



BloombergBerry Resorts Corporation

March 4, 2022

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

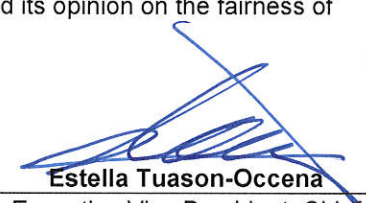
In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the parent company financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


Enrique K. Razon, Jr.
Chairman and Chief Executive Officer



Estella Tuason-Occena
Executive Vice President, Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN to before me this 4th day of March 2022, affiant(s) exhibiting to me their Passports, as follows:

| NAMES | PASSPORT. NO. | DATE OF ISSUE | PLACE OF ISSUE |
|-----------------------|---------------|-------------------|----------------|
| Enrique K. Razon Jr. | P6820100A | 19 April 2018 | Manila |
| Estella Tuason-Occena | P3249678B | 17 September 2019 | Manila |

Doc. No. 129
Page No. 27
Book No. 7
Series of 2022




MARIA MARGARITA M. VILLANUEVA
Commission No. 201-2020
Notary Public for Paranaque City
Extended until June 30, 2022
1 Asean Avenue, Entertainment City
Tambo, Paranaque City 1701
Roll No. 61398

PTR No. 2928025/ January 25, 2022/Paranaque City
IBP No. 177423/ February 08, 2022/ Manila

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

| | | |
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| Company's Email Address <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div> | Company's Telephone Number <div style="border: 1px solid black; padding: 5px; text-align: center;">8888-8888</div> | Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div> |
| No. of Stockholders <div style="border: 1px solid black; padding: 5px; text-align: center;">96</div> | Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;">Every Third Thursday of April</div> | Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;">December 31</div> |

CONTACT PERSON INFORMATION

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

| | | | |
|--|---|---|--|
| Name of Contact Person <div style="border: 1px solid black; padding: 5px;">Gerard Angelo Emilio J. Festin</div> | Email Address <div style="border: 1px solid black; padding: 5px;">gerardfestin@solaireresort.com</div> | Telephone Number/s <div style="border: 1px solid black; padding: 5px;">8883-8921</div> | Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div> |
|--|---|---|--|

CONTACT PERSON'S ADDRESS

**The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo
Parañaque City**

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

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



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Bloomberry Resorts Corporation (a subsidiary of Prime Strategic Holdings, Inc.) (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

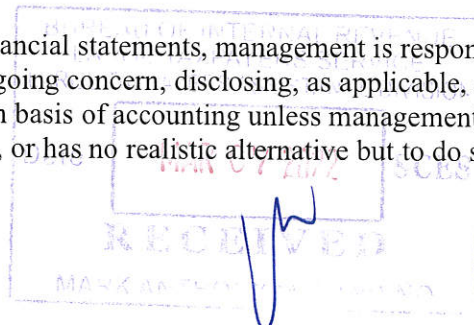
Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Handwritten signature and red stamp: "MAR 07 2017" and "SGV".



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 17 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Bloomberry Resorts Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.



Christine G. Vallejo

Partner

CPA Certificate No. 99857

Tax Identification No. 206-384-906

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 1402-AR-2 (Group A)

November 11, 2019, valid until November 10, 2022

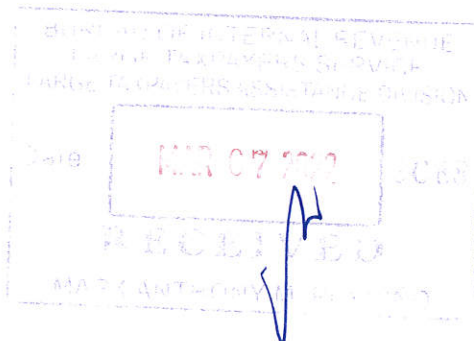
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-105-2019, November 7, 2019, valid until November 6, 2022

PTR No. 8854379, January 3, 2022, Makati City

March 4, 2022

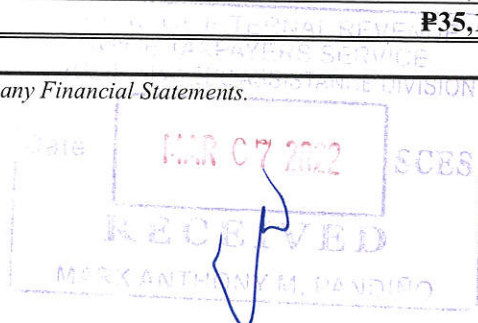


BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings Inc.)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|---|-----------------|-----------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Notes 4 and 13) | ₱3,157,957,990 | ₱3,338,814,223 |
| Receivables (Notes 5, 9 and 13) | 314,178,951 | 682,589,170 |
| Other current assets | 12,844,938 | 9,619,814 |
| Total Current Assets | 3,484,981,879 | 4,031,023,207 |
| Noncurrent Assets | | |
| Investments in subsidiaries (Note 6) | 24,372,758,647 | 22,757,340,017 |
| Due from related parties (Notes 9 and 13) | 7,030,230,401 | 7,226,779,264 |
| Office and transportation equipment (Note 7) | 5,482,418 | 9,001,713 |
| Advances for asset acquisition | 250,000,000 | - |
| Total Noncurrent Assets | 31,658,471,466 | 29,993,120,994 |
| | ₱35,143,453,345 | ₱34,024,144,201 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accrued expenses and other current liabilities (Notes 8 and 13) | ₱278,742,559 | ₱263,105,902 |
| Income tax payable (Note 12) | 599,775 | 1,777,409 |
| Due to related parties (Notes 9 and 13) | 8,620,283,436 | 6,991,069,939 |
| Total Current Liabilities | 8,899,625,770 | 7,255,953,250 |
| Noncurrent Liability | | |
| Subscription payable (Notes 6 and 9) | 1,875,000 | 1,875,000 |
| Total Liabilities | 8,901,500,770 | 7,257,828,250 |
| Equity (Note 10) | | |
| Capital stock | 11,032,998,225 | 11,032,998,225 |
| Additional paid-in capital | 13,152,573,661 | 13,209,470,954 |
| Treasury shares | (1,040,930,916) | (556,249,344) |
| Share-based payment plan | 183,444,674 | 271,719,375 |
| Retained earnings | 2,913,866,931 | 2,808,376,741 |
| Total Equity | 26,241,952,575 | 26,766,315,951 |
| | ₱35,143,453,345 | ₱34,024,144,201 |

See accompanying Notes to Parent Company Financial Statements.

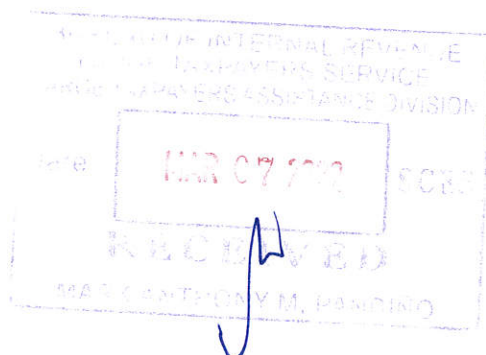


BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings Inc.)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | |
|--|--------------------------------|----------------|
| | 2021 | 2020 |
| INTEREST INCOME (Notes 4, 5 and 9) | ₱65,346,439 | ₱88,693,116 |
| EXPENSES (Note 11) | 459,512,673 | 557,177,562 |
| LOSS BEFORE OTHER INCOME (EXPENSE) AND INCOME TAX | (394,166,234) | (468,484,446) |
| OTHER INCOME (EXPENSE) | | |
| Foreign exchange gains (losses) - net (Note 13) | 500,218,199 | (363,572,448) |
| Others | 38,000 | 625,000 |
| INCOME (LOSS) BEFORE INCOME TAX | 106,089,965 | (831,431,894) |
| PROVISION FOR CURRENT INCOME TAX (Note 12) | 599,775 | 1,777,409 |
| NET INCOME (LOSS) | 105,490,190 | (833,209,303) |
| OTHER COMPREHENSIVE INCOME | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) | ₱105,490,190 | (₱833,209,303) |
| Basic/Diluted Earnings (Loss) Per Share (Note 15) | | |
| Basic | ₱0.010 | (₱0.076) |
| Diluted | ₱0.010 | (₱0.076) |

See accompanying Notes to Parent Company Financial Statements.



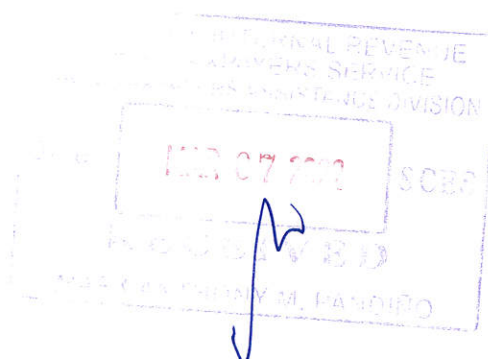
BLOOMBERRY RESORTS CORPORATION

(A Subsidiary of Prime Strategic Holdings Inc.)

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | Capital Stock (Note 10) | Additional Paid-in Capital (Note 10) | Treasury Shares (Note 10) | Share-based Payment Plan (Note 10) | Retained Earnings | Total |
|---|----------------------------|--|------------------------------|--|-----------------------|------------------------|
| Balances at January 1, 2021 | ₱11,032,998,225 | ₱13,209,470,954 | (₱556,249,344) | ₱271,719,375 | ₱2,808,376,741 | ₱26,766,315,951 |
| Net income | - | - | - | - | 105,490,190 | 105,490,190 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | 105,490,190 | 105,490,190 |
| Issuance of treasury shares for share-based payments (Note 10) | - | (56,897,293) | 291,392,921 | (234,495,628) | - | - |
| Share-based payments (Note 10) | - | - | - | 146,220,927 | - | 146,220,927 |
| Acquisition of treasury shares (Note 10) | - | - | (776,074,493) | - | - | (776,074,493) |
| Balances at December 31, 2021 | ₱11,032,998,225 | ₱13,152,573,661 | (₱1,040,930,916) | ₱183,444,674 | ₱2,913,866,931 | ₱26,241,952,575 |
| Balances at January 1, 2020 | ₱11,032,998,225 | ₱13,177,398,910 | (₱361,335,424) | ₱283,010,224 | ₱6,384,310,269 | ₱30,516,382,204 |
| Net loss | - | - | - | - | (833,209,303) | (833,209,303) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | (833,209,303) | (833,209,303) |
| Issuance of treasury shares for share-based payments (Note 10) | - | 32,072,044 | 248,109,009 | (280,181,053) | - | - |
| Share-based payments (Note 10) | - | - | - | 268,890,204 | - | 268,890,204 |
| Acquisition of treasury shares (Note 10) | - | - | (443,022,929) | - | - | (443,022,929) |
| Dividend declaration (Note 10) | - | - | - | - | (2,742,724,225) | (2,742,724,225) |
| Balances at December 31, 2020 | ₱11,032,998,225 | ₱13,209,470,954 | (₱556,249,344) | ₱271,719,375 | ₱2,808,376,741 | ₱26,766,315,951 |

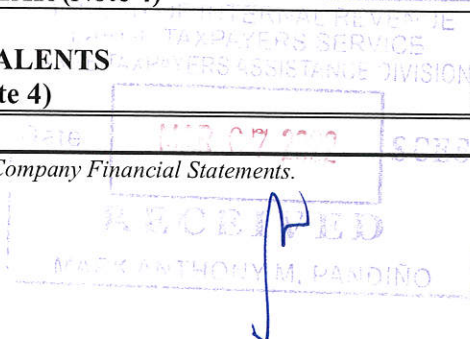
See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION**(A Subsidiary of Prime Strategic Holdings Inc.)****PARENT COMPANY STATEMENTS OF CASH FLOWS**

| | Years Ended December 31 | |
|--|--------------------------------|-----------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income (loss) before income tax | ₱106,089,965 | (₱831,431,894) |
| Adjustments for: | | |
| Unrealized foreign exchange losses (gains) - net (Note 13) | (497,611,168) | 363,572,448 |
| Interest income (Notes 4, 5 and 9) | (65,346,439) | (88,693,116) |
| Impairment loss on investment (Note 6) | 50,752,297 | - |
| Depreciation (Notes 7 and 11) | 3,870,236 | 4,350,063 |
| Gain on sale of office and transportation equipment (Note 7) | (38,000) | - |
| Working capital adjustments: | | |
| Decrease (increase) in: | | |
| Receivables | 394,077,952 | 146,628,205 |
| Other current assets | (3,225,124) | (2,072,308) |
| Increase (decrease) in: | | |
| Accrued expenses and other current liabilities | 15,636,657 | (138,083,193) |
| Due to related parties (Notes 9 and 13) | 1,629,213,497 | 3,560,471,081 |
| Net cash generated from operations | 1,633,419,873 | 3,014,741,286 |
| Income tax paid | (1,777,409) | (2,096,176) |
| Interest received | 5,407,137 | 447,645 |
| Net cash provided by operating activities | 1,637,049,601 | 3,013,092,755 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in due from related parties (Note 14) | (793,635,971) | (623,730,408) |
| Increase in advances for asset acquisition | (250,000,000) | - |
| Purchase of office and transportation equipment (Note 7) | (790,227) | (2,132,673) |
| Proceeds from sale of office and transportation equipment | 477,286 | - |
| Net cash used in investing activities | (1,043,948,912) | (625,863,081) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Acquisition of treasury shares (Note 10) | (776,074,493) | (443,022,929) |
| Payment of cash dividends (Notes 8 and 10) | - | (2,743,274,746) |
| Cash used in financing activities | (776,074,493) | (3,186,297,675) |
| EFFECT OF FOREIGN EXCHANGE RATE | | |
| CHANGES ON CASH AND CASH EQUIVALENTS | 2,117,571 | (17,034,434) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (180,856,233) | (816,102,435) |
| CASH AND CASH EQUIVALENTS | | |
| AT BEGINNING OF YEAR (Note 4) | 3,338,814,223 | 4,154,916,658 |
| CASH AND CASH EQUIVALENTS | | |
| AT END OF YEAR (Note 4) | ₱3,157,957,990 | ₱3,338,814,223 |

See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings Inc.)

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Organization and Business

Bloomberry Resorts Corporation (referred to as “Bloomberry” or the “Company”), was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on May 3, 1999. The Company’s primary purpose is to subscribe, acquire, hold, sell, assign or dispose of shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, without engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, and to be involved in the management and operations of such investee companies; and to guarantee the obligations of its subsidiaries or affiliates or any entity in which the Company has lawful interest.

Bloomberry’s shares of stock are publicly traded in the Philippine Stock Exchange (“PSE”) under the ticker BLOOM.

As of December 31, 2021 and 2020, Bloomberry is a subsidiary of Prime Strategic Holdings Inc. (“PSHI”), the intermediate parent company. The Company’s ultimate parent company is Razon & Co. Inc. (*formerly Falcon Investco Holdings, Inc.*) as of December 31, 2021 and 2020.

The Company’s registered office address is The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City.

The parent company financial statements have been approved and authorized for issuance by the Board of Directors (“BOD”) on March 4, 2022.

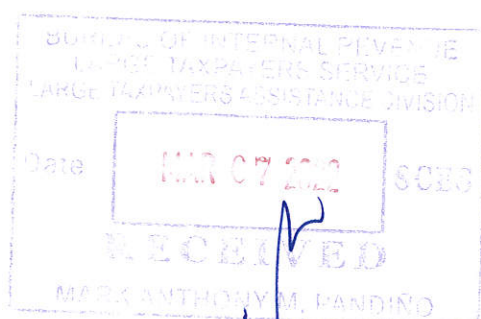
2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The parent company financial statements have been prepared under the historical cost basis. The parent company financial statements are presented in Philippine Peso, the functional and presentation currency of the Company, and all values are rounded to the nearest peso, except when otherwise indicated.

Bloomberry’s parent company financial statements, which are prepared for submission to the SEC and Bureau of Internal Revenue (“BIR”), have been prepared in conformity with Philippine Financial Reporting Standards (“PFRSs”).

The Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements in accordance with PFRS 10, *Consolidated Financial Statements*. The consolidated financial statements can be obtained at its registered office address (see Note 1).



Changes in Accounting Policies and Disclosures

The Company's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective as at January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

These amendments have no impact on the parent company financial statements.



Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.



A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investment rates.

Fair Value Measurement

Fair value related disclosures for financial instruments where fair values are disclosed are summarized in Note 13.

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are attributable to the acquisition of the financial assets.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

The Company has no financial assets at FVOCI and FVPL.

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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



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

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company’s cash and cash equivalents, receivables and due from related parties are included in this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset expires;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement;
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an expected credit loss (“ECL”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.



ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Company applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrued expenses and other current liabilities (excluding statutory payables) and due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.



Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The parent company has not designated any financial liability as at FVPL.

The Company has no financial liability at FVPL as of December 31, 2021 and 2020.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

This category includes accrued expenses and other current liabilities (excluding statutory payables) and due to related parties as of December 31, 2021 and 2020.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the parent company statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Prepaid Expenses

Prepaid expenses, presented as part of "Other current assets" account, in the parent company statement of financial position are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Office and Transportation Equipment

Office and transportation equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value.

The initial cost of office and transportation equipment comprises its purchase price and any directly attributable costs in bringing the office and transportation equipment to its working condition and location for its intended use. Expenditures incurred after the office and transportation equipment have been put into operations, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of office and transportation equipment beyond its originally assessed standard of performance, such expenditures



are capitalized as additional costs of office and transportation equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss in the parent company statement of comprehensive income of such period.

The useful lives and depreciation method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of office and transportation equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

| | |
|------------------------------------|---------|
| Office furniture and fixtures | 5 years |
| Transportation equipment | 5 years |
| Office and communication equipment | 3 years |

Investments in Subsidiaries

Investment in subsidiaries (entity over which the Company controls) is accounted for under the cost method of accounting in the parent company financial statements. The investment is carried in the parent company statement of financial position at cost less any impairment in value. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition.

Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Advances for asset acquisition

Advances for asset acquisition represents noncurrent advance payments made to the land-owners in relation with the Company's plans for property development.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if



there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Treasury shares are the Company's own equity instruments which are reacquired and are recognized at cost and presented as reduction in equity. No gain or loss is recognized in the parent company statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as additional paid-in capital.

Retained earnings represent the Company's cumulative net earnings, net of dividends declared.

Share-based Payment Plan

Certain qualified officers and employees of the Company and subsidiaries receive remuneration for their services in the form of equity shares of the Company ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized as share-based payment expense as part of "Salaries and benefits" under operating costs and expenses.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of the Company's equity-settled transaction with the employees of its subsidiary is recognized as a contribution from the Company and is presented as part of "Investments in subsidiaries".



Foreign Currency Transactions and Translations

The parent company financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the parent company statement of comprehensive income.

Revenue

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR. Interest income represents interest earned from cash in bank, receivables from officers and employees and due from related parties.

Dividend income

Revenue is recognized when the Company's right to receive the payment is established, which is generally when the board of directors approved the dividend declaration.

Costs and Expenses

Costs and expenses are recognized in the parent company statement of comprehensive income upon utilization of the service or at the date they are incurred.

Provisions

Provisions are recognized when the Company has present obligations, legal or constructive, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from unused net operating loss carry-over (“NOLCO”) and excess minimum corporate income tax (“MCIT”) over regular corporate income tax to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)

Expenses and assets are recognized, net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the parent company statement of financial position.



Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share rate for its shares.

Basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year after giving retroactive effect to any stock dividend declarations.

Diluted earnings (loss) per share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments. Such business segment is the basis upon which the Company reports its operating segment information.

The Company's performance is not measured as a standalone entity but on a consolidated basis.

On a consolidated basis, management monitors operating results based on geographical locations separately for the purpose of making decision about resource allocation and performance assessment. Financial information on segment reporting is presented in Note 16.

3. Management's Use of Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in conformity with PFRSs requires the Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments

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



Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

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

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

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

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

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of receivables and due from related parties amounted to ₱314.2 million and ₱7,030.2 million, respectively, as of December 31, 2021; and ₱682.6 million and ₱7,226.8 million, respectively, as of December 31, 2020.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the parent company financial statements within the next financial year are discussed as follows:

Impairment of Nonfinancial Assets. An impairment review is performed when certain impairment indicators are present. Nonfinancial assets are subject to annual impairment test or whenever there is a strong indication that the assets will be impaired. The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach or based on the fair values using the latest sales price



available in the market. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Company believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the parent company financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Company's financial condition and results of operations.

In December 2021, the Company's management has assessed that the investment in G&L may not be fully recovered due to the impact of the COVID-19 pandemic. As there were no available recent sale transactions, the recoverable amount of the investment in G&L was determined based on a value in use (VIU) calculation. This was adjusted for nonoperating assets and net financial liabilities to get G&L's equity value.

Calculation of VIU uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined the financial budgets based on past performance and its expectations for market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rate.

Revenue growth is based on the expected operating results of G&L's casino and hotel business. Management estimated that revenue will grow at a compounded annual growth rate of 55.5% for the next 5 years. Long-term growth rate of 1.0% is applied based on independent economic and industry analysis data. A post-tax discount rate of 11.7% has been applied to the cash flow projections, the pre-tax equivalent of which is 13.8%. The discount rate reflects specific risks relating to the Group and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. As casino license is regulated by the government with risk arising with changes in the tourism policy, discount rate is greater than the average business risk.

Impairment loss amounting to ₱50.8 million was recognized in 2021. No impairment loss was recognized in 2020.

The carrying values of nonfinancial assets subject to impairment review are as follows:

| | 2021 | 2020 |
|--|------------------------|------------------------|
| Investments in subsidiaries (see Note 6) | ₱24,370,883,647 | ₱22,755,465,017 |
| Office and transportation equipment (see Note 7) | 5,482,418 | 9,001,713 |
| | ₱24,376,366,065 | ₱22,764,466,730 |

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts at the end of each reporting period and reduce these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences, unused NOLCO and excess MCIT is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilized.



In 2021 and 2020, the Company did not recognize deferred tax asset on allowance for impairment loss, portion of unused NOLCO, provision for contingencies, unrealized foreign exchange loss – net, and MCIT since management believes that it is not probable that taxable profit will be available against which this deferred tax asset can be utilized.

The Company's allowance for impairment loss, portion of unused NOLCO, provision for contingencies, unrealized foreign exchange loss – net, and MCIT for which no deferred tax assets have been recognized amounted to ₱1,960.9 million and ₱1,919.3 million, as of December 31, 2021 and December 31, 2020 (see Note 12).

4. Cash and Cash Equivalents

| | 2021 | 2020 |
|----------------------------|-----------------------|----------------|
| Cash on hand | ₱55,000 | ₱194,500 |
| Cash in banks | 154,157,025 | 121,969,723 |
| Temporary cash investments | 3,003,745,965 | 3,216,650,000 |
| | ₱3,157,957,990 | ₱3,338,814,223 |

Cash in banks earn interest at the prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investment rates.

Interest income earned from cash and cash equivalents amounted to ₱5.4 million and ₱0.4 million in 2021 and 2020, respectively.

5. Receivables

| | 2021 | 2020 |
|---|-----------------------|----------------|
| Due from related parties (see Note 9) | ₱1,586,393,364 | ₱1,883,244,581 |
| Receivables from officers and employees (see Note 9) | 28,205,684 | 30,624,513 |
| Others | 56,502,697 | 46,460,882 |
| | 1,671,101,745 | 1,960,329,976 |
| Less allowance for doubtful accounts (see Note 9) | 1,356,922,794 | 1,277,740,806 |
| | ₱314,178,951 | ₱682,589,170 |

Receivables from officers and employees primarily pertain to cash advances which are normally settled within one year through salary deduction (see Note 9). Interest income earned from receivables from officers and employees recognized in the parent company statements of comprehensive income amounted to ₱0.6 million and ₱0.8 million in 2021 and 2020, respectively.

The following table shows the rollforward of allowance for doubtful accounts:

| | 2021 | 2020 |
|--|-----------------------|----------------|
| Allowance for doubtful accounts, beginning | ₱1,277,740,806 | ₱1,398,988,226 |
| Revaluation | 79,181,988 | (121,247,420) |
| Allowance for doubtful accounts, ending | ₱1,356,922,794 | ₱1,277,740,806 |



6. Investments in Subsidiaries

| | 2021 | 2020 |
|-------------------------------|------------------------|-----------------|
| Sureste | ₱19,832,163,648 | ₱19,685,942,721 |
| Solaire Korea | 4,313,854,457 | 2,793,904,457 |
| G&L | 252,299,983 | 252,299,983 |
| BRJ | 22,687,000 | 22,687,000 |
| BCTI | 2,500,000 | 2,500,000 |
| Bloom Capital B.V. | 5,856 | 5,856 |
| | ₱24,423,510,944 | ₱22,757,340,017 |
| Allowance for impairment loss | (50,752,297) | - |
| | ₱24,372,758,647 | ₱22,757,340,017 |

a. Sureste Properties, Inc. (“Sureste”)

Sureste and its wholly owned subsidiary, BRHI, operate an integrated casino, hotel and entertainment complex which commenced commercial operations in March 2013.

In February 2012, PSHI sold 58,654,967 Sureste shares or equivalent to 100% of its ownership interest in Sureste to the Company for ₱1 per share or an aggregate amount of ₱5,865.5 million. In 2021 and 2020, the Company recognized additional investment in Sureste for stock awards granted to employees of Sureste and its subsidiary, BRHI, amounting to ₱146.2 million and ₱268.9 million, respectively (see Notes 9 and 10). As of December 31, 2021 and 2020, total additional equity in Sureste amounted to ₱13,966.6 million and ₱13,820.4 million, respectively. As of December 31, 2021 and 2020, the Company effectively owns 100% of the outstanding shares of Sureste.

b. Solaire Korea Co., Ltd. (“Solaire Korea”)

In December 2014, Solaire Korea was established by Bloomberry to hold the Company’s investment in the leisure and entertainment business in the Republic of Korea for ₱90.1 million. In 2015, the Company made additional equity in Solaire Korea amounting to ₱2,703.8 million. On March 8, 2017, Solaire Korea subscribed to 80% of the outstanding shares in Muui Agricultural Corporation. In 2019, Solaire Korea acquired additional 10% ownership in Muui for a consideration amounting to ₱9.3 million bringing its ownership in Muui to 90%.

In October 2021, the Company subscribed to additional 5,000 common shares of Solaire Korea at KRW 5,000 par value. The payment for the subscribed shares was made by way of conversion of existing loan receivable from Solaire Korea amounting to USD 30.0 million resulting to an increase in investment by ₱1,520.0 million.

As of December 31, 2021, and 2020, the Company has 100% ownership interest in Solaire Korea.

c. Golden & Luxury Co., Ltd. (“G&L”)

G&L is a hotel and casino operator in Jeju Island in the Republic of Korea. On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of G&L. Subsequently on May 22, 2015, Solaire Korea acquired additional 18.97% of G&L bringing its ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% direct ownership in G&L from Solaire Korea for ₱252.3 million. As of December 31, 2021 and 2020, the Company effectively owns 96.23% of the outstanding shares of G&L.



In December 2021, the Company’s management has assessed that the investment in G&L may not be fully recovered due to the impact of the COVID-19 pandemic. Accordingly, the investment was provided with an impairment allowance amounting to ₱51.0 million.

d. Bloom Capital B.V.

Bloom Capital B.V is a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law in November 2013. On November 21, 2013, the Company subscribed to 60% of the capital stock of Bloom Capital B.V. at par value of EUR10 (₱585.58) per share or an aggregate amount of EUR60 (₱3,513). On October 23, 2014, the Company acquired the remaining 40% shares of Bloom Capital B.V. at a consideration amounting to ₱2,343. As of December 31, 2021 and 2020, the Company has 100% ownership interest in Bloom Capital B.V.

e. Bloomberry Cruise Terminals Inc (“BCTI”)

BCTI, a wholly-owned subsidiary of Bloomberry, was incorporated in the Philippines and registered with SEC on July 19, 2019. The primary purpose of BCTI is to establish, operate and manage cruise terminals. The Company subscribed to 100% of the capital stock of BCTI at par value of ₱1 per share or an aggregate amount of ₱2.5 million. Out of the total subscription, ₱0.6 million was paid by the Company and the remaining balance of ₱1.9 million is presented as subscription payable to BCTI (see Note 9).

f. Bloomberry Resorts Japan (“BRJ”)

In November 2019, BRJ’s former shareholders transferred to Bloomberry 100% ownership interest in BRJ pursuant to a deed of assignment for a consideration amounting to ₱22.7 million.

7. Office and Transportation Equipment

| | 2021 | | | |
|---------------------------------|-------------------------------------|-----------------------------|--|-------------|
| | Office Furniture and Fixtures | Transportation Equipment | Office and Communication Equipment | Total |
| Cost | | | | |
| Balance at beginning of year | ₱1,622,922 | ₱17,854,390 | ₱3,587,108 | ₱23,064,420 |
| Additions | 269,897 | – | 520,330 | 790,227 |
| Disposals | (337,912) | (1,500,356) | (1,758,474) | (3,596,742) |
| Balance at end of year | 1,554,907 | 16,354,034 | 2,348,964 | 20,257,905 |
| Accumulated Depreciation | | | | |
| Balance at beginning of year | 919,601 | 10,251,967 | 2,891,139 | 14,062,707 |
| Depreciation (see Note 11) | 363,932 | 3,007,662 | 498,642 | 3,870,236 |
| Disposals | (337,912) | (1,061,071) | (1,758,473) | (3,157,456) |
| Balance at end of year | 945,621 | 12,198,558 | 1,631,308 | 14,775,487 |
| | ₱609,286 | ₱4,155,476 | ₱717,656 | ₱5,482,418 |



| 2020 | | | | |
|---------------------------------|-------------------------------------|-----------------------------|--|-------------------|
| | Office Furniture and Fixtures | Transportation Equipment | Office and Communication Equipment | Total |
| Cost | | | | |
| Balance at beginning of year | ₱1,064,769 | ₱16,584,390 | ₱3,282,588 | ₱20,931,747 |
| Additions | 558,153 | 1,270,000 | 304,520 | 2,132,673 |
| Balance at end of year | 1,622,922 | 17,854,390 | 3,587,108 | 23,064,420 |
| Accumulated Depreciation | | | | |
| Balance at beginning of year | 604,210 | 6,950,270 | 2,158,164 | 9,712,644 |
| Depreciation (see Note 11) | 315,391 | 3,301,697 | 732,975 | 4,350,063 |
| Balance at end of year | 919,601 | 10,251,967 | 2,891,139 | 14,062,707 |
| | ₱703,321 | ₱7,602,423 | ₱695,969 | ₱9,001,713 |

As at December 31, 2021 and 2020, the Company realized gain on disposal of property amounting to ₱0.04 million and nil, respectively.

8. Accrued Expenses and Other Current Liabilities

| | 2021 | 2020 |
|--------------------------------------|---------------------|--------------|
| Accrued outside services and charges | ₱144,069,162 | ₱144,806,000 |
| Provision for contingencies | 128,596,089 | 111,602,149 |
| Statutory payables | 2,719,320 | 2,924,993 |
| Accrued professional fees | 1,574,350 | 1,989,122 |
| Others | 1,783,638 | 1,783,638 |
| | ₱278,742,559 | ₱263,105,902 |

Accrued expenses are normally settled within one year.

Provision for contingencies consists substantially of probable claims involving the Company. The timing of cash outflow of these provisions is uncertain as it depends upon the outcome of the Company's negotiations which are currently ongoing with the parties involved. Disclosure of additional details beyond the present disclosure may seriously prejudice the Company's position and negotiating strategy. Thus, as allowed by PAS 37, only general descriptions were provided. In 2021 and 2020, additional provision for contingencies amounted to ₱17.0 million, and ₱30.5 million, respectively.

Statutory payables consist of withholding taxes payable and dues to various government agencies which are normally settled the following year.

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual.

Related party receivables and payables are generally settled in cash.



Related party balances are as follows:

| Related Party | Nature/Terms of Transaction | Transaction Amounts | | Outstanding Receivable (Payable) | |
|--|---|------------------------|----------------------|-------------------------------------|-------------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Sureste, <i>subsidiary</i> | Additional investment through shared-based payment plan (see Notes 6 and 10) | ₱146,220,928 | ₱268,890,204 | ₱- | ₱- |
| | Noninterest-bearing and unsecured cash advances; | (2,026,511,851) | 1,136,209,444 | (2,500,085,111) | (473,573,260) |
| BRHI, <i>subsidiary through Sureste</i> | Noninterest-bearing and unsecured cash advances | 397,298,354 | 2,346,857,634 | (6,120,198,325) | (6,517,496,679) |
| Solaire Korea, <i>subsidiary</i> | Noninterest-bearing and unsecured cash advances; no impairment (see Note 5) | 6,221,263 | (60,452,270) | 120,254,454 | 114,033,191 |
| | Interest-bearing at 1% per annum and unsecured loan (see Note 5): | | | | |
| | Principal | - | - | 50,315,828 | 106,663,375 |
| | Interest | 503,158 | 26,409,796 | 1,454,939 | 2,508,521 |
| | Interest-bearing at 1% per annum and unsecured loan - net of current portion: | | | | |
| Principal | 641,272,431 | 101,433,892 | 5,038,527,051 | 5,860,557,073 | |
| Interest | 33,768,411 | 23,368,579 | 57,023,051 | 49,433,884 | |
| G&L, <i>subsidiary</i> | Noninterest-bearing and unsecured cash advances; no impairment (see Note 5) | (18,983,736) | (16,951,733) | 114,513,729 | 109,506,436 |
| | Interest-bearing at 3% per annum and unsecured loan (with impairment allowance of ₱1,356.9 million and ₱1,277.7 million in 2021 and 2020, respectively) (see Note 5): | | | | |
| | Principal | - | - | 1,245,389,728 | 1,525,971,073 |
| | Interest | 12,626,243 | 29,757,183 | 32,884,069 | 8,287,117 |
| | Interest-bearing at 3% per annum and unsecured loan - net of current portion: | | | | |
| Principal | 351,770,810 | 343,652,588 | 1,918,079,603 | 1,285,726,831 | |
| Interest | 12,453,897 | 7,952,060 | 16,600,696 | 31,061,476 | |
| Bloom Capital B.V., <i>subsidiary</i> | Noninterest-bearing and unsecured cash advances; no impairment (see Note 5) | 502,563 | - | 10,490,863 | 9,988,918 |
| BCTI, <i>subsidiary</i> | Subscription payable (see Note 6) | - | - | (1,875,000) | (1,875,000) |
| Bloomerry Resorts Japan., <i>subsidiary</i> | Noninterest-bearing and unsecured cash advances; no impairment (see Note 5) | 4,803,804 | 6,285,950 | 11,089,754 | 6,285,950 |
| Key management personnel | Interest-bearing and unsecured cash advances to be settled through salary deduction within 1 year (see Note 5) | - | - | 7,649,036 | 7,251,394 |
| Total due from related parties* | | | | ₱1,586,393,364 | ₱1,883,244,581 |
| Total subscription payable** | | | | (₱1,875,000) | (₱1,875,000) |
| Total receivables from officers and employees* | | | | ₱7,649,036 | ₱7,251,394 |
| Total due from related parties - net of current portion** | | | | ₱7,030,230,401 | ₱7,226,779,264 |
| Total due to related parties** | | | | (₱8,620,283,436) | (₱6,991,069,939) |

*Presented under "Receivables" account

**Presented separately in the parent company statements of financial position

Other information on related party transactions follows:

- a. In 2020, the remaining balance of dividend receivable from Sureste amounting to ₱1,604.9 million was offset against the Company's outstanding payable to Sureste, reducing the Company's payable to Sureste to ₱473.6 million as of December 31, 2020.
- b. In 2021 and 2020, compensation paid to key management personnel amounted to ₱11.8 million and ₱11.7 million, respectively.



10. Equity

Capital Stock

| | 2021 | | 2020 | |
|------------------------------|-----------------------|------------------------|----------------|-----------------|
| | Shares | Amount | Shares | Amount |
| Capital stock - ₱1 par value | | | | |
| Authorized | 15,000,000,000 | ₱15,000,000,000 | 15,000,000,000 | ₱15,000,000,000 |
| Issued | 11,032,998,225 | 11,032,998,225 | 11,032,998,225 | 11,032,998,225 |
| Issued and outstanding | 10,861,125,857 | 9,992,067,309 | 10,959,746,900 | 10,476,748,881 |

The rollforward of the outstanding number of common shares follows:

| | Shares | Amount | Shares | Amount |
|---------------------------------|-----------------------|------------------------|----------------|-----------------|
| Balance at beginning of year | 10,959,746,900 | ₱10,476,748,881 | 10,999,346,901 | ₱10,671,662,801 |
| Net movement in treasury shares | (98,621,043) | (484,681,572) | (39,600,001) | (194,913,920) |
| Balance at end of year | 10,861,125,857 | ₱9,992,067,309 | 10,959,746,900 | ₱10,476,748,881 |

Stock Incentive Plan

The Stockholders of Bloomberry approved on June 25, 2012 a Stock Incentive Plan (“SIP”) for directors, officers, and employees of Bloomberry, Sureste and BRHI (herein referred to as the “Group”), effective for a period of 10 years unless extended by the BOD. The Participants to the SIP are: permanent and regular employees of the Company or its affiliates with at least one year tenure; officers and directors of the Company; officers and directors of affiliates of the Company; and other persons who have contributed to the success and profitability of the Company or its affiliates.

The SIP shall be administered by the Stock Incentive Committee (“SIC”) composed of three directors or officers to be appointed by the BOD. The SIC shall determine the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares, together with shares already granted under the SIP, which are equivalent to seven percent (7%) of the resulting total outstanding shares of the Company, shall be allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Originally, the shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Shares awarded in May 15, 2020 shall now vest in three years: 25% on the first anniversary date of the award; 25% on the second anniversary date of the award; and the remaining 50% on the third anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Unless the SIC determines otherwise, when dividends are declared by the Company, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (“DRIP”).



Stock awards, including DRIP shares, granted by the SIC to officers and employees of the Group are shown below:

| | Number of Shares Granted | Fair Value per Share at Grant Date |
|------------------|-----------------------------|---------------------------------------|
| May 16, 2018* | 22,716,446 | ₱12.66 |
| June 8, 2018* | 91,068 | 11.40 |
| August 1, 2018* | 105,987 | 9.00 |
| March 18, 2019* | 25,465,791 | 11.62 |
| May 15, 2020* | 66,985,802 | 5.40 |
| January 15, 2022 | 152,992 | 8.2 |

*includes DRIP shares

Fair value per share was based on the market price of stock at the date of grant.

Movements in the stock awards granted (number of shares) follow:

| | 2021 | 2020 |
|---|--------------|--------------|
| Balance at beginning of year | 79,910,939 | 35,955,554 |
| Stock awards granted | 152,992 | 67,965,031 |
| Stock awards vested | (28,810,457) | (23,165,389) |
| Stock awards of resigned/terminated employees | (2,886,693) | (844,257) |
| Balance at end of year | 48,366,781 | 79,910,939 |

Amount recognized for stock awards granted to certain officers and employees of the Company's subsidiaries in 2021 and 2020 amounting to ₱146.2 million and ₱268.9 million, respectively, are recognized as part of "Investments in subsidiaries" (see Note 6). Reduction in share-based payment plan and treasury shares arising from the issuance of treasury shares for vested stock awards amounted to ₱234.5 million and ₱291.4 million, respectively, in 2021; and ₱280.2 million and ₱248.1 million, respectively, in 2020. Such issuance of treasury shares resulted to decrease in additional paid-in capital amounting to ₱56.9 million in 2021 and increase in additional paid-in capital amounting to ₱32.1 million 2020.

The stock incentive obligation recognized as "Share-based payment plan" in the parent company statements of financial position amounted to ₱183.4 million and ₱271.7 million as of December 31, 2021 and 2020, respectively.

Treasury Shares

The movement in treasury shares follows:

| | 2021 | | 2020 | |
|-----------------------------------|--------------|----------------|--------------|---------------|
| | Shares | Amount | Shares | Amount |
| Balance beginning of year | 73,251,325 | ₱556,249,344 | 33,651,324 | ₱361,335,424 |
| Acquisitions | 127,431,500 | 776,074,493 | 62,765,390 | 443,022,929 |
| Issuance for share-based payments | (28,810,457) | (291,392,921) | (23,165,389) | (248,109,009) |
| Balance at end of year | 171,872,368 | ₱1,040,930,916 | 73,251,325 | ₱556,249,344 |

In 2021 and 2020, a total of 28,810,457 and 23,165,389 treasury shares, respectively, were reissued for vested stock awards.



Set out below is Bloomberg's track record of issuance of its securities:

| Date of Approval | Number of Shares | | Issue/ Offer Price |
|-----------------------|------------------|-----------------------|-----------------------|
| | Authorized | Issued/ Subscribed | |
| May 3, 1999* | 120,000,000 | 80,000,000 | ₱1.00 |
| February 27, 2012** | 15,000,000,000 | 9,211,840,556 | 1.00 |
| May 2, 2012** | 15,000,000,000 | 1,179,963,700 | 7.50 |
| May 31, 2012*** | 15,000,000,000 | 117,996,300 | 7.50 |
| November 10, 2014**** | 15,000,000,000 | 435,000,000 | 13.00 |
| December 18, 2014**** | 15,000,000,000 | 8,197,669 | 12.60 |

*Date when the registration statement covering such securities was rendered effective by the SEC

**SEC approval of the increase in the authorized capital stock; Offer Shares sold at ₱7.50 on May 2, 2012

***Transaction date per SEC Form 23-B; Includes Offer Shares and Over-Allotment Option

****Transaction date per SEC Form 17-C

As of December 31, 2021 and 2020, Bloomberg has total shareholders of 96 and 95, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

Dividend Declaration

On March 6, 2020, the Parent Company's BOD approved the declaration of cash dividend of ₱0.25 per share or an aggregate amount of ₱2,742.7 million to stockholders on record as of March 23, 2020 and was paid on March 31, 2020.

11. Expenses

This account consists of:

| | 2021 | 2020 |
|---|---------------------|--------------|
| Outside services and charges | ₱227,675,687 | ₱311,943,853 |
| Salaries and benefits | 81,168,116 | 61,645,794 |
| Communication and transportation | 61,069,094 | 61,204,650 |
| Provision for impairment of investment (see Note 6) | 50,752,297 | – |
| Taxes and licenses | 19,056,743 | 91,917,665 |
| Depreciation (see Note 7) | 3,870,236 | 4,350,063 |
| Advertising and promotions | 1,691,407 | 1,642,170 |
| Utilities | 805,804 | 652,551 |
| Office, insurance, and other expenses | 797,359 | 667,124 |
| Others | 12,625,930 | 23,153,692 |
| | ₱459,512,673 | ₱557,177,562 |

12. Income Taxes

The Company's provision for current income tax in 2021 and 2020 represents MCIT.



The reconciliation of provision for income tax computed at statutory income tax rate to actual provision for income tax as shown in the parent company statements of comprehensive income follows:

| | 2021 | 2020 |
|--|---------------------|----------------|
| Income tax computed at statutory tax rate of 25% in 2021 and 30% in 2020 | ₱26,522,491 | (₱249,429,568) |
| Tax effects of: | | |
| Change in unrecognized deferred tax assets | (22,550,303) | 241,085,133 |
| Nontaxable income and others | (3,237,904) | - |
| Interest income subject to final tax | (1,351,783) | (134,294) |
| Nondeductible expenses | 1,217,274 | 10,256,138 |
| | ₱599,775 | ₱1,777,409 |

The components of the Company's recognized deferred tax assets and liability are as follows:

| | 2021 | 2020 |
|----------------------------------|----------------------|---------------|
| Deferred tax assets: | | |
| NOLCO | ₱144,095,484 | ₱97,949,844 |
| Unrealized foreign exchange loss | 51,553,296 | 26,618,125 |
| | 195,648,780 | 124,567,969 |
| Deferred tax liability - | | |
| Unrealized foreign exchange gain | (195,648,780) | (124,567,969) |
| | ₱- | ₱- |

The Company has the following temporary differences, NOLCO and MCIT, for which no deferred tax asset was recognized:

| | 2021 | 2020 |
|--|-----------------------|----------------|
| Allowance for impairment loss | ₱1,407,675,091 | ₱1,277,740,806 |
| NOLCO | 392,872,180 | 430,836,230 |
| Provision for contingencies | 109,892,278 | 95,320,820 |
| Unrealized foreign exchange loss - net | 45,934,151 | 109,576,738 |
| MCIT | 4,473,360 | 5,814,489 |
| | ₱1,960,847,060 | ₱1,919,289,083 |

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

As of December 31, 2021, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

| Year Incurred | Availment period | Amount | NOLCO Applied Previous Year/s | NOLCO Expired | NOLCO Applied Current Year | Balance |
|---------------|------------------|---------------------|-------------------------------|----------------------|----------------------------|---------------------|
| 2019 | 2020 - 2022 | ₱229,354,273 | ₱- | ₱- | ₱- | ₱229,354,273 |
| 2018 | 2020 - 2021 | 119,517,551 | - | (119,517,551) | - | - |
| | | ₱348,871,824 | ₱- | (119,517,551) | ₱- | ₱229,354,273 |



As of December 31, 2021, the Company has incurred NOLCO in taxable year 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

| Year Incurred | Availment period | Amount | NOLCO Applied Previous Year/s | NOLCO Expired | NOLCO Applied Current Year | NOLCO Unapplied |
|---------------|------------------|--------------|-------------------------------|---------------|----------------------------|-----------------|
| 2021 | 2022 - 2026 | ₱331,435,955 | ₱- | ₱- | ₱- | ₱331,435,955 |
| 2020 | 2021 - 2025 | 408,463,888 | - | - | - | 408,463,888 |
| | | ₱739,899,843 | ₱- | ₱- | ₱- | ₱739,899,843 |

As of December 31, 2021, unused MCIT that can be carried forward and used as deduction from income tax due are as follows:

| Year Incurred | Expiry Year | Amount | Applied | Expired | Balance |
|---------------|-------------|------------|---------|--------------|------------|
| 2021 | 2024 | ₱599,775 | ₱- | ₱- | ₱599,775 |
| 2020 | 2023 | 1,777,409 | - | - | 1,777,409 |
| 2019 | 2022 | 2,096,176 | - | - | 2,096,176 |
| 2018 | 2021 | 1,940,904 | - | (1,940,904) | - |
| | | ₱6,414,264 | ₱- | (₱1,940,904) | ₱4,473,360 |

13. Financial Assets and Liabilities and Financial Risk Management Objectives and Policies

Fair Value

The carrying values of cash, receivables, accrued expenses and other current liabilities (except statutory payables) and due to related parties approximate the fair values at reporting date due to the relatively short-term nature of the transactions.

The estimated fair value of due from related parties amounted to ₱6,432.4 million and ₱7,248.8 million as of December 31, 2021 and 2020, respectively, based on the discounted value of future cash flows using the applicable BVAL rates ranging from 2.66% to 4.60% for December 31, 2021 and BVAL rates ranging from 2.08% to 2.78% for December 31, 2020.

Offsetting of Financial Assets and Financial Liabilities

The following table set forth the offsetting of financial assets and liabilities recognized as of December 31, 2021:

| | Gross amount of recognized financial assets and liabilities | Gross amounts of recognized financial assets and liabilities set off in the parent company statements of financial position | Net amount presented in the parent company statements of financial position |
|----------------------|---|---|---|
| December 31, 2020 | | | |
| Dividends receivable | ₱1,604,912,387 | (₱1,604,912,387) | ₱- |



Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash. The Company has other financial assets and financial liabilities such as receivables, due from related parties, advances to contractor, accrued expenses and other current liabilities (excluding statutory payables) and due to related parties.

The main risks arising from the Company's financial instruments are foreign exchange risk, liquidity risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Company's financial instrument will fluctuate due to changes in foreign exchange rate. The Company has recognized in the parent company statements of comprehensive income net unrealized foreign exchange gains (losses) on the revaluation of its US Dollar-denominated cash in banks and due from related parties (including due from related parties classified as current presented under "Receivables" account) amounting to ₱500.2 million and (₱363.6 million) in 2021 and 2020, respectively.

The Company's foreign currency-denominated monetary assets as of December 31, 2021 and 2020 and their Philippine Peso equivalents follow:

| | USD | Peso Equivalent |
|--|----------------------|-----------------------|
| December 31, 2021 | | |
| Financial assets: | | |
| Cash in banks | \$1,366,592 | ₱69,694,825 |
| Due from related parties* | 168,956,720 | 8,616,623,765 |
| Net foreign currency-denominated financial assets | \$170,323,312 | ₱8,686,318,590 |

**Including due from related parties classified as current presented under "Receivables" account and due from related parties presented separately in the noncurrent section of the parent company statements of financial position*

| | USD | Peso Equivalent |
|--|----------------------|-----------------------|
| December 31, 2020 | | |
| Financial assets: | | |
| Cash in banks | \$1,407,360 | ₱67,581,427 |
| Due from related parties* | 189,707,786 | 9,109,767,884 |
| Net foreign currency-denominated financial assets | \$191,115,146 | ₱9,177,349,311 |

**Including due from related parties classified as current presented under "Receivables" account and due from related parties presented separately in the noncurrent section of the parent company statements of financial position*

In the revaluation of its foreign currency-denominated financial assets, the Company used the exchange rate of ₱50.999 and ₱48.023 as of December 31, 2021 and 2020, respectively.

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

| | 2021 | | 2020 | |
|-------------|------------------------|-----------------------------------|------------------------|-----------------------------------|
| | Increase (Decrease) | Effect on Income Before Tax | Increase (Decrease) | Effect on Income Before Tax |
| U.S. Dollar | 1.00% (1.00%) | ₱86,863,186 (86,863,186) | 3.00% (3.00%) | ₱275,320,479 (275,320,479) |



The change in currency rate is based on the Company's best estimate of expected change considering historical trends and experiences. Positive change in currency reflects a weaker peso against foreign currency. On the other hand, a negative change in currency rate reflects a stronger peso against foreign currency.

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Company's objective is to maintain a balance between continuity of funding and flexibility. In managing its liquidity risk, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents amounting to ₱3,158.0 million and ₱3,338.8 million as of December 31, 2021 and 2020, respectively, that are allocated to meet the

Group's liquidity needs. The Group also has gross receivables amounting to ₱1,671.1 million and ₱1,960.3 million.

The table below summarizes the maturity profile of the Company's financial liabilities as of December 31, 2021 and 2020 based on contractual undiscounted payments:

| | 2021 | | | | Total |
|--|-----------------------|-----------|-----------|----------------------|-----------------------|
| | Within 1 Year | 1-2 Years | 2-3 Years | 4 Years and above | |
| Financial liabilities: | | | | | |
| Accrued expenses and other current liabilities | ₱276,023,239 | ₱- | ₱- | ₱- | ₱276,023,239 |
| Due to related parties | 8,620,283,436 | - | - | - | 8,620,283,436 |
| Subscription payable | 1,875,000 | - | - | - | 1,875,000 |
| | ₱8,898,181,675 | ₱- | ₱- | ₱- | ₱8,898,181,675 |
| | 2020 | | | | Total |
| | Within 1 Year | 1-2 Years | 2-3 Years | 4 Years and above | |
| Financial liabilities: | | | | | |
| Accrued expenses and other current liabilities | ₱260,180,909 | ₱- | ₱- | ₱- | ₱260,180,909 |
| Due to related parties | 6,991,069,939 | - | - | - | 6,991,069,939 |
| Subscription payable | 1,875,000 | - | - | - | 1,875,000 |
| | ₱7,253,125,848 | ₱- | ₱- | ₱- | ₱7,253,125,848 |

Credit Risk

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

Credit Risk Exposures. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, trade and other receivables, and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.



The table below shows gross maximum exposure to the Company's credit risk without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

| | 2021 | 2020 |
|--|------------------------|-----------------|
| Cash and cash equivalents: | | |
| Cash in banks | ₱154,157,025 | ₱121,969,723 |
| Temporary cash investment | 3,003,745,965 | 3,216,650,000 |
| Receivables: | | |
| Due from related parties | 1,586,393,364 | 1,883,244,581 |
| Receivables from officers and employees | 28,205,684 | 30,624,513 |
| Others | 56,502,697 | 46,460,882 |
| Due from a related party - net of current portion: | | |
| Principal | 6,956,606,654 | 7,146,283,904 |
| Interest | 73,623,747 | 80,495,360 |
| | ₱11,859,235,136 | ₱12,525,728,963 |

The tables below show the credit quality of the Company's financial assets based on their historical experience with the corresponding third parties:

| | 2021 | | | Total |
|-----------------------|-------------------------|-------------------------|----------------------------|------------------------|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit Impaired | |
| High | ₱10,502,312,342 | ₱- | ₱- | ₱10,502,312,342 |
| Moderate | - | - | - | - |
| Low | - | - | 1,356,922,794 | 1,356,922,794 |
| Gross carrying amount | 10,502,312,342 | - | 1,356,922,794 | 11,859,235,136 |
| ECL | - | - | (1,356,922,794) | (1,356,922,794) |
| Carrying amount | ₱10,502,312,342 | ₱- | ₱- | ₱10,502,312,342 |

| | 2020 | | | Total |
|-----------------------|-------------------------|-------------------------|----------------------------|------------------------|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit Impaired | |
| High | ₱11,247,988,157 | ₱- | ₱- | ₱11,247,988,157 |
| Moderate | - | - | - | - |
| Low | - | - | 1,277,740,806 | 1,277,740,806 |
| Gross carrying amount | 11,247,988,157 | - | 1,277,740,806 | 12,525,728,963 |
| ECL | - | - | (1,277,740,806) | (1,277,740,806) |
| Carrying amount | ₱11,247,988,157 | ₱- | ₱- | ₱11,247,988,157 |

Capital Management

The primary objective of the Company's capital management is to ensure that the Company has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To manage or adjust the capital structure, the Company may obtain advances from stockholders, return capital to shareholders or issue new shares.

The Company considers equity as its capital, which amounted to ₱26,242.0 million and ₱26,766.3 million as of December 31, 2021 and 2020, respectively.



14. Notes to Statements of Cash Flows

The Company's material non-cash investing and non-cash financing activity-related transactions for the years ended December 31, 2021 and 2020 are the following:

- a. The Company recognized additional contribution to its subsidiaries for stock awards granted to certain officers and employees of the Company's subsidiaries amounting to ₱146.2 million and ₱268.9 million in 2021 and 2020, respectively (see Note 10).
- b. Treasury shares were reissued for vested stock awards amounting to ₱291.3 million and ₱248.1 million in 2021 and 2020, respectively (see Note 10).
- c. In 2020, the remaining balance of dividend receivable from Sureste amounting to ₱1,604.9 million was offset against the Company's outstanding payable to Sureste, reducing the Company's payable to Sureste to ₱473.6 million as of December 31, 2020.

The changes in the Company's dividends payable as of December 31, 2020 arising from financing activities are as follows:

| | |
|-------------------------------|-----------------|
| Balance at beginning of year | ₱550,521 |
| Dividend declaration | 2,742,724,225 |
| Cash flows | (2,743,274,746) |
| Balance at end of year | ₱- |

15. Basic/Diluted Earnings Per Share

The following table presents information necessary to calculate earnings per share:

| | 2021 | 2020 |
|--|-----------------------|----------------|
| (a) Net income (loss) | ₱105,490,190 | (₱833,209,303) |
| (b) Weighted average number of issued shares | 11,032,998,225 | 11,032,998,225 |
| Treasury shares at beginning of year | (73,251,325) | (33,651,324) |
| Weighted average number of: | | |
| Treasury shares issued for vested stock awards | 20,210,060 | 16,469,516 |
| Treasury shares acquired | (70,552,815) | (47,487,553) |
| (c) Weighted average number of treasury shares | (123,594,080) | (64,669,361) |
| (d) Weighted average number of issued shares, net of treasury shares [(b)+(c)] | 10,909,404,145 | 10,968,328,864 |
| Unvested stock awards at beginning of year | 48,366,781 | 11,945,909 |
| Weighted average number of stock awards granted in 2020 | - | 42,710,265 |
| (e) Weighted average number of stock awards granted | 48,366,781 | 54,656,174 |
| Basic earnings (loss) per share (a)/(d) | ₱0.010 | (₱0.076) |
| Diluted earnings (loss) per share (a)/[(d)+(e)] | ₱0.010 | (₱0.076) |

For the year ended 2020, 54,656,173 stock awards granted, respectively, were excluded from the computation of diluted loss per share as its effect would have been anti-dilutive.



16. Segment Information

For management purposes, the Group (Bloomberry Resorts Corporation and subsidiaries) is organized into two geographical segments (i.e., Philippines and Korea). Both segments derive its revenues from operating a casino-hotel business.

Management monitors the operating results of its geographical segment separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRSs and may not be comparable to similarly titled measures presented by other entities. The Group's EBITA is computed as the Group's consolidated net income/loss before interest expense, provision for/benefit from income tax, net foreign exchange gains/losses, mark-to-market gain/loss, depreciation and amortization and non-recurring expense such as impairment loss.



The results of the Group's reportable geographical segments for the years ended December 31, 2021 and 2020 are as follows:

| | Philippines | | Korea | | Eliminations | | Consolidated | | Reconciliation | | Parent Company Balances | |
|---|-------------------------|------------------|-------------------------|----------------|---------------------|--------------|-------------------------|------------------|-------------------------|------------------|-------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| EBITDA | ₱5,571,225,707 | ₱1,824,920,916 | (₱357,569,676) | (₱394,919,089) | ₱- | ₱- | ₱5,213,656,031 | ₱1,430,001,827 | (₱5,553,199,732) | (₱1,894,136,210) | (₱339,543,701) | (₱464,134,383) |
| Depreciation and amortization | (3,359,475,830) | (3,131,563,809) | (134,193,280) | (216,891,403) | - | - | (3,493,669,110) | (3,348,455,212) | 3,489,798,874 | 3,344,105,149 | (3,870,236) | (4,350,063) |
| Interest expense | (5,342,379,712) | (5,399,451,679) | (59,551,090) | (93,768,528) | 59,551,090 | 82,823,342 | (5,342,379,712) | (5,410,396,865) | 5,342,379,712 | 5,410,396,865 | - | - |
| Foreign exchange gains (losses) - net | 777,665,276 | (715,899,701) | (823,789,135) | 566,603,731 | 250,195,204 | (81,396,565) | 204,071,345 | (230,692,535) | 296,146,854 | (132,879,913) | 500,218,199 | (363,572,448) |
| Impairment loss | - | - | (821,986,928) | (947,055,242) | - | - | (821,986,928) | (947,055,242) | 771,234,631 | 947,055,242 | (50,752,297) | - |
| Other income (expenses) | (7,693,008) | (115,002,345) | - | 86,734,247 | - | - | (7,693,008) | (28,268,098) | 7,731,008 | 28,893,098 | 38,000 | 625,000 |
| Benefit from (provision for) income tax | 9,094,357 | 207,060,349 | (10,459,262) | - | - | - | (1,364,905) | 207,060,349 | 765,130 | (208,837,758) | (599,775) | (1,777,409) |
| Net income (loss) | (₱2,351,563,210) | (₱7,329,936,269) | (₱2,207,549,371) | (₱999,296,284) | ₱309,746,294 | ₱1,426,777 | (₱4,249,366,287) | (₱8,327,805,776) | ₱4,354,856,477 | ₱7,494,596,473 | ₱105,490,190 | (₱833,209,303) |

| | Philippines | | Korea | | Eliminations | | Consolidated | | Reconciliation | | Parent Company Balances | |
|---|-------------------------|------------------|-------------------------|----------------|---------------------|--------------|-------------------------|------------------|--------------------------|-------------------|-------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue | ₱21,910,039,210 | ₱17,491,442,063 | ₱1,779,246 | ₱79,500,097 | ₱59,355,308 | ₱87,463,513 | ₱21,971,173,764 | ₱17,658,405,673 | (₱21,971,173,764) | (₱17,658,405,673) | ₱- | ₱- |
| Operating costs and expenses | (19,801,288,527) | (19,015,753,801) | (493,577,998) | (691,366,569) | - | - | (20,294,866,525) | (19,707,120,370) | 19,886,106,149 | 19,149,942,808 | (408,760,376) | (557,177,562) |
| Other income (expenses): | | | | | | | | | | | | |
| Interest expense | (5,342,379,712) | (5,399,451,679) | (59,551,090) | (93,768,528) | 59,551,090 | 82,823,342 | (5,342,379,712) | (5,410,396,865) | 5,342,379,712 | 5,410,396,865 | - | - |
| Foreign exchange gains (losses) - net | 777,665,276 | (715,899,701) | (823,789,135) | 566,603,731 | 250,195,204 | (81,396,565) | 204,071,345 | (230,692,535) | 296,146,854 | (132,879,913) | 500,218,199 | (363,572,448) |
| Interest income | 102,999,194 | 217,668,845 | 35,796 | 55,980 | (59,355,308) | (87,463,513) | 43,679,682 | 130,261,312 | 21,666,757 | (41,568,196) | 65,346,439 | 88,693,116 |
| Impairment loss | - | - | (821,986,928) | (947,055,242) | - | - | (821,986,928) | (947,055,242) | 771,234,631 | 947,055,242 | (50,752,297) | - |
| Other income (expenses) | (7,693,008) | (115,002,345) | - | 86,734,247 | - | - | (7,693,008) | (28,268,098) | 7,731,008 | 28,893,098 | 38,000 | 625,000 |
| Benefit from (provision for) income tax | 9,094,357 | 207,060,349 | (10,459,262) | - | - | - | (1,364,905) | 207,060,349 | 765,130 | (208,837,758) | (599,775) | (1,777,409) |
| Net income (loss) | (₱2,351,563,210) | (₱7,329,936,269) | (₱2,207,549,371) | (₱999,296,284) | ₱309,746,294 | ₱1,426,777 | (₱4,249,366,287) | (₱8,327,805,776) | ₱4,354,856,477 | ₱7,494,596,473 | ₱105,490,190 | (₱833,209,303) |

The assets and liabilities of the Group's reportable geographical segments as of December 31, 2021 and 2020 are as follows:

| | Philippines | | Korea | | Eliminations | | Consolidated | | Reconciliation | | Parent Company Balances | |
|--------------------------------|-------------------------|------------------|-----------------------|----------------|---------------------------|--------------------|-------------------------|------------------|--------------------------|-------------------|-------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets: | | | | | | | | | | | | |
| Segment assets | ₱298,678,523,358 | ₱287,686,931,544 | ₱5,266,530,837 | ₱6,383,983,115 | (₱188,693,030,328) | (₱180,616,339,746) | ₱115,252,023,867 | ₱113,454,574,913 | (₱80,108,570,522) | (₱79,430,430,712) | ₱35,143,453,345 | ₱34,024,144,201 |
| Deferred tax assets - net | - | - | - | 126,441,881 | - | (126,441,881) | - | - | - | - | - | - |
| Total assets | ₱298,678,523,358 | ₱287,686,931,544 | ₱5,266,530,837 | ₱6,510,424,996 | (₱188,693,030,328) | (₱180,742,781,627) | ₱115,252,023,867 | ₱113,454,574,913 | (₱80,108,570,522) | (₱79,430,430,712) | ₱35,143,453,345 | ₱34,024,144,201 |
| Liabilities: | | | | | | | | | | | | |
| Segment liabilities | ₱103,595,251,300 | ₱90,027,760,120 | ₱8,881,750,272 | ₱9,443,103,404 | (₱25,320,760,937) | (₱19,078,174,232) | ₱87,156,240,635 | ₱80,392,689,292 | (₱78,254,739,865) | (₱73,134,861,042) | ₱8,901,500,770 | ₱7,257,828,250 |
| Deferred tax liabilities - net | 48,987,284 | 49,789,362 | 84,609,802 | - | 38,375,023 | 118,087,312 | 171,972,109 | 167,876,674 | - | - | - | - |
| Total liabilities | ₱103,644,238,584 | ₱90,077,549,482 | ₱8,966,360,074 | ₱9,443,103,404 | (₱25,282,385,914) | (₱18,960,086,920) | ₱87,328,212,744 | ₱80,560,565,966 | (₱78,254,739,865) | (₱73,134,861,042) | ₱8,901,500,770 | ₱7,257,828,250 |



17. Supplementary Information Required Under Revenue Regulation No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulation (“RR”) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of parent company financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS and such other standards and/or conventions that may heretofore be adopted, in the notes to the parent company financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

Value-added Tax (“VAT”)

The Company is not subject to VAT on its sales of goods and/or services. The amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Withholding Taxes

The Company remitted the following withholding taxes in 2021:

| | <u>Amount</u> |
|--|---------------|
| Expanded withholding tax | ₱1,973,486 |
| Withholding tax on compensation and benefits | 20,122,323 |

Documentary Stamp Tax

The Company has no documentary stamp taxes paid for the year ended December 31, 2021.

Other Taxes and Licenses

Other taxes and licenses in 2021 are as follows:

| | <u>Amount</u> |
|---------------------------|-------------------|
| License - | |
| PSE listing fees | ₱2,000,000 |
| National tax - | |
| BIR annual registration | 500 |
| Local taxes - | |
| Business permit | 59,793 |
| Community tax certificate | 1,300 |
| Police clearance renewal | 1,210 |
| | <u>₱2,059,793</u> |

Tax Assessments and Cases

There is no significant update on the Petition for Review filed by the Company to the Court of Tax Appeals (CTA) last October 18, 2019 and Answer to Petition for Review filed to CTA last January 20, 2020. Moreover, there is no settlement for deficiency taxes during the year ended December 31, 2021. The Company believes the assessment is without merit, and if required, will dispute the assessment in court. The Company has yet to receive response from the BIR.

Others

The Company has no transactions in 2021 that were subject to the following taxes:

- Tariff fees
- Excise taxes
- Customs duties and taxes

