach of ECL, the value of the put option was measured on a 12-month basis.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off.

11.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a three-month and one-year period are identified monthly. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bonds, and preferred shares.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets. In addition, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

As of March 31, 2023, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 64,254,644,833	P 10,234,227,396	P -	P -
Interest-bearing loans	11,872,653,892	26,004,333,654	130,000,600,531	8,038,140,159
Bonds payable	26,500,276,775	824,365,975	21,800,515,406	-
Advances from related parties	354,678,292	1,455,342,348	-	-
Redeemable preferred shares	-	-	1,574,159,348	-
Subscription payable	-	1,170,600,008	-	-
Security deposits	29,291,691	55,028,009	174,194,979	326,895,742
Slot jackpot liability	458,070,134	-	-	-
Other liabilities	130,717,651	1,808,784,755	7,976,000,405	41,111,276
	<u>P 103,600,333,268</u>	<u>P 41,552,682,145</u>	<u>P 161,525,470,669</u>	<u>P 8,406,147,177</u>

As of December 31, 2022, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 67,392,418,143	P 16,615,977,635	P -	P -
Interest-bearing loans	5,851,631,880	31,990,367,818	138,338,513,952	10,023,845,002
Bonds payable	14,700,473,956	824,365,975	35,204,540,481	-
Advances from related parties	132,574,884	1,497,837,117	-	-
Redeemable preferred shares	-	-	1,537,091,539	-
Subscription payable	-	1,114,665,008	-	-
Security deposits	-	53,706,819	130,902,420	556,145,047
Slot jackpot liability	-	693,883,849	-	-
Other liabilities	696,323,501	2,077,980,412	7,767,744,257	28,298,162
	<u>P 88,773,422,364</u>	<u>P 54,868,784,633</u>	<u>P 182,978,792,649</u>	<u>P 10,608,288,211</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

11.4 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of March 31, 2023 and December 31, 2022 are summarized below.

	Observed Volatility Rates		Impact on Equity	
	Increase	Decrease	Increase	Decrease
2023 - Investment in quoted equity securities at:				
FVOCI	+17.33%	-17.33%	P 11,824,939	(P 11,824,939)
FVTPL	+17.33%	-17.33%	834,809,309	(834,809,309)
2022 - Investment in quoted equity securities at:				
FVOCI	+41.99%	-41.99%	P 16,477,256	(P 16,477,256)
FVTPL	+41.99%	-41.99%	P2,022,714,535	(2,022,714,535)

The maximum additional estimated gain or loss in 2023 and 2022 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past three months in 2023 and 12 months in 2022, at 95% confidence level.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 77,087,445,508	P 77,087,445,508	P 79,929,420,988	P 79,929,420,988
Trade and other receivables	76,571,186,380	76,833,450,029	69,440,374,506	69,157,966,455
Other financial assets	4,522,205,062	4,404,116,279	4,729,436,456	4,729,436,456
	<u>P 158,180,836,950</u>	<u>P 158,325,011,816</u>	<u>P 154,099,231,950</u>	<u>P 153,816,823,899</u>
Financial assets at FVTPL –				
Marketable debt and equity securities	P 14,660,483,420	P 14,660,483,420	P 14,832,361,525	P 14,832,361,525
Derivative assets	351,510,106	351,510,106	129,818,974	129,818,974
	<u>P 15,011,993,526</u>	<u>P 15,011,993,526</u>	<u>P 14,962,280,499</u>	<u>P 14,962,280,499</u>
Financial assets at FVOCI –				
Equity securities	P 402,836,872	P 402,836,872	P 342,843,851	P 342,843,851
Financial Liabilities				
Financial liabilities at FVTPL –				
Slot jackpot liability	P 458,070,134	P 458,070,134	P 693,883,849	P 693,883,849
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	P 72,847,527,620	P 72,847,527,620	P 83,314,511,929	P 83,314,511,929
Interest-bearing loans	35,466,191,171	35,056,393,255	32,504,240,444	34,154,302,378
Bonds payable	25,598,728,752	26,535,030,776	14,026,453,110	13,889,177,501
Lease liabilities	1,342,837,110	1,342,837,110	1,361,900,994	1,361,900,994
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Advances from related parties	1,455,342,348	1,455,342,348	1,627,756,525	1,627,756,525
Commission payable	1,678,067,104	1,678,067,104	2,077,980,412	2,077,980,412
	<u>P 139,503,359,113</u>	<u>P 140,029,863,221</u>	<u>P 136,027,508,422</u>	<u>P 137,540,294,747</u>
Non-current:				
Bonds payable	P 19,250,135,018	P 19,346,189,150	P 31,212,622,400	P 30,907,147,331
Interest-bearing loans	134,977,632,122	131,832,318,292	136,287,705,784	134,744,736,331
Lease liabilities	16,191,057,327	16,191,057,327	16,405,976,571	16,344,827,051
Casino deposit certificates	4,323,000,000	3,946,274,210	4,323,000,000	4,323,000,000
Redeemable preferred shares	1,574,159,348	1,574,159,348	1,537,091,539	1,424,353,069
Retention payable	2,820,516,987	2,820,516,987	2,507,283,349	2,507,283,349
Security deposits	838,789,314	791,209,165	853,524,893	853,524,893
Accrued rent	8,652,760	8,652,760	-	-
	<u>P 179,983,942,876</u>	<u>P 176,510,377,239</u>	<u>P 193,127,204,536</u>	<u>P 191,104,872,024</u>

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

The hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets or for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2023 and December 31, 2022.

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 15,011,993,526	P -	P -	P 15,011,993,526
Financial assets at FVOCI – Equity securities	68,233,926	197,700,000	136,902,946	402,836,872
	P 15,080,227,452	P 197,700,000	P 136,902,946	P 15,414,830,398
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	P -	P 458,070,134	P -	P 458,070,134
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 14,832,361,525	P -	P -	P 14,832,361,525
Derivative asset	-	129,818,974	-	129,818,974
Financial assets at FVOCI – Equity securities	39,240,905	166,700,000	136,902,946	342,843,851
	P 14,871,602,430	P 296,518,974	P 136,902,946	P 15,305,024,350
Financial liabilities:				
Financial liability at FVTPL – Slot jackpot liability	P -	P 693,883,849	P -	P 693,883,849

13.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2023 and December 31, 2022.

	March 31, 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 77,087,445,508	P -	P -	P 77,087,445,508
Trade and other receivables	-	25,845,271	76,807,604,758	76,833,450,029
Other financial assets	<u>2,655,474,191</u>	<u>590,565,323</u>	<u>1,148,076,765</u>	<u>4,404,116,279</u>
	<u>P 79,752,919,699</u>	<u>P 616,410,594</u>	<u>P 77,955,681,523</u>	<u>P 158,325,011,816</u>
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 72,847,527,620	P 72,847,527,620
Interest-bearing loans	-	-	35,056,393,255	35,056,393,255
Subscription payable	-	-	1,114,665,008	1,114,665,008
Bonds Payable	26,535,030,776	-	-	26,535,030,776
Lease liabilities	-	-	1,342,837,110	1,342,837,110
Commission payable	-	-	1,678,067,104	1,678,067,104
Due to related parties	-	-	1,455,342,348	1,455,342,348
Non-current:				
Bonds payable	19,346,189,150	-	-	19,346,189,150
Interest-bearing loans	-	-	131,832,318,292	131,832,318,292
Redeemable preferred shares	-	-	1,574,159,348	1,574,159,348
Lease liabilities	-	-	16,191,057,327	16,191,057,327
Retention payable	-	-	2,820,516,987	2,820,516,987
Security deposits	-	-	791,209,165	791,209,165
Casino deposit certificates	-	-	3,946,274,210	3,946,274,210
Accrued rent	-	-	8,652,760	8,652,760
	<u>P 45,881,219,926</u>	<u>P -</u>	<u>P270,659,020,534</u>	<u>P 316,540,240,460</u>
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 79,929,420,988	P -	P -	P 79,929,420,988
Trade and other receivables	-	34,307,558	69,123,658,897	69,157,966,455
Other financial assets	<u>2,758,627,215</u>	<u>-</u>	<u>1,970,809,241</u>	<u>4,729,436,456</u>
	<u>P 82,688,048,203</u>	<u>P 34,307,558</u>	<u>P 71,094,468,138</u>	<u>P 153,816,823,899</u>
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 83,314,511,929	P 83,314,511,929
Interest-bearing loans	-	-	34,154,302,378	34,154,302,378
Lease liabilities	-	-	1,361,900,994	1,361,900,994
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	1,627,756,525	1,627,756,525
Bonds payable	13,889,177,501	-	-	13,889,177,501
Commission payable	-	-	2,077,980,412	2,077,980,412
Non-current:				
Bonds payable	30,907,147,331	-	-	30,907,147,331
Lease Liabilities	-	-	16,344,827,051	16,344,827,051
Interest-bearing loans	-	-	134,744,736,331	134,744,736,331
Redeemable preferred shares	-	-	1,424,353,069	1,424,353,069
Retention payable	-	-	2,507,283,349	2,507,283,349
Security deposits	-	-	853,524,893	853,524,893
	<u>P 44,796,324,832</u>	<u>P -</u>	<u>P279,525,841,939</u>	<u>P 324,322,166,771</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 2 and Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

13.4 Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adjusted for specific market factors such as location and condition of the property.

As of March 31, 2023, the fair value of the Group's investment property amounting to P563.0 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objective is to ensure its ability to continue as a going concern; to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and to maintain strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

There were no changes in the Group's approach to capital management during the periods presented.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	P 382,952,215,375	P 382,052,038,281
Total equity	373,466,784,620	365,968,112,336
Liabilities-to-equity ratio	P 1.03:1.00	1.04:1.00

15. OTHER MATTERS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
AGING SCHEDULE OF CURRENT TRADE AND OTHER RECEIVABLES

March 31, 2023

(Amounts in Philippine Pesos)

Current	P	70,096,215,789
1 to 30 days		2,945,708,800
31 to 60 days		1,301,702,365
Over 60 days		<u>4,037,340,098</u>
Total		78,380,967,052
Due from other related parties		<u>1,665,416,903</u>
Balance as at March 31, 2023	P	<u><u>80,046,383,955</u></u>