

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

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Exact name of the Registrant as specified in its charter: **PHILWEB CORPORATION**

Province, Country or other jurisdiction of Industry Classification Code Incorporation or Organization: **Philippines**

4. SEC Identification Number: **39121**

5. BIR Tax Identification Number: **000-141-527-000**

6. Address of principal office: **41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines**

7. Registrant's Telephone No.: **(632) 82365577**

8. Date, time and place of the meeting of security holders: **May 22, 2024 at 10:00 a.m. and shall be conducted by remote communication via Zoom at https://us02web.zoom.us/webinar/register/WN_dqkRwDKbTROI4GmCRsspBw. Thus, the stockholders may only attend by remote communication or by appointing the Chairman as proxy.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 30, 2024**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock P1.00 par value	1,435,776,680 common shares (net of treasury shares of 81,380,938)

11. Are any or all these securities listed on the Philippine Stock Exchange:

Yes No

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

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

The annual stockholders' meeting will be held on May 22, 2024 at 10:00 a.m. by remote communication via Zoom at https://us02web.zoom.us/webinar/register/WN_dqkRwDKbTROI4GmCRsspBw. The Corporation will dispense with the physical attendance of the stockholders at the meeting. Thus, the stockholders may only attend by remote communication or by appointing the Chairman as proxy.

The complete mailing address of the principal office of the Corporation is 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines.

The approximate date when the information statement will be first sent to security holders will be on April 30, 2024.

Participation by Remote Communication

The 2024 Annual Stockholders' Meeting will be conducted by remote communication via Zoom at https://us02web.zoom.us/webinar/register/WN_dqkRwDKbTROI4GmCRsspBw. The stockholders may attend and participate at the meeting by following the instructions below:

- a. Stockholders should notify the Corporation by sending an email to corpsec@philweb.com.ph on or before 13 May 2024.
- b. All successfully registered stockholders will receive an invitation by email containing the link to the meeting and password and the meeting procedures.
- c. Stockholders who have notified the Corporation and were registered will be included in the determination of the existence of a quorum.
- d. Stockholders who intend to attend and vote by proxy should submit their proxies to the Office of the Corporate Secretary at 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines or email to corpsec@philweb.com.ph not later than 8 May 2024 at 5:00 p.m.

- e. The meeting shall be recorded in audio and video formats and copies thereof shall be retained by the Corporation.

Dissenters' Right of Appraisal

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of appraisal right by any dissenting stockholder. The Corporation Code limits the exercise of the appraisal right to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- c. In case of merger or consolidation;
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No person has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

There are 1,435,776,680 outstanding common shares (net of treasury shares of 81,380,938) as of March 31, 2024 entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulative voting. There is no classification of voting securities.

The record date to determine the stockholders entitled to notice and to vote at the meeting is on April 30, 2024.

The election of the members of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many person as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholders should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

No person has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2024, the Corporation knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>

PhilWeb Corporation SEC Form 20-IS
Definitive Information Statement

<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>
Common	Gregorio Araneta, Incorporated 21/F BDO Tower, Paseo de Roxas, Makati City Stockholder	Gregorio Araneta III Proxy/Representative	Filipino	829,574,354 (r&b - direct)	57.78%
Common	PhilWeb Casino Corporation 6/F Adamson Centre, 121 L.P. Leviste Street, Salcedo Village, Makati City Stockholder	Edgar Brian K. Ng Proxy/Representative	Filipino	157,044,156 (r&b - direct)	10.94%

(2) Security Ownership of Management

As of March 31, 2024, the following are the details of the security ownership of Management based on total outstanding shares of 1,435,776,680:

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number of Shares and Nature of Beneficial Ownership</i>	<i>Percentage of Ownership</i>
Common	Gregorio Ma. Araneta III Chairman/CEO	Filipino	100 (direct) 829,574,254 (indirect)	0.00% 57.78%
Common	Crisanto Roy B. Alcid Vice Chairman)	Filipino	100 (direct)	0.00%
Common	Edgar Brian K. Ng Director/President	Filipino	326,500 (direct)	0.02%
Common	Edgar N. Ang Director	Filipino	50,000 (direct)	0.00%
Common	Alfonso M. Araneta Director	Filipino	1,000 (direct)	0.00%
Common	Luis M. Araneta Director	Filipino	100 (direct)	0.00%
Common	Mario A. Oreta Independent Director	Filipino	1 (direct)	0.00%

PhilWeb Corporation SEC Form 20-IS
Definitive Information Statement

Common	Rafael B. Ortigas Independent Director	Filipino	1,200 (direct)	0.00%
Common	Philip S. Tuazon Independent Director	Filipino	371,500 (direct)	0.00%
Common	William M. Valtos, Jr. Independent Director	Filipino	100 (direct)	0.00%
Common	Alexius D. Coliat. CFO/Treasurer	Filipino	0 (direct)	0.00%
Common	Ricky e. Rosario CFO/Comptroller	Filipino	0 (direct)	0.00%
Common	Mona Liza I. Navarro Vice President	Filipino	11,500 (direct)	0.01%
Common	Raymund S. Aquino Corporate Secretary/Vice President	Filipino	117,866 (direct)	
Aggregate Ownership of Directors and Officers as a Group			830,454,221	57.84%

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge. No change in control of the Corporation has occurred since the beginning of its last fiscal year.

Directors and Executive Officers

PhilWeb's Board of Directors is composed of 10 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The present directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Araneta III	76	Director & Chairman/Filipino/10 years/1 year
Crisanto Roy B. Alcid	54	Director & Vice-Chairman/Filipino/9 years/1 year
Edgar Brian K. Ng	54	Director & President/Filipino/4 years/1 year
Edgar N. Ang	72	Director/Filipino/6 years/1 year
Alfonso M. Araneta	39	Director/Filipino/2 years/1 year
Luis M. Araneta	38	Director/Filipino/6 years/1 year
Mario A. Oreta	77	Director/Filipino/7 years/1 year
Rafael B. Ortigas	63	Director/Filipino/21 years/1 year
Philip S. Tuazon	72	Director/Filipino/6 years/1 year
William M. Valtos, Jr.	63	Director/Filipino/6 years/1 year
Ricky E. Rosario	36	CFO & Comptroller/Filipino/5 years/1 year
Alexius D. Coliat	48	CFO & Treasurer/Filipino/5 years/1 year
Mona Liza I. Navarro	44	Vice President/Filipino/7 years/1 year

Raymund S. Aquino 55 Corporate Secretary/Filipino/7 years/1 year

Gregorio Araneta III was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

Crisanto Roy B. Alcid was elected Vice-Chairman of the Company in September 2017. He was elected Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatruster Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

Edgar Brian K. Ng was elected Director of the Company in February 2020. He is the President of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng was an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

Edgar N. Ang was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation, a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

Alfonso M. Araneta was elected Director of the Company in May 2021. He is a Director of Araneta Properties, Inc. ARAZA Resources Corp., ATSI PETC, Inc., Pagrel,

Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., Alumma Foods, Inc., Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. He is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., and Vice-President and Director of Gregorio Araneta, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

Luis M. Araneta was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

Mario A. Oreta was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

Rafael B. Ortigas was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

Philip S. Tuazon was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his

collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

William M. Valtos, Jr. was elected Director of the Company in September 2017. He is the Senior Managing Director and Chief Investment Officer of UBX Private Limited. He is also an Independent Director of FREIT Fund Managers Inc, Fora Services Inc., Investree Philippines, Phizzle Inc., Transwealth Fleet Management Corp., and Transwealth Parking Services Corp. Prior to joining UBX Private Limited, Mr. Valtos held several senior executive and Director positions including 24 years at the ICCP Group, where he was a Director and CEO of Investment & Capital Corporation of the Philippines and a Director and Senior Managing Director of ICCP SBI Venture Partners. Prior to joining the ICCP Group, Mr. Valtos was Managing Director of Strategic Asset Management, Inc., a Chicago-based private direct investment firm. Mr. Valtos is a former Director of the Investment House Association of the Philippines. Mr. Valtos holds an MBA from the Kellogg School of Management at Northwestern University. He earned a BA in Economics and Political Science from the University of Illinois.

Ricky E. Rosario was elected as the CFO and Comptroller of the Company in August 2019. Mr. Rosario is a certified public accountant. His previous work experience includes being senior auditor of SGV & Co. He is an accredited tax practitioner and accredited CPA in public practice, commerce and industry. He is a member of the Philippine Institute of Certified Public Accountants and registered as an ASEAN Chartered Professional Accountant.

Alexius D. Coliat was elected as the CFO and Treasurer of the Company in August 2019. Mr. Coliat is a certified public accountant. His previous work experience includes being the Global Internal Audit Manager of Tyche Consulting Limited Phils. and a senior risk consultant of Hill & Associates Risk Consulting Philippines, Inc. He is a member of the Philippine Institute of Certified Public Accountants.

Mona Liza I. Navarro is currently a Vice President of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.

Raymund Nonato S. Aquino was elected Corporate Secretary of the Company in September 2017. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to

the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Independent Directors / Nomination Committee

Under its Manual on Corporate Governance submitted with the Securities and Exchange Commission (SEC), the Board of Directors created a Corporate Governance Committee, which may have at least three voting members. It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors including the Independent Directors in accordance with the guidelines provided in the Manual on Corporate Governance and conformably with SRC Rule 38.

The following are the Company's incumbent Independent Directors:

1. Mario A. Oreta
2. Rafael B. Ortigas
3. Philip S. Tuazon
4. William M. Valtos, Jr.

In compliance with SRC Rule 38 and the Company's Manual on Corporate Governance, the following are the incumbent members of the Corporate Governance Committee:

1. Rafael B. Ortigas (Chairman/Independent Director)
2. Philip S. Tuazon (Member/Independent Director)
3. William M. Valtos, Jr. (Member/Independent Director)

Procedures for the Nomination of the Independent Directors

The Corporate Governance Committee prior to a stockholders' meeting shall conduct the nomination of independent directors. The nominating stockholders together with the acceptance and conformity by the would-be nominees shall sign all the recommendations. The Corporate Governance Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors. After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the SEC. The name of the independent director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The SEC approved the amendment of the Company's By-Laws, which include among others, the procedure for the nomination and election of independent directors on November 10, 2005.

As of the date of this Information Statement, the Corporate Governance Committee has received and approved the following nominations for independent director:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Mario A. Oreta	Edgar Brian K. Ng	None
Rafael B. Ortigas	Edgar Brian K. Ng	None
Philip S. Tuazon	Edgar Brian K. Ng	None
William M. Valtos, Jr.	Edgar Brian K. Ng	None

Family Relationship of Directors and Officers

Messrs. Alfonso M. Araneta and Luis M. Araneta are the sons of Mr. Gregorio Araneta III.

The Company does not know any other family relationship of directors and officers other than the ones provided.

Certain Relationships and Related Transactions

Please refer to Schedule C of SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended, on Related Party Transactions of the enclosed Consolidated Financial Statements for the year 2023.

Other than the foregoing, there has been no transaction outside of the ordinary course of business during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any Director or Executive Officer of the Company, or owner of more than 10% of the Company's voting securities or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have had transactions with other companies in which some of the foregoing persons may have an interest.

Mr. Gregorio Araneta III directly and indirectly owns at least 57.78% of the Company's voting securities. No person, natural or juridical, owns more than 50% of the Company's voting securities.

Significant Employees

There are no persons other than the executive officers that are expected by the Company to make a significant contribution to the business.

Involvement of Directors and Officers in Certain Legal Proceedings

The Company is not aware that any of its directors and officers is involved during the past five years and up to the date of the filing of this report in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree by a court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

Legal Proceedings

1. Rodrigo R. Gacionco, Jr. vs. PhilWeb (CA G.R. CV-No. 01519) – Rescission of Lease Purchase Agreement.

The parties entered into a Lease Agreement with Option to Purchase on 22 November 2000. For alleged non-fulfillment of its obligation, Gandionco filed a case in the RTC to rescind the contract. PhilWeb stated that it never entered into such agreement for it was not signed by any of PhilWeb's authorized representatives. The Court Ruled in favor of Gandionco and declared the agreement between the parties as rescinded and ordered PhilWeb to pay Gacionco P 20,533.00 in litigation expenses, P20,000 in moral damages, P20,000 in exemplary damages and P50,000 in attorney's fees, in the total amount of P110,533.00. Gacionco was likewise ordered by the court to return to PhilWeb 10 IBM Computers, amounting to approximately P200,000.00 and 5000 pieces of ZOOM cards. PhilWeb appealed the case to the Court of Appeals. The appeal is submitted for decision by the Court of Appeals.

2. PhilWeb vs Sonia K. Pamatmat
I.S. No. 07-J-8470
Qualified Theft

The respondent is a former employee of PhilWeb. During her tenure as a former employee of PhilWeb, she took a company vehicle and did not return the same upon

termination of her employment. PhilWeb demanded the return of its vehicle. Despite said demand, she failed to return the said property. PhilWeb then filed a complaint charging the respondent of Qualified Theft.

PhilWeb filed a Petition for Certiorari to annul the Resolution of the Department of Justice dismissing the criminal case against Sonia K. Pamatmat. The case is pending resolution by the Court of Appeals.

3. PhilWeb Corporation vs. BOS (Antigua) Ltd.
Civil Case No. 06 - 712
For Damages with Attachment
Makati RTC Branch 139

The parties entered into a Memorandum of Agreement on November 20, 2005 for the operation of sports betting facility. BOS (Antigua) Ltd. (BOS) allegedly violated provisions in the MOA prompting PhilWeb to file a complaint for damages in the amount of P24,000,000.00 against BOS. The case will be litigated upon service of summons to BOS. BOS did not file a counterclaim or a separate complaint.

4. PhilWeb Corporation vs. Commission on Audit
Decision No. 2015-097 (CGS-C Decision No. 2012-009) (ND No. 2011-001-(06/07))

On 18 July 2011, the Commission on Audit ("COA"), through its resident auditor, Atty. Resurreccion C. Quieta, ("Atty. Quieta") issued a Notice of Disallowance ("ND") against PhilWeb regarding the payment of PAGCOR of 10% Software License Fee ("SLF") to PhilWeb effective on 6 July 2006. According to Atty. Quieta, there was an excess in the remittance of the SLF during the period 6 July 2006 to 31 August 2007 in the total amount of Php57,926,133.63 since the amended Intellectual Property License and Management Agreement which was entered into by PhilWeb and PAGCOR, and which specified the payment of the 10% SLF, took effect only on 13 September 2007. This Php57,926,133.63 amount has been paid by PAGCOR and COA is claiming its return.

PhilWeb challenged this ND and filed its Appeal Memorandum on 12 December 2011 maintaining that the increase and the payment of the 10% SLF was agreed upon by PAGCOR and PhilWeb to take effect on 6 July 2006. On 6 December 2012, PhilWeb, received a copy of the Decision of the COA through Honorable Rufina S. Laquindanum dated 16 November 2012 denying its appeal and affirming the Notice of Disallowance. Thereafter, PhilWeb filed its Petition for Review with the COA on 8 January 2013. On 8 May 2015, PhilWeb received a copy of the Decision of the COA dated 1 April 2015 dismissing its Petition for Review. On 19 May 2015, PhilWeb seasonably filed its Motion for Reconsideration. This Motion for Reconsideration is now pending resolution by the COA.

5. PhilWeb Corporation vs. Commissioner of Internal Revenue
CTA Case No. 10563

On 13 January 2021, PhilWeb received the Formal Assessment Notice/Formal Letter of Demand (FAN/FLD) issued by the Bureau of Internal Revenue (BIR) assessing PhilWeb of deficiency VAT for taxable year 2015 (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php23,693,960.11. On 10 February 2021, PhilWeb filed its Protest Letter to the FAN/FLD refuting the remaining assessments of the BIR. On 28 May 2021, PhilWeb received a copy of the Final Decision on Disputed Assessment (FDDA) of the BIR denying the protest and assessing PhilWeb of deficiency VAT (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php19,568,262.20. On 28 June 2022, PhilWeb filed with the Court of Tax Appeals (CTA) a Petition for Review appealing the FDDA. PhilWeb also filed last 18 August 2021 with the BIR an Offer of Compromise Settlement by offering to pay the amount of P2,256,068.215 to immediately settle, close and terminate this assessment. This offer is pending resolution with the BIR.

6. PhilWeb Corporation vs. Commissioner of Internal Revenue
CTA Case No. 10619 and CTA Case No. 10671

On 26 September 2016, PhilWeb received the FAN/FLD assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes for taxable year 2011 (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php698,871,318. On 26 October 2016, PhilWeb filed its Protest Letter to the FAN/FLD refuting the assessments of the BIR. On 2 September 2021, PhilWeb received a copy of the FDDA of the BIR denying the protest and assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php954,880,386. On 4 October 2021, PhilWeb filed with the CTA a Petition for Review appealing the FDDA.

On 24 October 2016, PhilWeb received the FAN/FLD assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes for taxable year 2012 (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php1,114,293,563.55. On 22 November 2016, PhilWeb filed its Protest Letter to the FAN/FLD refuting the assessments of the BIR. On 20 September 2021, PhilWeb received a copy of the FDDA of the BIR denying the protest and assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php306,146,489.37. On 20 October 2021, PhilWeb filed with the CTA a Petition for Review appealing the FDDA.

In a Resolution dated 4 April 2022, CTA Case No. 10671 was consolidated with CTA Case No. 10619, the case bearing the lower number. The Independent Certified Public Accountant rendered his report last 19 March 2024..

7. PhilWeb Corporation vs. Commissioner of Internal Revenue
 CTA Case No. 11339

On 4 January 2017, PhilWeb received the FAN/FLD assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes for taxable year 2013 (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php1,112,539,447.23. On 3 February 2017, PhilWeb filed its Protest Letter to the FAN/FLD refuting the assessments of the BIR. On 17 October 2023, PhilWeb received a copy of the FDDA of the BIR denying the protest and assessing PhilWeb of deficiency Income Tax, Expanded Withholding Tax, Documentary stamp Tax, and Value-Added Taxes (inclusive of surcharges, interests, and compromise penalty) in the aggregate amount of Php1,337,144,845.26. On 16 November 2023, PhilWeb filed with the CTA a Petition for Review appealing the FDDA.

Compensation of Directors and Executive Officers

A director’s compensation consists solely of a per diem of P40,000.00 for every meeting of the Board of Directors. Since the Board of Directors held two meetings for the year 2023, each of the directors received a total of P80,000.00. For the year 2022, since the Board of Directors held two meetings each of the directors received a total of P80,000.00.

The aggregate amount of compensation paid by the Company to all its directors and management as a group for fiscal years 2022 and 2023 were and 25,411,000 and 23,426,000, respectively. The estimated aggregate compensation for 2024 is P24,597,300.

Annual Compensation of Five Most Highly-Paid Executives including the CEO

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Comp.
1. Edgar Brian K. Ng President (elected February 2020)				
2. Mona Liza I. Navarro Vice President (effective March 2014)				

PhilWeb Corporation SEC Form 20-IS
Definitive Information Statement

3. Raymund S. Aquino
Vice President
(effective August 2015)
4. Ronald M. Cuevas
Vice President
(effective January 2014)
5. Alexander C. Manabal
Assistant Vice President
(effective August 2009)

Aggregate Compensation of the CEO
& Five Most Highly-Paid Executives

2022	13,248,000	-	552,000
2023	13,248,000	-	552,000
2024 ¹	13,910,000	-	1,159,200

All Officers and Directors as a Group
Unnamed

2022	25,411,000	-	1,424,500
2023	23,426,000	-	1,217,667
2024 ²	24,597,300	-	1,950,900

There are no standard arrangements regarding election, bonus, profit sharing, pension/retirement plan granting or extension of any option, warrant or right to purchase any securities. The Company has a stock option plan, which is administered by a stock options committee.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The abovementioned executive officers have employment contracts with the Company.

There has been no change in control arrangements with the present management.

¹ Estimate figures

² Estimate figures

Warrants and Options Outstanding

On February 16, 2001, the SEC approved the exemption of 4,447,134,695 common shares (equivalent to 44,471,347 shares based on the new par value, effective September 14, 2009) under the Company's Stock Option Plan from the registration requirements under the Securities Regulation Code (SEC Resolution No. 005, Series of 2001).

On November 18, 2003, the Stock Option Committee approved the awarding to selected individuals who have helped develop the business of the Company over the past two years options to subscribe to a total of One Billion Three Hundred Million (1,300,000,000) common shares at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On October 14, 2004, the Stock Option Committee of the Company approved the awarding to selected individuals who have helped develop the business of the Company over the past two years options to subscribe to 500,000,000 common share, at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On March 2, 2005 the Board of Directors of PhilWeb Corporation approved the recommendation of the Stock Option Committee for additional option grants totaling 1,391,000,000 shares to its officers and employees at a price equivalent to a twenty percent (20%) discount over the average closing price of the Company during the past 30 trading days.

On January 20, 2006, the Stock Option Committee of the Company approved the award to selected officers and employees options to subscribe to total of 1,786,500,000 common shares, at a price of P0.013 per share (the then prevailing market price was P0.016 per share).

On November 29, 2006, the Stock Option Committee of the Company approved the award to selected officers options to subscribe to total of 1,156,000,000 common shares, at a price of P0.0248 (the then prevailing market price was P0.031 per share).

On April 9, 2008, the PSE approved the Company's application for the listing of additional 1,982,399,858 common shares with a par value of P0.01 per share, to cover the Stock Option Plan of PhilWeb Corporation.

On April 19, 2012, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 8,900,000 common shares, at a price of P14.00 per share.

On 29 May 2014, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 1,500,000 common shares, at a price of P4.15 per share.

Independent Public Accountants

The independent public accountant recommended for election for the current year is Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same period or any subsequent interim period.

Representatives of Reyes Tacandong & Co. shall be present at the meeting. They will have the opportunity to make a statement if they choose to do so and will be available to respond to appropriate questions.

The 2023 audit of the Company by Reyes Tacandong & Co. is in compliance with Securities Regulation Code Rule 68, paragraph 3(b)(iv) and SEC Memorandum Circular No. 8, Series of 2003 that provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

The following are the members of the Audit Committee of the Company:

Mario A. Oreta	-	Independent Director/Chairman
Rafael B. Ortigas	-	Independent Director/Member
William M. Valtos, Jr.	-	Independent Director/Member

OTHER MATTERS

Action with Respect to Reports

The Management Report and 2023 Audited Financial Statements, as set forth in the accompanying Annual Report, will be submitted for stockholders' ratification.

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year.

Approval of the Minutes of the Stockholders' Meeting held on May 24, 2023 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events, which transpired during the meeting.

During the said meeting, the following significant matters were approved: (i) minutes of the annual stockholder's meeting held on May 25, 2022; (ii) Management Report and Audited Financial Statements for the Year Ended December 31, 2022; (iii) ratification and approval of corporate acts; (iv) election of directors; and (v) appointment of external auditor.

There were no self-dealing and related party transactions by the directors in accordance with the Material Related Party Transaction Policy of the Company and SEC Memorandum Circular No. 10, Series of 2019.

During the Regular Meeting of the Board of Directors held on March 22, 2023, the following matters were discussed/approved: (i) minutes of the board meeting held on May 25, 2022; (ii) minutes of the executive committee meetings held on June 13, 2022, August 15, 2022, October 10, 2022, November 14, 2022, December 19, 2022, January 12, 2023, and February 6, 2023; (iii) Management Report for 2022; (iv) strategic plans for 2023 and (v) Audited Financial Statements as at and for the year ended December 31, 2022 of the Company.

During the Organizational Meeting of the Board of Directors held on May 24, 2023, the following matters were discussed/approved: (i) minutes of the board meeting held on March 22, 2023; (ii) election of officers; (iii) election of members of the Executive Committee; and (iv) election of members to the Corporate Governance, Audit and Stock Option committees.

Copies of the minutes will be made available for review by the stockholders present in the annual meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the minutes.

Other Proposed Actions

The acts of Management from the last annual stockholders' meeting to the present will be presented for stockholders' ratification at the meeting.

Voting Procedures

For the election of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

For all other matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum exists shall be sufficient.

Voting shall be done *viva voce* or by raising of hands and the votes for or against the matter submitted shall be tallied by the Corporate Secretary in case of a division of the house.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE

STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

PhilWeb Corporation
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City, Philippines
Attention: Mr. Alexius D. Coliat
Treasurer/Chief Finance Officer

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on April 25, 2024.

Issuer: **PHILWEB CORPORATION**

Date: April 25, 2024

Signature and Title:


Edgar Brian K. Ng
President

PHILWEB CORPORATION

MANAGEMENT REPORT

for the
2024 Annual Meeting of Stockholders
Pursuant to SRC Rule 20 (4) (A)

A. *Audited Financial Statements for Fiscal Year Ended December 31, 2023*

Please see attached audited consolidated financial statements as of December 31, 2023.

B. *There were no disagreements with the accountants*

C. *Management's Discussion and Analysis or Plan of Operations*

Plan of Operations

The current capitalization of the Company and expected future revenues from its various Internet gaming activities are projected to sufficiently meet the Company's operating cash requirements. Acquisition of computers and other equipment, which are not expected to be of material amount, shall be funded from internally generated funds.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally generated funds and existing capitalization.

Hiring of employees will continue in the regular course of business.

There are no known trends, events or uncertainties that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

There are no significant elements of income or loss that has not been disclosed.

Results of Operation

	For the Period Ended December 31 2023	For the Year Ended December 31 2022	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Income Statement				
Revenues	816,062,821	812,889,721	537,782,930	264,881,733
Costs and Expenses	842,525,286	736,518,997	562,244,616	319,895,710
Other Income (Loss) - Net	(35,452,560)	(29,400,569)	(5,228,887)	(22,146,038)
Net Income (Loss)	(71,820,597)	27,302,235	(52,205,290)	(59,506,366)
Retained Earnings at Beginning of Period	831,566,174	804,263,939	856,469,229	915,975,595
Retained Earnings at End of Period	759,745,577	831,566,174	804,263,939	856,469,229
Balance Sheet				
Current Assets	216,369,258	205,655,464	172,099,029	435,459,545
Total Assets	1,226,277,253	1,259,639,695	1,267,758,793	759,675,306
Total Liabilities	669,950,769	629,944,598	668,573,846	560,891,899
Total Equity	556,326,484	629,695,097	599,184,947	198,783,407

Performance for the Period Ended December 31, 2023

Cash and Cash Equivalents

The cash and cash equivalents increased by P24.7 million or 40.2% versus last year. The Company generated cash from operation of P87.1 million and availed loan from bank of P6.2m and used P68.6 million mainly for payment of PAGCOR bond and for the leasehold improvements and computer equipment acquisitions.

Receivables (net)

The receivables decreased by P30.9 million or 36.7% versus last year, mainly due to the collection of trade receivables.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P16.9 million or 28.1% versus last year mainly due to the increase in input VAT and prepaid taxes.

Property and Equipment

The decreased in property and equipment of P20.0 million or 28.2% represents the total acquisitions of P37.2 million less depreciation and amortization amounting to P57.2 million.

Right-of-use (ROU) Assets

ROU assets decreased by P4.6 million or 2.6% mainly due to the amortization of ROU assets as a result of the adoption of accounting standard, PFRS 16.

Net Deferred Tax Assets

Net Deferred tax assets increased by P1.6 million or 9.0% mainly due to the recognition of the temporary difference.

Goodwill

Goodwill decreased by P51.1 million or 8.0% mainly due to impairment.

Other Noncurrent Assets

Other noncurrent assets increased by P31.0 million or 22.2% mainly due to the payment of PAGCOR bond.

Accounts Payable and other current liabilities

Accounts payable and other current liabilities increased by P29.9 million or 15.0% mainly due to the increase in trade payables.

Notes Payable

Notes payable increased by P6.2 million or 3.5% due to the availment of loans.

Lease Liabilities

Lease liabilities current and noncurrent increased by P3.5 million or 1.8% mainly due to the recognition of lease liabilities as a result of the adoption of accounting standard, PFRS 16.

Retirement Benefits Liability

Retirement benefits liability increased by P0.9 million or 1.7% due to the additional provision for employees' retirement benefits, net of actuarial gain.

Other Noncurrent Liability

Other noncurrent liability decreased by P0.4 million or 2.9% due to the refund of operators' deposit.

Capital stock

No movement of capital stock during the year.

Additional paid in capital

No movement of additional paid in capital during the year.

Retained earnings

Retained earnings decreased by P71.8 million or 3.4% due to the net loss incurred during the year.

Treasury stock

No movement of treasury stock during the year.

Income and Expenses

Net loss for the year 2023 amounts to P71.8 million, lower by P99.1 million as compared to net income of P27.3 million in 2022. EBITDA also decreased by P41.5 million, from P129.6 million last year to P88.1 million this year. The decrease in net income and EBITDA is mainly attributable to the impairment of goodwill, PFRS 16 accounting standard adjustment, one-time non-recurring payments, as well as PAGCOR accreditation fees to provide Sportsbetting services. Without these items, the Group would generate net income of P10.0 million.

Revenue

Total revenue increased by P3.2 million or 0.4%, from P812.9 million in 2022 to P816.1 million in 2023. The improvement in revenue is mainly attributable to the full operating capacities of the more than 150 eGames and eBingo venues the company provides services to, as well as the continuous contribution from its remote gaming platform.

Costs and Expenses

Costs and expenses for the year 2023 increased by 14.4% or P106.0 million, from P736.5 million in 2022 to P842.5 million in 2023. Higher costs and expenses are owing to one-time non-recurring payments, as well as PAGCOR accreditation fees to provide Sportsbetting services, impairment of goodwill and the PFRS 16 accounting standard adjustment.

Other Income (Charges)

Other charges increased by P6.1 million or 20.6% mainly due to the higher interest expense.

Performance for the Period Ended December 31, 2022

Cash and Cash Equivalents

The cash and cash equivalents decreased by P11.3 million or 15.5% versus last year. The Company generated cash from operation of P25 million, net of payments to suppliers and operator's loan assistance, and used P17.1 million mainly to pay loans and P19.6 million mainly for the leasehold improvements and computer equipment acquisitions.

Receivables (net)

The receivables increased by P36.3 million or 76.1% versus last year, mainly due to the loan assistance to the operators and increase in trade receivables.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P8.5 million or 16.4% versus last year mainly due to the increase in input VAT.

Property and Equipment

The decreased in property and equipment of P38.9 million or 35.5% represents the total acquisitions of P18.3 million less depreciation and amortization amounting to P57.2 million.

Right-of-use (ROU) Assets

ROU assets increased by P6.5 million or 3.8% mainly due to the recognition of the ROU assets as a result of the adoption of accounting standard, PFRS 16.

Net Deferred Tax Assets

Net Deferred tax assets decreased by P10.5 million or 36.5% mainly due to the application of the temporary difference arising from Net Operating Losses.

Goodwill

Goodwill amounted to P651.1 million, mainly arise from the acquisition of 16 eBingo sites and two accredited eBingo machine providers in 2021.

Other Noncurrent Assets

Other noncurrent assets increased by P1.3 million or 0.9% mainly due to the increase in noncurrent input VAT.

Accounts Payable and other current liabilities

Accounts payable and other current liabilities decreased by P38.6 million or 16.3% mainly due to the payment of trade payables.

Notes Payable

Notes payable decreased by P16.3 million or 8.4% due to the payment of loans.

Lease Liabilities

Lease liabilities current and noncurrent increased by P14.5 million or 8.3% mainly due to the recognition of lease liabilities as a result of the adoption of accounting standard, PFRS 16.

Retirement Benefits Liability

Retirement benefits liability increased by P2.6 million or 5.3% due to the additional provision for employees' retirement benefits, net of actuarial gain.

Other Noncurrent Liability

Other noncurrent liability decreased by P0.8 million or 5.2% due to the refund of operators' deposit.

Capital stock

No movement of capital stock during the year.

Additional paid in capital

No movement of additional paid in capital during the year.

Retained earnings

Retained earnings increased by P27.3 million or 3.4% due to the net income generated during the year.

Treasury stock

No movement of treasury stock during the year.

Income and Expenses

Net income for the year 2022 increased by P79.5 million or 152.3%, from net loss of P52.2 million in 2021 to net income of P27.3 million in 2022; and the EBITDA also increased by 174.8% or P82.4 million, from P47.2 million last year to P129.6 million this year. The increase in net income and EBITDA is mainly attributable to the improvement of revenue in 2022.

Revenue

Total revenue increased by P275.1 million or 51.2%, from P537.8 million in 2021 to P812.9 million in 2022. The increase in revenue is mainly attributable to the full operating

capacity of eGames and eBingo sites, the full year impact of the consolidation of acquired eBingo sites and eBingo machine providers in March 2021 and the contribution of the eGames Remote Gaming Platform.

Costs and Expenses

As a result of the full operating capacity of eGames and eBingo locations, and the consolidation of the expenses of the acquired eBingo sites and accredited eBingo machine providers in March 2021, the costs and expenses for the year 2022 increased by 31.0% or P174.3 million, from P562.2 million in 2021 to P736.5 million in 2022.

Other Income (Charges)

Other charges increased by P24.2 million or 462.3% mainly due to the lower gain on rent concession.

Performance for the Period Ended December 31, 2021

Cash and Cash Equivalents

The cash and cash equivalents increased by P31.6 million or 77.0% versus last year. The Company generated cash from operation of P47.2 million and collected receivables from sales of treasury shares of P292.0 million, issued preferred shares of P456.4 million and used P6.0 million to pay loans and P758.0 million mainly for the acquisition of eBingo sites and eBingo machine providers.

Receivables (net)

The receivables decreased by P308.1 million or 86.6% versus last year, mainly due to the collection of receivables from sale of treasury shares.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P13.2 million or 34.2% versus last year mainly due to the increase in input VAT and prepaid taxes.

Property and Equipment

The increased in property and equipment of P37.2 million or 51.4% represents the total acquisitions of P91.5 million less depreciation and amortization amounting to P54.3 million.

Right-of-use (ROU) Assets

ROU assets increased by P94.4 million or 128.4% mainly due to recognition of the ROU assets of the acquired eBingo sites as a result of the adoption of new accounting standard, PFRS 16.

Net Deferred Tax Assets

Net Deferred tax assets decreased by P21.5 million or 42.8% mainly due to the expiration of temporary difference arising from Net Operating Losses.

Goodwill

Goodwill increased by P611.2 million mainly due to the recognition of goodwill arising from the acquisition of 16 eBingo sites and two accredited eBingo machine providers.

Other Noncurrent Assets

Other noncurrent assets increased by P50.2 million or 57.1% mainly due to the increase in noncurrent input VAT and performance cash deposit and other deposits from the acquired eBingo sites.

Accounts Payable and other current liabilities

The increased in accounts payable and other current liabilities by P10.2 million or 4.5% was mainly due to the increase in trade payables and accruals.

Notes Payable

Notes payable decreased by P6.0 million or 3.0% due to the payment of loans.

Lease Liabilities

Lease liabilities current and noncurrent increased by P93.1 million or 114.7% mainly due to the recognition of lease liabilities of the acquired eBingo sites as a result of the adoption of new accounting standard, PFRS 16.

Retirement Benefits Liability

The increased in retirement benefits liability of P10.7 million or 28.3% represents additional provision for employees' retirement benefits, net of actuarial gain.

Other Noncurrent Liability

Other noncurrent liability decreased by P0.3 million or 2.2% due to refund of operators' deposit.

Capital stock

The increased in capital stock of P159.3 million is mainly due to issuance of preferred shares during the year.

Additional paid in capital

The increased in additional paid in capital of P589.1 million is mainly due to issuance of preferred shares higher than the par value.

Retained earnings

The decreased in retained earnings of P52.2 million or 6.1% was attributable to the net loss during the year.

Treasury stock

Treasury stock increased by P292.0 million due to the issuance of preferred shares held by subsidiary.

Income and Expenses

Net loss after income tax decreased by P7.3 million or 12.3%, from P59.5 million last year to P52.2 million this year. However, net loss before income tax expense is significantly decreased by 61.5% or P47.5 million from P77.2 million in 2020 to P29.7 million in 2021.

For the year ended December 31, 2021, the Company's EBITDA increased by 448.5% or P60.7 million, from negative P13.5 million last year to positive P47.2 million this year. The decreased in net loss and the improvement in EBITDA in 2021 is mainly attributable to the higher revenue and continues cost savings measures implemented by the Group.

Revenues

Total revenues increased by P272.9 million or 103.0%, to P537.8 million for the year ended December 31, 2021 from P264.9 million registered last year. The increase in revenue is mainly attributable the contributions of the additional eGames sites in 2021, the consolidation of newly acquired eBingo sites and eBingo machine providers and the implementation of the eGames Remote Gaming Platform at the end of March 2021.

Costs and Expenses

As a result of the increase in operating eGames locations and the consolidation of the expenses of the newly acquired eBingo sites and accredited eBingo machine providers, the costs and expenses for the year 2021 increased by 75.8% or P242.3 million, from P319.9 million in 2020 to P562.2 million in 2021.

Other Income (Charges)

Other charges decreased by P16.9 million or 76.4% mainly due to the gain on rent concession.

The Company's Key Performance Indicators

For the year 2023, the Company's key performance indicators are the following:

- 1.) Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) amounted to P88,141,804, down by 32.0% as compared last year.
- 2.) Revenues increased in 2023 by 0.4% from P812,889,721 to P816,062,821.
- 3.) Operating loss margin of 3.2%. Operating loss of P26,462,465 divided by Net Revenues of P816,062,821.
- 4.) Current ratio was at 0.46:1.00. Current Assets of 216,369,258 divided by Current Liabilities of P472,254,407.
- 5.) Asset to equity ratio was at 2.20:1.00. Total Assets of P1,226,277,253 divided by Total Equity of P556,326,484.
- 6.) Debt to equity ratio was at 1.20:1.00. Total Liabilities of P669,950,769 divided by Total Equity of P556,326,484.

For the year 2022, the Company's key performance indicators are the following:

- 1.) Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) amounted to P129,588,628, better by 174.8% as compared last year.
- 2.) Revenues increased in 2022 by 51.2% from P537,782,930 to P812,889,721.
- 3.) Operating income margin of 9.4%. Operating income of P76,370,724 divided by Net Revenues of P812,889,721.
- 4.) Current ratio was at 0.48:1.00. Current Assets of P205,655,464 divided by Current Liabilities of P429,731,980.
- 5.) Asset to equity ratio was at 2.00:1.00. Total Assets of P1,259,639,695 divided by Total Equity of P629,695,097.
- 6.) Debt to equity ratio was at 1.00:1.00. Total Liabilities of P629,944,598 divided by Total Equity of P629,695,097.

For the year 2021, the Company's key performance indicators are the following:

- 1.) Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) amounted to P47,164,881, better by 448.5% as compared last year.
- 2.) Revenues increased in 2021 by 103.0% from P264,881,733 to P537,782,930.

- 3.) Operating loss margin of 2.8%. Operating loss of (P14,801,309) divided by Net Revenues of P537,782,930.
- 4.) Current ratio was at 0.35:1.00. Current Assets of P172,099,029 divided by Current Liabilities of P485,731,597.
- 5.) Asset to equity ratio was at 2.12:1.00. Total Assets of P1,267,758,793 divided by Total Equity of P599,184,947.
- 6.) Debt to equity ratio was at 1.12:1.00. Total Liabilities of P668,573,846 divided by Total Equity of P599,184,947.

Key Variable and Other Qualitative and Quantitative Factors

There were no known trends, events or uncertainties that will have material impact on the Company's liquidity.

There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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

The current capitalization of the Company and expected future revenues from its various activities are projected to sufficiently meet the Company's operating cash requirements.

No extraordinary purchase of plant and equipment are expected beyond those in the regular course of the Company's operations.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

There are no significant elements of income that did not arise from the Company's continuing operations.

There were no known causes for any material changes from period to period of financial statements, which shall include vertical and horizontal analyses of any material item.

There are no seasonal aspects that have material effect on the Company's financial condition or results of operation.

Audit and Audit Related Fees

Audit fees in relation with the services rendered for the examination and preparation of the Company's financial statements. The following table sets out the aggregate fees billed for each of the last three years for professional services rendered by the independent public accountant.

	2023	2022	2021
Audit and Audit-Related Fees	P1,175,000	P1,070,000	P980,000
Tax Fees	None	None	None
Other Fees	None	None	None
Total	P1,175,000	P1,070,000	P980,000

The auditor of the Company conducted its audit in accordance with the auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole conforms with the accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by the management and evaluated overall financial statements presentation.

The auditor also considered the Company's internal control in order to determine the nature, timing and extent of the audit procedures for the purpose of expressing an opinion on the financial statements. There were no additional fees related to this.

There were no products and services provided by the external auditor other than the services reported under the above items.

The Audit Committee approved the policies and procedures in relation to the services of the external auditor.

D. General Nature and Scope of Business

PhilWeb Corporation, the Company, was originally a mining and exploration company incorporated in August 20, 1969 under the name "South Seas Oil and Mineral Exploration Co. Inc." with an authorized capital stock of P50 million divided into five billion shares with a par value of P0.01 per share. On March 29, 1984, the stockholders authorized the change in the Company's name to "South Seas Natural Resources, Inc." which was approved by the SEC. The stockholders subsequently authorized on September 22, 1987 an increase in the Company's authorized capital stock to P200 million divided into 20 billion shares with a par value of P0.01 each share, 60% of which were classified as Class "A" shares which may be held only by Filipino citizens, and 40% of which were classified as Class "B" shares which may be held by non-Filipinos. The SEC approved the increase in capital and classification of shares of stock.

The Company became an Internet company in January 18, 2000 upon the stockholders' approval of a restructuring plan which involved changes in the Company's name, primary purpose, increase in capital stock, declassification of shares, increase in the number of directors, and adoption of new by-laws, among other matters. At the same meeting, the stockholders likewise authorized the Board of Directors to sell all or substantially all of the assets of the Company and approved the sale of the mining properties and tangible mining assets.

On January 18, 2000, the Parent Company entered into a Deed of Assignment with All-Acacia Resources, Inc. whereby the Parent Company transferred all its rights over its mining claims located in the Provinces of Samar and Surigao and all of its mining assets, both tangible and intangible, used in the Parent Company's mining operations. In consideration therefore, All-Acacia agreed to assume all liabilities and obligations of the Parent Company, including those relating to the assignment of advances from stockholders and/or deposits on subscriptions in excess of P18 million which had been agreed to be converted to equity of the Parent Company, and arrange for the resignation, retirement or termination of all the Parent Company's personnel relating to the mining business and pay their corresponding separation or retirement pay, as well as hold the Parent Company free and harmless from any expense, liability or obligation arising from the operation of the Parent Company as of the date of the Agreement.

The change in the Company's corporate name to "PhilWeb.Com, Inc.", its primary purpose from a mining and oil exploration company to that of an Internet company, increase in the number of directors to 15, and adoption of new By-laws became effective upon their approval by the SEC on February 8, 2000. The SEC subsequently approved the increase in the Company's authorized capital stock to P2.6 Billion and the declassification of its common shares to one class on March 6, 2000.

At the annual stockholders' meeting on May 31, 2002, the stockholders approved the change in corporate name from "PhilWeb.com, Inc." to "PhilWeb Corporation". The SEC approved these changes on November 5, 2002.

At the annual stockholders' meeting on May 29, 2003, the stockholders approved the amendment of the Company's Articles of Incorporation by changing the primary purpose to that of application service provider for gaming and including the current internet business activities as an additional secondary purpose of the Company. The SEC approved these amendments on November 10, 2005.

At the annual stockholders' meeting on May 28, 2009, the stockholders approved the amendment to the Company's Articles of Incorporation changing the par value of the Company's common stock from P0.01 per share to P1.00 per share, with the authorized capital stock unchanged at P2.6 Billion but with a concurrent decrease in the number of shares from 260 Billion shares to 2.6 Billion shares. On September 22, 2009, the Securities and Exchange Commission approved the said amendment.

1.1 PAGCOR e-Games cafés

e-Games was licensed by the Philippine Amusement and Gaming Corporation (PAGCOR) in 2003 to launch e-Games Stations, which are Internet cafés exclusively dedicated to casino

games. With technology provided by PhilWeb, patrons can choose from more than 300 casino games, including baccarat, blackjack, various slot machine games, video poker and sports betting. Most e-Games cafés operate on a 24/7 basis.

There were 288 operating e-Games cafés across the country, majority of which are owned and operated by independent operators. These e-Games Operators handle day-to-day operations and get a commission based on the casino winnings of the café.

On August 11, 2016, PAGCOR decided not to renew the Intellectual Property License and Management Agreement (IPLMA) with PhilWeb. Following the expiration of the said IPLMA with PAGCOR for the e-Games service, PhilWeb has was unable to provide services to the e-Games operators.

On August 14, 2017, PAGCOR published guidelines for the Accreditation of Electronic Gaming System Service Provider. PAGCOR issued its first Electronic Gaming System accreditation to PhilWeb on October 30, 2017. On December 1, 2017, the first 16 electronic gaming locations were allowed to operate under PhilWeb's Electronic Gaming System platform.

On February 20, 2018, PAGCOR then allowed the Company to offer its services to an additional 21 e-Games Stations. On March 7, 2018, PAGCOR issued a memorandum accepting and processing applications of new and existing operators to resume the use of the Company's Electronic Gaming System platform, thereby allowing the Company to fully resume its operations.

On March 23, 2021, the Company was granted approval by PAGCOR to operate its Remote Gaming Platform (RGP) to allow high-value customers to enjoy gaming products outside of e-Games venues.

Operator Partnerships

As of the preparation of this report, there are 87 locations across the country that are operating under PhilWeb.

Content and Services

PhilWeb's Electronic Gaming System platform resumed with the Magic Macau suite of casino games. These games include wide-area progressive slots, video poker, and electronic table games such as Blackjack and Baccarat. During the year, the Company as well implemented two more casino brands, Viva! Las Vegas and Monte Carlo containing various casino, slot, and fishing games from six content providers. This gives more variety and options for the customers of eGaming locations. All of these games are available and accessible to all eGaming locations and its Remote Gaming Platform extension.

Apart from these, PhilWeb also resumed support services being provided to Operators, such as Accounting and Reporting, jackpot fund management, remittance management, technical support, marketing and customer service.

Marketing

At the resumption of its Electronic Gaming service, PhilWeb launched various marketing activities to promote the business from 2017 up to the present. Operating sites were not only provided with regulatory materials, branded content and promotional activities. PhilWeb strengthened its support to eGames operators through local marketing programs such as site activations, player events, staff incentive and seasonal promos.

PhilWeb leveraged its partnership with game providers by setting up the nationwide tour of Habanero Caravan and engaging customers through RTG Seeing Doubles. High-budget network campaigns like Super 6, Wheels & Thrills and The Great Bike Giveaway, each with over a million worth of prizes ranging from casino credits to luxury cars, were conducted to increase loyalty to the eGames brand.

PAGCOR-certified web-based gaming was introduced in the second quarter of 2021 through PhilWeb's remote gaming platform. Sign Up & Win, Race to P5M Bet and eGames After Dark were launched to provide entertainment and reward its exclusive members during the pandemic.

1.2 BigGame, Inc.

BigGame ended 2023 with 32 operating locations across the country. This was achieved partly through the acquisition of electronic gaming sites in different parts of the country.

BigGame's network of cafés functions as the Company's "R&D laboratory" where new games, strategies and other innovative ideas are first tested. Results, whether positive or negative, are reported to e-Games operators during the quarterly General Assemblies. If a new game or idea delivers positive results and is approved unanimously by the operators, the BigGame café in question becomes the standard by which all other BigGame and e-Games cafés will follow. Because of this rigorous process, BigGame continues to bring in improved gaming configurations and upgrades for the Company's various services and amenities

Best Gaming Experience

BigGame continues to provide the Best Gaming Experience to its customers. Continuous daily food service has become a mainstay at the BigGame locations since its introduction in 2016.

BigGame continues its site expansion, renovation and refurbishment activities in 2023. The year ahead will also see more innovations and improvements in player experience. Player acquisition efforts will also be a focus through activation activities in various entertainment establishments. BigGame remains committed to increasing customer service levels, as well as adding site amenities and creating an ambiance that extends the best gaming experience for our target market.

1.3 e-Bingo

In an effort to expand and diversify operation, PhilWeb, thru Easy e-Bingo, Inc. (a wholly-owned subsidiary) acquired two electronic bingo sites located in the National Capital Region. This provides PhilWeb with valuable insights into another segment of the gaming industry. Easy e-Bingo, Inc. is currently operating six e-Bingo locations.

On March 8, 2021, PhilWeb Corporation acquired sixteen e bingo sites and two electronic bingo machine suppliers from the Palmary Group. Following this acquisition, PhilWeb now operates twenty-two electronic bingo sites. The acquisition of the two accredited electronic bingo machine supplier companies allows PhilWeb to expand its portfolio of gaming services into electronic bingo sites. At present, these two companies are accredited suppliers to seventy-five electronic bingo sites outlets across the country.

1.4 Corporate Services

Finance

The PhilWeb Finance Department continued to provide its unwavering support to the growth of the business through the sound implementation of financial systems, processes and internal control policies that safeguard the Company assets and resources.

Finance developed the reporting process and reconciliations of progressive jackpot contributions and actual payouts for slot machine games. This paved the way for PAGCOR to approve the introduction of new games with large progressive payouts, such as Happy Golden Ox, Three Stooges and Rudolf's Revenge. The introduction and implementation of new games was successful not only in creating excitement for our players, but also in delivering additional revenue to all our stakeholders.

Another milestone was the implementation of our closed-loop e-wallet which we branded "e-SAFE". The keys to the implementation of e-SAFE were the internal controls and security measures that we established to ensure that the client's money is safe and secure. Coupled with the introduction of new gaming platforms such as MSW, the e-SAFE will now allow players to place bets to these games using the wallet balance. This will also allow players to receive payouts through their wallets, which they can keep or withdraw any time they want. The Company is looking of re-launching this wallet in the near future.

Finance continues to ensure that all cash from the nationwide network of e-Games are collected on a timely and accurate manner. Through our company-proprietary POS system and 24/7 operation of our Cash Centers, we are able to monitor cash exposure and thereby enabling us to collect or replenish the cash needs of each site almost immediately. Our arrangements with banks, also allow us to replenish the operator and pay the player of the provincial sites on a real-time basis. The strict implementation of collection policies enables us to manage our cash with very minimal risk to the Company and to the operator.

Finance continuously provides financial reports, reconciliations in a timely manner to management and stakeholders to support key business decisions.

Legal

The Legal Department ensures that the interests of the Company as well as its subsidiaries and affiliates are fully protected. Likewise, it makes certain that the Company observes all laws, rules and regulations relevant to the operation of its business and that it complies with all the reportorial requirements of various government offices and agencies such as, but not limited to, the Securities and Exchange Commission, the Philippine Stock Exchange, the Board of Investments and the Philippine Economic Zone Authority. In the same manner, the Legal Department manages and oversees the Company's dealings with concerned local government units with respect to the issuances of permits and licenses.

The Legal Department is also responsible for the registration of trademarks, patents and copyrights that are aimed to protect the intellectual property rights of the Company. Moreover, it is in-charge of reviewing all the contracts that the Company enters into thereby guaranteeing that the terms of every agreement are beneficial to the interests of the Company. Further, the Legal Department handles all cases brought by or against the Company whether these cases involve civil, criminal or administrative matters. In all, the Legal Department serves as the legal adviser and consultant of the Company, ever vigilant and protective of the Company's rights and interests.

Customer Support

To ensure continuity in providing 24 x 7 support to all e-Games members, operators and site staff during the pandemic, several improvements were implemented in the Customer Support department. The call center's telephony system was transitioned from a premise based to a telco grade hosted ACD, IVRS and telephony solution on a cloud-based infrastructure. The new system is now accessible through the internet which allowed all our customer support officers to access the platform and man the eGames hotline anytime, anywhere. Our customer service channels were also expanded and now includes - voice (hotline), email and chat support via SMS, Viber and Facebook. With these enhancements, we are able to handle over 100,000 transactions across all products and channels. Customer Support has also maintained its 92% average answer rate for inbound calls and 30-minute response rate for all its written correspondences via email, SMS and chat.

The group continued to provide outbound support for other departments as well: Marketing - for promo related activities; Information Technology - for maintenance advisories; and Finance - for cash collection and replenishment.

The group is determined to enhance the customer experience even further by strengthening its ability to provide support and engage with customers through other digital channels, streamline processes to shorten resolution times, and continuous staff training to reinforce the culture of service in every member of the team.

1.5 Information Technology

PhilWeb's Information Technology group is composed of five functional departments, namely: Infrastructure, Software Development, Service Delivery, Service Support and Information Security. Each department's functions are aligned with PhilWeb's operational requirements as well as its corporate needs.

The Infrastructure Department's primary role is to provide all the components - hardware, software, network resources, facilities and services - needed to deliver IT services for PhilWeb's casino and corporate operations. The team is also responsible for the monitoring and maintenance of these components, providing level two support to ensure that operations are available 24/7.

The Software Development Department is in charge of creating and implementing software vital to PhilWeb's casino operations. As of this writing, a number of home-grown applications are in production which will allow PhilWeb to provide a better experience to its operators and members. Internally, the group has also developed tools to provide the operational teams such as Customer Support, Finance Operations, and Casino Operations with the information they need for their day-to-day activities.

The Service Delivery Department is responsible for the implementation and management of quality IT services. Guided by industry best practices, the group manages delivery of services through the disciplines of Project Management and Service Management. In line to its vision to ensure quality, the team also has a Quality Assurance unit which conducts testing on home grown software prior to customer endorsement to ensure that business requirements are met.

The Service Support Department is in-charge of providing first level technical support and service monitoring to ensure that IT services are always available to both internal and external customers of the Company. There are two groups under this department: a) the Technical Support team, which monitors and performs first level troubleshooting on services pertaining to PhilWeb's corporate & casino infrastructure and B) Field Support, which is tasked to provide first level troubleshooting for e-Games sites. Tickets reported by site personnel and operators are first escalated to this team for validation and resolution.

The Information Security Department provides guidance on securing and protecting the privacy of information, and ensures that the institution maintains appropriate operational controls, standards, processes, and information security policies. There are two groups under this department a) IT Network Security team, which focuses on PhilWeb's perimeter security designing and implementing security rules and policies to maintain a secured gaming and corporate environment. b) Information Security Engineering provides application security, endpoint security and access control management for PhilWeb Corporation.

1.6 Human Resources and Administration

Organization Structure

PhilWeb's Human Resources and Administration Departments were re-structured in January of 2016 and became one division, Human Resources and Administration. Merging the two departments was effective and cost efficient maximizing the combined competencies of the former 2 departments that gave more solid support for the Company.

The Human Resources Department (HR)

Recruitment & Selection

Recruitment and Selection in PhilWeb continued to follow stringent procedures to ensure that we are hiring only qualified and competent workforce.

New Hires Orientation covering the Company's Vision, Mission and Core Values, Culture and History of PhilWeb, the Organization Chart, Product Training, Policies and Procedures and Code of Conduct as well as explanation on their Employment Contract - comprise the outline of the Induction Program and is given prior to turnover to the requesting department. Technical orientation is handled by the respective department.

As of December 31, 2023, the Company has total of 176 employees.

Compensation and Benefits

The HR Department ensured timely delivery of compensation and benefits to the workforce and their professional and personal growth were charted through based Performance Evaluation/Appraisal.

Employee Engagement

In addition to workplace learning and development interventions as tool for workforce retention and engagement, regular general assemblies and other means of communication are undertaken to get the workforce pulse as regards the company's business developments.

Corporate Social Responsibility (CSR)

PhilWeb reaffirms its commitment and responsibility to its stakeholders through sound and efficient fiscal management of its business from top to departmental level. While this is foremost in our minds, the responsibility to our constituents and community and the environment we work in cannot be undermined.

PhilWeb continues to share our resources and propagates its advocacy to bring computer literacy and education to the less privileged of our society even to the farthest and remote areas. Consistent with the government's endeavor of inclusive growth, the donation does not only end in the delivery of the hardware but comes with related trainings and applications on the use of computers and applications.

The Administration Department

The Administration Team continued to place great effort in cost-effective measures to support the company's goal to achieve economy and efficiency in its operations without sacrificing the quality of support they render to PhilWeb.

The Administration Team continued to do their share in the timely delivery of their services, ensured that needs of the company were met and repairs and preventive maintenance on the equipment were planned and executed with the least downtime to the Company.

The Human Resources and Administration Division will continue to be a strategic partner of the different business units of PhilWeb and will continue to contribute to innovation for excellence in all our endeavors.

Subsidiaries

The following are the subsidiaries of the Company:

<u>Subsidiaries</u>	<u>Line of Business</u>
1. BigGame, Inc. ("BGI")	Operates internet gaming and bingo stations.
2. Premyo sa Resibo, Inc. ("PSR") (g)	Develops and markets computer systems, applications, programs and operate gaming platforms in relation to Premyo Sa Resibo program of the BIR and Philippine Amusement and Gaming Corporation (PAGCOR).
3. PhilWeb Casino Corporation ("PCC") (a)	Develops, engages and maintains gaming systems and applications for all types of casino operations whether land-based, internet-based or virtual.
4. e-Magine Gaming Corporation (b)	Develops technology for the gaming industry.
5. PhilWeb Leisure & Tourism Corporation ("PLTC") (a)	Establishes, operates, and maintains leisure and tourism-oriented activities.
6. PhilWeb Tourism and Entertainment Corporation ("PTEC") (a)	Establishes, operates and maintains leisure-oriented activities, except in the travel agency business, and facilities such as but not limited to hotels, courts, stadiums and other facilities for the conduct of any and all kinds of sports and games.
7. PhilWeb International Gaming Corporation ("PIGC") (c)	Engages in international gaming ventures including all forms of gaming which are legal in the countries in which

	it will operates.
8. Easy e-Bingo, Inc. ^(e)	Engage in the business of setting up internet gaming and bingo stations and its operations.
9. PhilWeb Mobile Lottery Corp. ("PMLC") ^(a)	Operate, as may be permitted by law, either alone or in partnership with others, mobile-based lottery games and other related mobile game offerings.
10. PhilWeb Asia-Pacific Corporation	Engage in international gaming ventures including all forms of gaming which are legal in the countries in which it will operate.
11. PhilWeb (Cambodia) Ltd.	Incorporated under the laws of Kingdom of Cambodia, and shall engage in the business of operating internet-based and mobile-based games of chance including but not limited to lottery, internet casino café and other games of chance as they become legally available in the Kingdom of Cambodia.
12. PhilWeb Lorosae, Lda. ^(h)	The Company was incorporated under the laws of Timor Leste and is engaged in the business of operating instant Scratch n' Win.
13. Guam Sweepstakes Corp.	Incorporated in the Territory of Guam and entered into a Memorandum of Agreement with a prominent local family.
14. Gold Scratch and Win Co., Ltd. ^(h)	Incorporated under the laws of the Kingdom of Cambodia and engaged in the business of operating instant Scratch n' Win.
15. Best Choice Holdings, Inc.	Engages to purchase, own, and hold stocks of other corporations and to do every act and thing covered generally by the denomination "holding corporation".
16. UMIAC, Inc.	Engages in marketing and distribution of IT equipment, parts, supplies, and related software
17. XO Corporation	Engages in marketing and distribution of IT equipment, parts, supplies, and related software
18. NDM Bingo Center 1, Inc.	Operates electronic bingo station
19. NDM Bingo Center 2, Inc.	Operates electronic bingo station
20. NDM Bingo Center 3, Inc.	Operates electronic bingo station
21. NDM Bingo Center 5, Inc.	Operates electronic bingo station

22. NDM Bingo Center 7, Inc.	Operates electronic bingo station
23. NDM Bingo Center 8, Inc.	Operates electronic bingo station
24. NDM Bingo Center AGP, Inc.	Operates electronic bingo station
25. NDM Bingo Center Anonas, Inc.	Operates electronic bingo station
26. NDM Bingo Center Antpolo, Inc.	Operates electronic bingo station
27. NDM Bingo Center Bagbag, Inc.	Operates electronic bingo station
28. NDM Bingo Center Blumentritt, Inc.	Operates electronic bingo station
29. NDM Bingo Center LGP, Inc.	Operates electronic bingo station
30. NDM Bingo Center Miramar, Inc.	Operates electronic bingo station
31. NDM Bingo Center North EDSA, Inc.	Operates electronic bingo station
32. NDM Bingo Center Tomas Morato, Inc.	Operates electronic bingo station
33. NDM Bingo Center Visayas, Inc.	Operates electronic bingo station
30% owned with control:	Establishes, operates and provides consultancy services with regards to amusement, recreational, gaming and gaming equipment facilities and enterprises of every kind and nature.
34. Major Games and Amusement Corporation ^(d)	
Special Purpose Entity:	Holds 50% ownership in Host Union International Limited
35. Pure Corporate Investments Ltd. ^(f)	

(a) Not in commercial operations as at December 31, 2018.

(b) Formerly PhilWeb Gaming Solutions Corporation (PGSC), change in registered business activity and name were approved by the SEC on July 17, 2012 and December 17, 2012, respectively.

(c) Currently the parent company of PhilWeb Asia-Pacific Corporation.

(d) Became a subsidiary effective January 1, 2012.

(e) Formerly PhilWeb Homeplay Inc, change in name was approved by the SEC on April 7, 2014.

(f) Acquired in 2012, 100% owned in 2012.

(g) Ceased commercial operations effective October 1, 2014.

(h) Dissolution of PhilWeb Lorosae, Lda and Gold Scratch and Win Co., Ltd. was approved by the Board of Directors on December 19, 2014 and January 16, 2015, respectively.

Directors and Executive Officers

PhilWeb's present Board of Directors is composed of 10 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Araneta III	76	Director & Chairman/Filipino/10 years/1 year
Crisanto Roy B. Alcid	54	Director & Vice-Chairman/Filipino/9 years/1 year

Edgar Brian K. Ng	54	Director & President/Filipino/4 years/1 year
Edgar N. Ang	72	Director/Filipino/6 years/1 year
Alfonso M. Araneta	39	Director/Filipino/2 years/1 year
Luis M. Araneta	38	Director/Filipino/6 years/1 year
Mario A. Oreta	77	Director/Filipino/7 years/1 year
Rafael B. Ortigas	63	Director/Filipino/21 years/1 year
Philip S. Tuazon	72	Director/Filipino/6 years/1 year
William M. Valtos, Jr.	63	Director/Filipino/6 years/1 year
Ricky E. Rosario	36	CFO & Comptroller/Filipino/4 years/1 year
Alexius D. Coliat	48	CFO & Treasurer/Filipino/4 years/1 year
Mona Liza I. Navarro	44	Vice President/Filipino/7 years/1 year
Raymund S. Aquino	55	Corporate Secretary/Filipino/ 7 years/1 year

Gregorio Ma. Araneta III was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

Crisanto Roy B. Alcid was elected Vice-Chairman of the Company in September 2017. He was elected Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

Edgar Brian K. Ng was elected Director of the Company in February 2020. He is the President of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng was an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

Edgar N. Ang was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President

of Rubiken Trading Corporation, a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

Alfonso M. Araneta was elected Director of the Company in May 2021. He is a Director of Araneta Properties, Inc. ARAZA Resources Corp., ATSI PETC, Inc., Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., Alumma Foods, Inc., Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. He is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., and Vice-President and Director of Gregorio Araneta, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

Luis M. Araneta was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

Mario A. Oreta was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

Rafael B. Ortigas was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

Philip S. Tuazon was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT

Investment. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

William M. Valtos, Jr. was elected Director of the Company in September 2017. He is the Senior Managing Director and Chief Investment Officer of UBX Private Limited. He is also an Independent Director of FREIT Fund Managers Inc, Fora Services Inc., Investree Philippines, Phizzle Inc., Transwealth Fleet Management Corp., and Transwealth Parking Services Corp. Prior to joining UBX Private Limited, Mr. Valtos held several senior executive and Director positions including 24 years at the ICCP Group, where he was a Director and CEO of Investment & Capital Corporation of the Philippines and a Director and Senior Managing Director of ICCP SBI Venture Partners. Prior to joining the ICCP Group, Mr. Valtos was Managing Director of Strategic Asset Management, Inc., a Chicago-based private direct investment firm. Mr. Valtos is a former Director of the Investment House Association of the Philippines. Mr. Valtos holds an MBA from the Kellogg School of Management at Northwestern University. He earned a BA in Economics and Political Science from the University of Illinois.

Ricky E. Rosario was elected as the CFO and Comptroller of the Company in August 2019. Mr. Rosario is a certified public accountant. His previous work experience includes being senior auditor of SGV & Co. He is an accredited tax practitioner and accredited CPA in public practice, commerce and industry. He is a member of the Philippine Institute of Certified Public Accountants and registered as an ASEAN Chartered Professional Accountant.

Alexius D. Coliat was elected as the CFO and Treasurer of the Company in August 2019. Mr. Coliat is a certified public accountant. His previous work experience includes being the Global Internal Audit Manager of Tyche Consulting Limited Phils. and a senior risk consultant of Hill & Associates Risk Consulting Philippines, Inc. He is a member of the Philippine Institute of Certified Public Accountants.

Mona Liza I. Navarro is currently a Vice President of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.

Raymund Nonato S. Aquino was elected Corporate Secretary of the Company in September 2017. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

F. Market Price, Dividends and Related Stockholder Matters

Market Information

PhilWeb Corporation's stocks are listed with the Philippine Stock Exchange.

The following table sets forth the high and low closing sales prices of the Common Shares listed on the PSE during the respective periods indicated according to published financial sources.

	Price per Share	
	High	Low
2020		
First Quarter (ending March 2020)	4.12	1.12
Second Quarter (ending June 2020)	2.75	1.55
Third Quarter (ending September 2020)	2.40	1.80
Fourth Quarter (ending December 2020)	3.36	2.06
2021		
First Quarter (ending March 2021)	3.08	2.60
Second Quarter (ending June 2021)	2.91	2.39
Third Quarter (ending September 2021)	2.57	2.20
Fourth Quarter (ending December 2021)	2.40	1.86
2022		
First Quarter (ending March 2022)	2.36	1.80
Second Quarter (ending June 2022)	6.09	2.24
Third Quarter (ending September 2022)	5.05	2.33
Fourth Quarter (ending December 2022)	3.09	2.29
2023		
First Quarter (ending March 2023)	2.79	1.79
Second Quarter (ending June 2023)	2.33	1.78
Third Quarter (ending September 2023)	2.33	1.69
Fourth Quarter (ending December 2023)	1.98	1.68
2024		
First Quarter (ending March 2024)	1.92	1.65
April 24, 2024	1.60	1.55

Dividends

PhilWeb declared a cash dividend of P0.10 per share which was paid on September 15, 2014 to the holders of common stock as of September 1, 2014. PhilWeb declared a cash dividend of P0.10 per share which was paid on December 5, 2014 to the holders of common stock as of November 21, 2014. PhilWeb declared a cash dividend of P0.15 per share which was paid on February 16, 2015 to the holders of common stock as of January 30, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on May 21, 2015 to the holders of common stock as of May 7, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on August 28, 2015 to the holders of common stock as of August 14, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on November 26, 2015 to the holders of common stock as of November 12, 2015. PhilWeb declared a cash dividend of P0.20 per share which was paid on March 4, 2016 to the holders of common stock as of February 19, 2016. PhilWeb declared a cash dividend of P0.20 per share which was paid on June 24, 2016 to the holders of common stock as of June 14, 2016.

The Company's future retained earnings corresponding to undistributed equity in net earnings are not available for dividend distribution until declared by the affiliates. There is no restriction that limits the payment of dividend on common shares.

Holdings

There were 1,435 shareholders of record holding the Company's outstanding capital stock of 1,435,776,680 common shares as of March 31, 2024 net of treasury shares of 81,380,938. There is only one class of common shares.

Top 20 Stockholders

The top 20 stockholders of record of common shares as of March 31, 2024 (based on total outstanding capital stock of 1,435,776,680 common shares, net of treasury shares of 81,380,938) were:

	No. of Subscribed Common Shares	% to Total Outstanding
1. PCD Nominee Corporation: Filipino – 1,201,716,423 Non-Filipino – 19,904,797	1,221,621,220	85.08%
2. PhilWeb Casino Corporation	156,899,853	10.93%
3. Evermore Trading Limited	24,558,303	1.71%
4. Gregorio Araneta, Inc.	13,043,478	0.91%
5. HKPirate Holdings, Inc.	11,500,000	0.80%
6. Umali, Amparo Cordial	835,400	0.06%
7. Tan, Enrique	473,782	0.03%
8. Filipino Pest Control & General Services, Inc.	420,000	0.03%

9.	Tan, Tiong	354,328	0.02%
10.	Manalo, Josephine A.	250,000	0.02%
11.	Ng, Edgar Brian K.	150,000	0.01%
12.	Pacheco, Juancho	144,000	0.01%
13.	Cabarrus, Estate of Jesus S.	139,304	0.01%
14.	Bautista, Jose	93,981	0.01%
15.	Santos, Alfredo	93,981	0.01%
16.	Tan, Evelina	84,583	0.01%
17.	Tenchavez, Roberto S. &/or Betsy B.	84,000	0.01%
18.	Cabarrus, Lim, Pastor, Bernardo, Garcia, Nieto	73,940	0.01%
19.	Bugarin, Enrique	71,341	0.00%
20.	Araneta, Benito R.	66,666	0.00%

Recent Sales of Unregistered/Exempt Securities

There has been no sale in the past three years of any unregistered securities of the Company.

On December 29, 2021, the Company issued 159,269,484 preferred shares with the Offer Price of P4.709 per share for an aggregate subscription price of P750,000,000.00 to the following stockholders: Gregorio Araneta, Incorporated for 97,260,565 preferred shares and PhilWeb Casino Corporation for 62,008,919 preferred shares. The Company also filed with the Securities and Exchange Commission last 29 December 2021 a Notice of Exempt Transaction (SEC Form 10.1) in connection with the issuance of 159,269,484 preferred shares of the Company for an aggregate subscription price of Php750,000,000.00.

G. Compliance with Corporate Governance Practices

The Company through its Compliance Officer, Ms. Mona Liza I. Navarro, has monitored the Company's compliance with SEC Memorandum Circular No. 2 dated April 15, 2002, SEC Memorandum Circular No. 19 Series of 2016 and the relevant SEC Circulars on Corporate Governance and noted that no substantive or major deviations occurred. The Company's directors and officers have complied with the practice and policies contained in the Company's Manual on Corporate Governance. All of the Company's directors and officers attended a seminar on corporate governance.

The Company's Board of Directors and officers have been properly briefed on their specific responsibilities as embodied on the Manual on Corporate Governance. The compliance officer monitors the Company's compliance with the provisions and requirements of the manual and determines violations if any.

The Company used the following criteria in assessing the board of directors and the individual directors:

1. Fulfillment of the key responsibilities by the board
2. Quality of relationship of the board and management

3. Effectiveness of board processes and meetings
4. Quality of board structure
5. Knowledge and practice of company policies
6. Attendance and participation in meetings
7. Performance of duties and obligations

Rating Range

The Company provided a rating range of: "5" being excellent, "4" being above average, "3" being average, "2" being below average, and "1" being poor.

Procedure

After the scheduled seminar on corporate governance attended by the directors of the Company, the directors accomplished self-assessment questionnaires for individual directors, board of directors as a whole assessment and the executive committee, corporate governance committee and audit committee assessment.

Appraisal Results and Performance Report

The results of the appraisal were as follows: the individual directors earned an average of 4.9; the executive committee, corporate governance committee, and audit committee earned an average of 4.8; and the board as a whole earned an average of 4.88.

There were no deviations made from the adopted Manual on Corporate Governance.

The Company's management considers its Manual on Corporate Governance sufficient and believes that there is no need to amend it. It ensures that the provisions of the manual are properly implemented.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

**PhilWeb Corporation
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City, Philippines**

**Attention: Mr. Alexius D. Coliat
Treasurer/Chief Finance Officer**

PhilWeb

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the annual meeting of the stockholders of PhilWeb Corporation will be held on Wednesday, 22 May 2024 at 10:00 a.m. and shall be conducted by remote communication.

The following is the agenda of the meeting:

1. Call to order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on 24 May 2023
4. Annual Report of Management and Approval of the 2023 Audited Financial Statements
5. Ratification of Acts of the Board of Directors and Management since the Last Annual Stockholders' Meeting
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

For purposes of the meeting, only stockholders of record as of 30 April 2024 are entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

The Corporation will dispense with the physical attendance of the stockholders at the meeting. Thus, the stockholders may only attend by remote communication or by appointing the Chairman as proxy. Stockholders intending to participate by remote communication must notify the Corporation by sending an email to corpsec@philweb.com.ph. Enclosed is the instruction for joining and participating in the meeting by remote communication.

Should you be unable to attend the meeting, you may want to execute a proxy in favor of a representative with the appropriate board resolution for corporate stockholders and special power of attorney for individual stockholders.

Proxies must be filed with and received by the Office of the Corporate Secretary at 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines or sent to corpsec@philweb.com.ph not later than 8 May 2024 at 5:00 p.m. Validation of proxies shall be made on 14 May 2024 at 2:00 p.m. at 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines.

If no direction is made, the proxy will be voted "FOR" the election of the nominees, "FOR" the ratification of the board appointment of the independent auditor, and such other matters as may properly come before the meeting in the manner described therein as recommended by Management.

The following documents are available in electronic format in the Corporation's website and PSE Edge and will be available upon request: (i) Minutes of the Annual Stockholders' Meeting held on 24 May

2023; (ii) Information Statement; (iii) Management Report; (iv) Annual Report (SEC Form 17-A); and (v) Consolidated Audited Financial Statements for the year 2023.

21 March 2024



Raymond S. Aquino
Corporate Secretary

Participation by Remote Communication

The 2024 Annual Stockholders' Meeting will be conducted by remote communication via Zoom. The stockholders may attend and participate at the meeting by following the instructions below:

1. Stockholders should notify the Corporation by sending an email to corpsec@philweb.com.ph on or before 13 May 2024.
2. All successfully registered stockholders will receive an invitation by email containing the link to the meeting and password and the meeting procedures.
3. Stockholders who have notified the Corporation and were registered will be included in the determination of the existence of a quorum.
4. The meeting shall be recorded in audio and video formats and copies thereof shall be retained by the Corporation.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIO A. ORETA**, Filipino, of legal age, with address at 3/F Adamson Centre , 121 L.P. Leviste St., Salcedo Village, Makati City, after having sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of PhilWeb Corporation (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Alphaland Makati Place, Inc.	President	February 2010 - present
The City Club at Alphaland Makati Place, Inc.	President	October 18, 2010 - present
Atok-Big Wedge Co., Inc.	Director	November 2009 - present
Major Holdings Corporation	Chairman	July 1982 - present
Major Homes, Inc.	Chairman	January 1987 - present
Major Properties Corporation	Chairman	June 1982 - present
La Finca Farm and Country Resort	Chairman	September 2005 - present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances;
4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 21st day of March 2024, Pasig City.


MARIO A. ORETA
Affiant

SUBSCRIBED AND SWORN TO before me this 21st day of March 2024 at Pasig City, affiant exhibiting to me his TIN 106-196-040.

Doc. No. 28
Page No. 1
Book No. 11
Series of 2024.


RAYMUND NONATO S. AQUINO
Appointment No. 178
Notary Public for Pasig City
Until December 31, 2024
41/F One San Miguel Cond., San Miguel Ave
Cor. Shaw Blvd., Ortigas Center, Pasig City
Roll No. 39348
PTR No. 1795934; 1-25-2024/ Pasig City
IBP No. 428327; 1-23-2024/ RSM
MCLE Comp No.VII-0021006; 6-13-22 TIN 167-317-787

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **WILLIAM M. VALTOS, JR.**, Filipino, of legal age, with address at 8 Tanguile Road, Forbes Park, Makati City, after having sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of PhilWeb Corporation (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
UBX Philippines Corporation	Chief Investment Officer	2023-Present
Fora Services Inc.	Director	2022-Present
Freit Fund Managers Inc.	Director	2021-Present
Investree Philippines	Director	2020-Present
Phizzle Inc.	Director	2020-Present
Transwealth Fleet Management Corp./Transwealth Parking Services Corp.	Director, Treasurer	2020-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances;
4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.


Done this 21st day of March 2024, Pasig City.



WILLIAM M. VALTOS, JR.
Affiant

SUBSCRIBED AND SWORN TO before me this 21st day of March 2024 at Pasig City, affiant exhibiting to me his TIN 910-341-569.

Doc. No. 26
Page No. 7
Book No. IV
Series of 2024.



RAYMUND NONATO S. AQUINO
Appointment No. 178
Notary Public for Pasig City
Until December 31, 2024
41/F One San Miguel Cond., San Miguel Ave.
Cor. Shaw Blvd., Ortigas Center, Pasig City
Roll No. 39348
PTR No. 1795934; 1-25-2024/ Pasig City
IBP No. 428327; 1-23-2024/ RSM
MCLE Comp. No.VII-0021006; 6-13-22 TIN 167-317-78?

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RAFAEL B. ORTIGAS**, Filipino, of legal age, with address at 6 Calle Industria, Barangay Bagumbayan, Quezon City, after having sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of PhilWeb Corporation (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
Leafar Commercial Corporation	Chairman/ President	2009 to present
Sagitro, Inc.	Director	2009 to present
Ortigas Foundation	Trustee	2010 to present
Leafar Foundation	Trustee & President	2012 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances;
4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.


Done this 21st day of March 2024, Pasig City.




RAFAEL B. ORTIGAS
Affiant

SUBSCRIBED AND SWORN TO before me this 21st day of March 2024 at Pasig City, affiant exhibiting to me his TIN 190-639-264.

Doc. No. 27
Page No. 7
Book No. II
Series of 2024.


RAYMUND NONATO S. AQUINO
Appointment No. 178
Notary Public for Pasig City
Until December 31, 2024
41/F One San Miguel Cond., San Miguel Ave.
Cor. Shaw Blvd., Ortigas Center, Pasig City
Roll No. 39348
PTR No. 1795934; 1-25-2024/ Pasig City
IBP No. 428327; 1-23-2024/ RSM
MCLE Comp. No. VII-0021006; 6-13-22 TIN 167-317-780

CERTIFICATION OF INDEPENDENT DIRECTOR

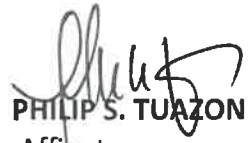
I, **PHILIP S. TUAZON**, Filipino, of legal age, with address at Unit 14-D Twin Towers Condominium, Ayala Avenue, Makati City, after having sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of PhilWeb Corporation (the "Corporation");
2. I am affiliated with the following companies or organizations:

Company	Position/Relationship	Period of Service
JYT Investment Corp.	Director	1986 to present
Chen Yi Agventures, Inc.	Independent Director	2018 to present

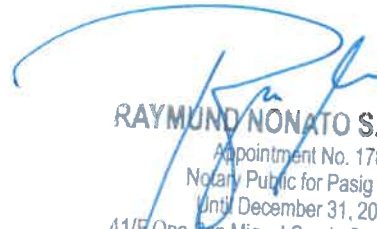
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other SEC issuances;
4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 21st day of March 2024, Pasig City.


PHILIP S. TUAZON
Affiant

SUBSCRIBED AND SWORN TO before me this 21st day of March 2024 at Pasig City, affiant exhibiting to me his TIN 101-825-490.

Doc. No. 28
Page No. 7
Book No. II
Series of 2024.


RAYMUND NONATO S. AQUINO
Appointment No. 178
Notary Public for Pasig City
Until December 31, 2024
41/F One San Miguel Cond., San Miguel Ave.
Cor. Shaw Blvd., Ortigas Center, Pasig City
Roll No. 39348
PTR No. 1795934; 1-25-2024/ Pasig City
IBP No. 428327; 1-23-2024/ RSM
MCLE Comp. No. VII-0021006; 6-13-22 TIN 167-317-782

CERTIFICATION

I, **RAYMUND S. AQUINO**, Filipino, of legal age, with office address at 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines, after having been sworn in accordance with law, do hereby depose and state:

1. I am the Corporate Secretary of PhilWeb Corporation (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines.
2. Based on the records of the Corporation, I hereby certify that none of the Corporation's directors and officers works in the government of the Republic of the Philippines.

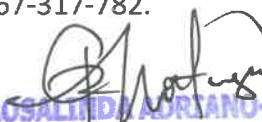
IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of March 2024 in the City of Pasig.



RAYMUND S. AQUINO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 21st day of March 2024 in the City of Pasig by Mr. Raymund S. Aquino who presented to me his TIN 167-317-782.

Doc. No.: 122 ;
Page No.: 25 ;
Book No.: VII ;
Series of 2024.



ATTY. ROSALINDA ADRIANO-MONTENEGRO
NOTARY PUBLIC
My Commission expire on Dec. 31, 2025
Admin. Matter No. NP-067(2024-2025)
PTR No. 555358 01/03/2024-Q.C.
IBP OR No. 397268 01/05/2024-Q.C.
ROLL No. 68465
MCLE Compliance No. VII-0021672 Valid Until April 14, 2025

Voting Results of the Annual Stockholders' Meeting on May 24, 2023

(i) minutes of the annual stockholder's meeting held on May 25, 2022: approved by stockholders owning 987,473,376 shares representing at least 68.78% of the capital stock of the company

(ii) Management Report and Audited Financial Statements for the Year Ended December 31, 2022: approved by stockholders owning 987,473,376 shares representing at least 68.78% of the capital stock of the company

(iii) ratification and approval of corporate acts: approved by stockholders owning 987,473,376 shares representing at least 68.78% of the capital stock of the company

(iv) election of directors

For Regular Directors:

1. Gregorio Araneta III
2. Crisanto Roy B. Alcid
3. Edgar Brian K. Ng
4. Edgar N. Ang
5. Alfonso M. Araneta
6. Luis M. Araneta

For Independent Directors:

1. Mario A. Oreta
2. Rafael B. Ortigas
3. Philip S. Tuazon
4. William M. Valtos, Jr.

Each director received 987,473,376 votes.

(v) appointment of the accounting firm of Reyes Tacandong & Co. as external auditor for the current year: approved by stockholders owning 987,473,376 shares representing at least 68.78% of the capital stock of the company

**List of Directors, Officers and Stockholders who attended the Annual Stockholders' Meeting
on May 24, 2023**

Directors

Gregorio Araneta III
Crisanto Roy B. Alcid
Edgar Brian K. Ng
Edgar N. Ang
Alfonso M. Araneta
Luis M. Araneta
Mario A. Oreta
Rafael B. Ortigas
Philip S. Tuazon
William M. Valtos, Jr.

Officers

Mona Liza I. Navarro
Raymund Nonato S. Aquino

Stockholders

Mona Liza I. Navarro
Raymund Nonato S. Aquino
Gregorio Araneta, Inc.
PhilWeb Casino Corporation



The following document has been received:

Receiving: Buen Jose Mose

Receipt Date and Time: April 15, 2024 01:18:45 PM

Company Information

SEC Registration No.: 0000039121

Company Name: PHILWEB CORPORATION

Industry Classification: C11920

Company Type: Stock Corporation

Document Information

Document ID: OST10415202482198460

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents

**for
AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

0 0 0 0 0 0 3 9 1 2 1

COMPANY NAME

PHILWEB CORPORATION AND SUBSIDIARIES

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

41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City

Form Type

A A C F S

Department Requiring the Report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Group's Email Address corpsec@philweb.com.ph	Group's Telephone Number/s (02) 8 845-4171	Mobile Number 0919-999-4816
No. of Stockholders 1,437	Annual Meeting (Month / Day) Any day in May	Calendar Year (Month / Day) December 31

CONTACT PERSON INFORMATION

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

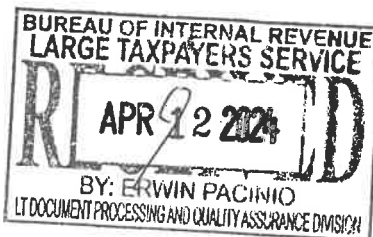
Name of Contact Person Atty. Raymund S. Aquino	Email Address rsaquino@philweb.com.ph	Telephone Number/s (02) 8 845-4171	Mobile Number -
--	---	--	---------------------------

CONTACT PERSON'S ADDRESS

1528 Princeton Street, Wack-Wack Village, Mandaluyong City

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

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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **PhilWeb Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Group's financial reporting process.

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

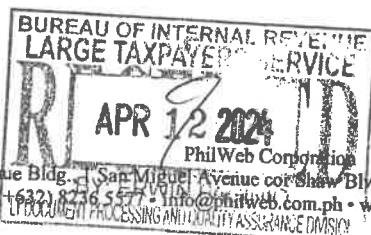
Reyes Tacandong and Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.


GREGORIO MA. ARANETA III
Chairman


EDGAR BRIAN K. NG
President


ALEXIUS D. COLIAT
Chief Finance Officer & Treasurer

Signed this 21st day of March, 2024

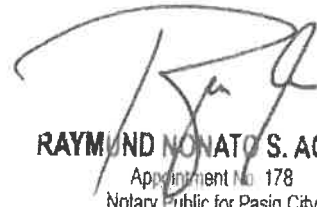


SUBSCRIBED AND SWORN to before me this day of MAR 21 2024,
2024, in PASIG CITY, affiant exhibited to me the following SSS No.

Gregorio Ma. Araneta III
Edgar Brian K. Ng
Alexius D. Coliat

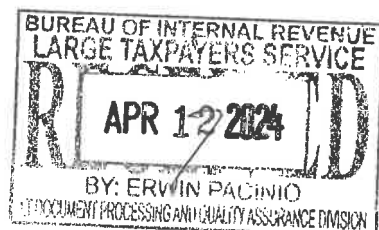
SSS No. 03-2865157-1
SSS No. 33-0410597-0
SSS No. 33-2876066-3

Doc. No. 24 ;
Page No. 6 ;
Book No. II ;
Series of 2024.



RAYMOND NONATO S. AQUINO

Appointment No. 178
Notary Public for Pasig City
Until December 31, 2024
41/F One San Miguel Cond., San Miguel Ave.
Cor. Shaw Blvd., Ortigas Center, Pasig City
Roll No. 39348
PTR No. 1795934; 1-25-2024/ Pasig City
IBP No. 428327; 1-23-2024/ RSM
MCLE Comp. No. VII-0021006; 6-13-22 TIN 167-317-782



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

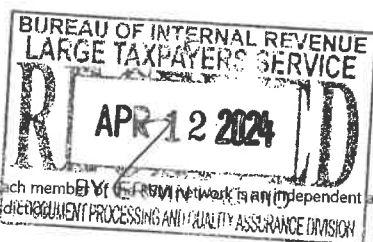
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2023. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Impairment Assessment of Goodwill

The Group is required to perform an annual impairment testing of goodwill, which has a carrying value of ₱599.0 million representing 48.85% of the total consolidated assets of the Group as at December 31, 2023. The annual impairment testing of goodwill is considered significant to our audit because the assessment process requires significant judgments and assumptions involving expected future financial performance. These include estimation of future cash flows that is highly dependent on management's strategies and business plans going forward.

Our audit procedures included, among others, an understanding of management's assessment on the recoverable amount of the goodwill. We reviewed cash flow projections considered in the impairment tests. We assessed and tested the assumptions, methodologies and other data used by comparing them to external and historical data. We analyzed sensitivities in the Group's valuation model and evaluated cash generating units whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the appropriateness of its expected cash flow projections. We also assessed the adequacy of the disclosures in the consolidated financial statements (see Note 8 to the consolidated financial statements).

Revenue Recognition

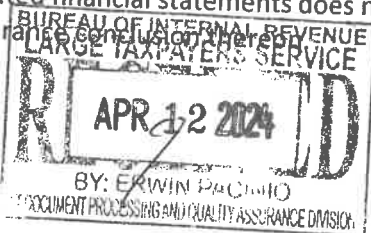
Revenue, a key driver of the Group's performance, is generated from the provision and maintenance of electronic gaming system (EGS), rendering of related services as an accredited EGS service provider of Philippine Amusement and Gaming Corporation (PAGCOR) and operating PAGCOR Electronic Gaming Sites (PeGS). Revenue is based on a percentage of the Gross Gaming Revenue (GGR) for the operator's share and the service provider's share. The accuracy and completeness of the revenue recognized is dependent on the effectiveness of the Information Technology (IT) general and application controls and the manual controls over revenue recognition.

We tested relevant IT and key manual controls over revenue. We recomputed the revenue allocation based on the provisions of the accreditation issued by PAGCOR and the related agreements with the supplier of gaming platforms and e-bingo operators. We reviewed and tested the reconciliation of the monthly GGR report and remittances to PAGCOR, supplier of gaming platforms and operators. We also performed analytical procedures and tested journal entries posted to revenue accounts to identify any unusual or irregular items. We also reviewed the disclosures included in Note 2 to the consolidated financial statements for the accounting policy related to revenue recognition and Note 25 regarding disaggregation of revenue.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover these other information and we will not express any form of assurance conclusion thereon.



In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

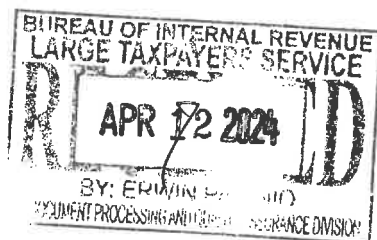
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

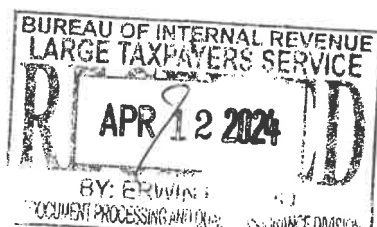


- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in our audits of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditors' report is Michelle R. Mendoza-Cruz.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ
Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-012-2023

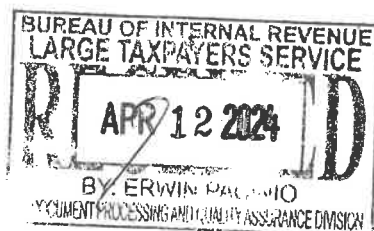
Valid until January 24, 2026

PTR No. 10072412

Issued January 2, 2024, Makati City

March 21, 2024

Makati City, Metro Manila





**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of PhilWeb Corporation (the Parent Company) and Subsidiaries (the Group), as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, on which we have rendered our report dated March 21, 2024.

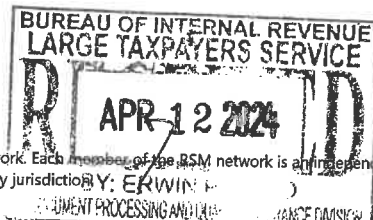
In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 1,263 stockholders owning 100 or more shares each.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ
Partner

CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

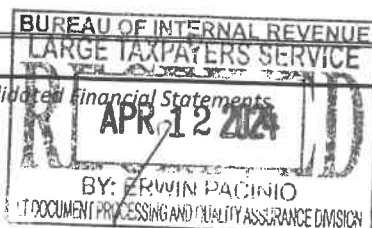
March 21, 2024
Makati City, Metro Manila



PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash	4	P86,061,928	P61,406,632
Receivables	5	53,228,702	84,094,431
Other current assets	6	77,078,628	60,154,401
Total Current Assets		216,369,258	205,655,464
Noncurrent Assets			
Property and equipment	7	50,801,954	70,775,446
Right-of-use (ROU) assets	20	169,791,389	174,380,906
Goodwill	8	598,984,027	651,126,536
Net deferred tax assets	19	19,938,455	18,299,013
Other noncurrent assets	9	170,392,170	139,402,330
Total Noncurrent Assets		1,009,907,995	1,053,984,231
		P1,226,277,253	P1,259,639,695
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	11	P184,200,000	P178,000,000
Accounts payable and other current liabilities	10	228,356,238	198,491,197
Current portion of lease liabilities	20	59,698,169	53,240,783
Total Current Liabilities		472,254,407	429,731,980
Noncurrent Liabilities			
Lease liabilities - net of current portion	20	132,474,906	135,478,080
Net retirement benefits liability	17	51,938,000	51,051,082
Other noncurrent liability	12	13,283,456	13,683,456
Total Noncurrent Liabilities		197,696,362	200,212,618
Total Liabilities		669,950,769	629,944,598
Equity			
Capital stock	14		
Additional paid-in capital		1,676,427,009	1,676,427,009
Treasury stock - at cost		1,245,889,248	1,245,889,248
Shares held by a subsidiary - at cost		(1,098,928,524)	(1,098,928,524)
Retained earnings		(2,019,327,769)	(2,019,327,769)
Cumulative remeasurement losses on net retirement benefits liability		759,745,577	831,566,174
Total Equity		(7,479,057)	(5,931,041)
		556,326,484	629,695,097
		P1,226,277,253	P1,259,639,695

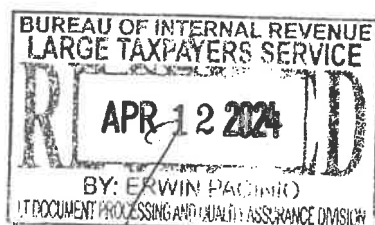
See accompanying Notes to Consolidated Financial Statements



PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2023	2022	2021
REVENUE	25			
Service provider's share		P432,243,149	P418,885,171	P262,597,735
Operator's share		383,819,672	394,004,550	267,538,420
Others		—	—	7,646,775
		816,062,821	812,889,721	537,782,930
COSTS AND EXPENSES	15	(842,525,286)	(736,518,997)	(562,244,616)
INTEREST EXPENSE	11	(43,496,417)	(36,604,231)	(35,059,756)
OTHER INCOME – Net	18	8,043,857	7,203,662	29,830,869
INCOME (LOSS) BEFORE INCOME TAX		(61,915,025)	46,970,155	(29,690,573)
PROVISION FOR (BENEFIT FROM) INCOME TAX	19			
Current		11,029,010	10,523,459	216,102
Deferred		(1,123,438)	9,144,461	22,298,615
		9,905,572	19,667,920	22,514,717
NET INCOME (LOSS)		(71,820,597)	27,302,235	(52,205,290)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gain (loss) on net retirement benefits liability	17	(2,064,021)	4,277,221	(4,558,874)
Deferred tax effect on remeasurement loss (gain) on net retirement benefits liability	17	516,005	(1,069,306)	758,399
		(1,548,016)	3,207,915	(3,800,475)
TOTAL COMPREHENSIVE INCOME (LOSS)		(P73,368,613)	P30,510,150	(P56,005,765)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	21	(P0.06)	P0.02	(P0.04)

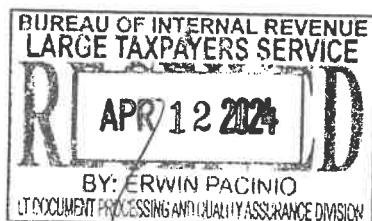
See accompanying Notes to Consolidated Financial Statements.



PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2023	2022	2021
CAPITAL STOCK - ₱1 par value				
Common - issued 1,517,157,525 shares	14	₱1,517,157,525	₱1,517,157,525	₱1,517,157,525
Preferred - issued 159,269,484 shares				
Balance at beginning of year		159,269,484	159,269,484	-
Issuance of preferred stock		-	-	159,269,484
Balance at end of year		159,269,484	159,269,484	159,269,484
		1,676,427,009	1,676,427,009	1,676,427,009
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year	14	1,245,889,248	1,245,889,248	656,751,427
Issuance of preferred stock		-	-	590,730,516
Stock issuance costs		-	-	(1,592,695)
Balance at end of year		1,245,889,248	1,245,889,248	1,245,889,248
TREASURY STOCK				
Common - 81,380,792 shares	14	(1,098,928,524)	(1,098,928,524)	(1,098,928,524)
SHARES HELD BY A SUBSIDIARY				
Common - 157,044,156 shares	14	(1,727,327,769)	(1,727,327,769)	(1,727,327,769)
Preferred - 62,008,919 shares				
Balance at beginning of year		(292,000,000)	(292,000,000)	-
Issuance of preferred stock		-	-	(292,000,000)
Balance at end of year		(292,000,000)	(292,000,000)	(292,000,000)
		(2,019,327,769)	(2,019,327,769)	(2,019,327,769)
RETAINED EARNINGS				
Balance at beginning of year		831,566,174	804,263,939	856,469,229
Net income (loss)		(71,820,597)	27,302,235	(52,205,290)
Balance at end of year		759,745,577	831,566,174	804,263,939
CUMULATIVE REMEASUREMENT LOSSES ON NET RETIREMENT BENEFITS LIABILITY				
Balance at beginning of year	17	(5,931,041)	(9,138,956)	(5,338,481)
Remeasurement gain (loss)		(2,064,021)	4,277,221	(4,558,874)
Deferred tax effect		516,005	(1,069,306)	758,399
Balance at end of year		(7,479,057)	(5,931,041)	(9,138,956)
		₱556,326,484	₱629,695,097	₱599,184,947

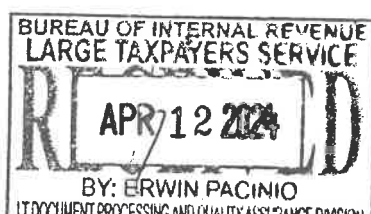
See accompanying Notes to Consolidated Financial Statements.



PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

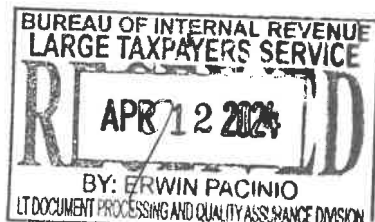
	Note	Years Ended December 31		
		2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(P61,915,025)	P46,970,155	(P29,690,573)
Adjustments for:				
Depreciation and amortization	7	123,427,038	121,448,798	124,500,534
Impairment losses	15	66,131,199	12,881,717	7,622,676
Interest expense	11	43,496,417	36,604,231	35,059,756
Retirement benefits expense	17	8,822,897	7,828,337	6,153,541
Gain on:				
Lease modifications	20	(6,375,089)	-	-
Pretermination of lease	20	(1,302,786)	-	-
Rent concessions	20	-	(6,524,768)	(29,639,686)
Disposal of property and equipment	7	-	(95,675)	(80,357)
Retirement of ROU assets	18	-	-	(60,836)
Interest income	4	(372,906)	(560,078)	(48,550)
Operating income before working capital changes		171,911,745	218,552,717	113,816,505
Decrease (increase) in:				
Receivables		30,865,729	(36,336,741)	16,135,623
Other current assets		(31,382,647)	(21,422,210)	(24,075,940)
Increase (decrease) in accounts payable and other current liabilities		18,836,032	(48,732,300)	11,868,733
Net cash generated from operations		190,230,859	112,061,466	117,744,921
Interest paid	11	(17,997,799)	(13,044,105)	(16,590,481)
Contribution to retirement plan	17	(10,000,000)	(1,000,000)	-
Interest received		372,906	560,078	48,550
Net cash provided by operating activities		162,605,966	98,577,439	101,202,990
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	7	(37,220,766)	(18,343,493)	(18,466,347)
Subsidiaries	8	-	-	(730,703,500)
Increase in other noncurrent assets		(30,989,840)	(1,280,568)	(3,757,071)
Proceeds from disposal of property and equipment	7	-	95,675	80,357
Net cash used in investing activities		(68,210,606)	(19,528,386)	(752,846,561)

(Forward)



	Note	Years Ended December 31		
		2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of notes payable	11	₱149,000,000	₱90,000,000	₱180,997,689
Issuance of preferred stock, net of stock issuance costs	14	-	-	456,407,305
Payments of:				
Notes payable	11	(142,800,000)	(106,347,689)	(187,000,000)
Lease liabilities	20	(75,540,065)	(73,215,226)	(58,834,773)
Decrease in other noncurrent liability		(400,000)	(750,000)	(317,544)
Collection of receivable from sale of Parent Company shares		-	-	292,000,000
Net cash provided by (used in) financing activities		(69,740,065)	(90,312,915)	683,252,677
NET INCREASE (DECREASE) IN CASH		24,655,296	(11,263,862)	31,609,106
CASH AT BEGINNING OF YEAR		61,406,632	72,670,494	41,061,388
CASH AT END OF YEAR		₱86,061,928	₱61,406,632	₱72,670,494
NONCASH FINANCIAL INFORMATION:				
Recognition of ROU assets	20	₱69,205,991	₱70,646,594	₱164,764,931
Recognition of lease liabilities	20	68,736,261	70,695,313	161,693,770

See accompanying Notes to Consolidated Financial Statements.



PHILWEB CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED
DECEMBER 31, 2023, 2022 AND 2021

1. General Information

Corporate Information

PhilWeb Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 20, 1969. The Parent Company's primary purpose is to develop, design, build, operate and manage gaming systems, applications and operating platforms and facilities, including but not limited to integrated and online computer systems, terminals, servers and routers together with interconnecting and interlinking telecommunications systems.

On April 7, 2021, the SEC approved the amendment to the Parent Company's Articles of Incorporation reclassifying its capital stock from 2,600,000,000 common shares at ₱1.00 par value a share to 1,850,000,000 common shares and 750,000,000 preferred shares both at ₱1.00 par value a share (see Note 14).

The Parent Company is 57.78% owned by Gregorio Araneta, Inc. (GAI), a holding company incorporated in the Philippines. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) under the stock symbol "WEB".

The number of stockholders of such registered shares is 1,448 and 1,434 as at December 31, 2023 and 2022, respectively.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries (collectively known as "the Group"). The following are the significant subsidiaries and the respective percentage of ownership and registered principal activities together with the place of incorporation, which are also the entity's principal place of business, as at December 31, 2023, 2022 and 2021:

Significant Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership	
			Direct	Indirect
BigGame, Inc. (BGI)	Operates PeGS	February 11, 2005, Philippines	68	32
PhilWeb Casino Corporation (PCC)*	Develops and maintains gaming systems and applications for all types of casino operations	December 22, 2006, Philippines	100	—
Easy e-Bingo, Inc. (EEI)	Operates electronic bingo stations	October 23, 2009, Philippines	100	—
NDM Entities** (see Note 26)	Operates electronic bingo stations		100	—
UMIAC Inc.**	Engages in marketing and distribution of IT equipment, parts, supplies, and related software	May 10, 2011, Philippines	100	—
XO Corporation**	Engages in marketing and distribution of IT equipment, parts, supplies, and related software	May 23, 2012, Philippines	100	—

*Not in commercial operations as at December 31, 2023 and 2022.

**Acquired on March 8, 2021

The Group does not have any significant non-controlling interests as at December 31, 2023 and 2022. The information of the other subsidiaries are disclosed in Note 26.

Status of Operations

The Parent Company is an accredited service provider of the Philippine Amusement and Gaming Corporation (PAGCOR) for its electronic gaming sites (PeGS). The number of sites serviced by the Parent Company increased from 69 in 2020 to 84 in 2021, 86 in 2022 and 92 in 2023.

In 2020, the country experienced a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. The Group incurred net losses of ₱52.2 million in 2021 and ₱59.5 million in 2020.

To lessen the impact of the stricter quarantine, the Parent Company launched PAGCOR-licensed remote gaming platform at the end of March 2021, which provided the Parent Company and its business partners, a continuing source of gaming revenue even as the gaming venues were shut down. This also allowed customers to access the gaming products outside the gaming venues.

In addition, on March 8, 2021, the Parent Company acquired sixteen (16) e-Bingo outlets and two (2) e-Bingo machine suppliers (see Note 8). Following this acquisition, the Parent Company now operates twenty-two (22) e-Bingo outlets. The acquisition of the two (2) accredited e-Bingo machine suppliers allowed the Group to expand its portfolio of gaming services into e-Bingo outlets. As at December 31, 2023, the two (2) e-Bingo machine suppliers are accredited suppliers to seventy-five (75) e-Bingo outlets across the country.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were reviewed and recommended for approval by the Audit Committee on March 21, 2024, and were approved and authorized for issue by the Board of Directors (BOD) on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional currency. All values are rounded to the nearest Peso unless otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis, except for net retirement benefits liability which is carried at the present value of the defined benefit obligation and lease liabilities which are carried at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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

The Group 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 consolidated 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.

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

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

Fair values of financial assets and liabilities are disclosed in Note 23 to the consolidated financial statements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2023:

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.
- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amendments to PFRS Already Issued But Not Yet Effective

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

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

Deferred effectivity -

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

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

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns. Control is presumed to exist when the Parent Company holds more than 50% percent of the voting power of another entity.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Non-controlling interests pertain to the portion of statements of comprehensive income and the net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

The Group has a Special Purpose Entity (SPE) for investment purposes. An SPE is consolidated when the substance of its relationship with the Group indicates that the SPE is controlled by the Group.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the related share issuance costs. Acquisition-related costs incurred are expensed and included in costs and expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in either in the consolidated statements of income or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of PFRS 9, *Financial Instruments*, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate consideration transferred over the net fair value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedure used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then gain is recognized in the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

If necessary information, such as fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

Financial Assets and Liabilities

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

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

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2023 and 2022, the Group does not have financial assets at FVPL and FVOCI and financial liabilities at FVPL.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2023 and 2022, the Group's cash, receivables (excluding advances to suppliers) and rental and other deposits presented under "Other noncurrent assets" account are classified under this category (see Notes 4, 5 and 9).

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

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

As at December 31, 2023 and 2022, the Group's accounts payable and other current liabilities (excluding statutory payable), notes payable, lease liabilities and other noncurrent liability are classified under this category (see Notes 10, 11, 12 and 20).

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or,
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the continuing involvement of the Group in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECL) for all financial assets measured at amortized cost. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

Trade Receivables. For trade receivables without significant financing component, the Group has applied the simplified approach in measuring ECL.

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

Other Financial Assets at Amortized Cost. For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

The estimated useful lives of property and equipment are as follows:

	<u>Number of Years</u>
Computer equipment and software	3 - 10
Network and data communication equipment	3 - 5
Leasehold and site improvements	3 - 5 or term of lease, whichever is shorter
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3

The useful lives of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial year-end.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of comprehensive income in the year the item is derecognized.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (except goodwill) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and 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 group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU, to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. Preferred stock is cumulative, nonvoting, participating, convertible, and redeemable at the sole option of the Parent Company. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Additional Paid-in Capital. This includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Other Comprehensive Income (Loss). Other comprehensive income (loss) comprises items of income and expense that are not recognized in profit or loss for the year. Moreover, it pertains to cumulative remeasurement gains or losses on net retirement benefits liability.

Treasury Stock. Acquired treasury stock is accounted for at cost and shown as a deduction in the equity section of the consolidated statements of financial position. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Shares Held by a Subsidiary. Shares held by a subsidiary are accounted for at cost and shown as a deduction in the equity section of the consolidated statements of financial position. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the performance of the Group creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as an agent in its PeGS and e-bingo operations, including its gaming application services.

The Group recognized revenue from contracts with customers when it has met the following specific performance obligations:

Operator's Share. Operator's share from the operation of PeGS and e-bingo sites is computed based on the agreed percentage of gross gaming revenue (GGR) from PeGS and e-bingo operations and is recognized as the services are rendered. The Group determined that it acts in the capacity of an agent, rather than as the principal, in its PeGS and e-bingo operations, thus, the operator's share is the net amount of the GGR that it retains after paying PAGCOR and the service providers their proportionate shares in the GGR.

Service Provider's Share. Performance obligation is satisfied over time upon providing technical, marketing and cash management services for electronic casino operations of PAGCOR, particularly for sports betting and internet casino operations, and is based on agreed percentages of gross bets and net winnings from the sports betting and electronic casino operations, respectively.

Service provider's share is recognized net of PAGCOR share and site operator share since the Group is merely acting as an agent.

Other Sources of Income

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

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield of the asset.

Other Income. Income from other sources, except for those accounted under PFRS 16, is recognized when earned during the period.

Costs and Expenses Recognition

Costs and expenses are recognized in the consolidated statements of comprehensive income upon consumption of the goods and/or utilization of the service or at the date these are incurred.

Leases

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Right-of-Use (ROU) Assets. At commencement date, the Group measures ROU assets at cost. The cost comprises:

- i. the amount of the initial measurement of lease liabilities;
- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and,
- iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities, except for changes in lease payments in which the practical expedient on COVID-19-related rent concessions is applied. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two to eight years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and,
- iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liability are recognized in the consolidated statements of comprehensive income unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in the consolidated statements of comprehensive income when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee, a change in future lease payments resulting from a change in an index or a rate used to determine those payments or changes in lease payments in which the practical expedient on COVID-19 related rent concessions affecting rental payments originally due on or before June 30, 2022 is applied.

Earnings (Loss) Per Share

Basic earnings (loss) per share are computed based on weighted-average number of issued and outstanding common shares during the year.

Diluted earnings (loss) per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the reporting year. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans of the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all permanent employees. The retirement benefits funded cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in the consolidated statements of comprehensive income. Net interest is calculated by applying the discount rate to the net retirement benefits liability or asset.

Current service costs pertain to the increase in the present value of the defined benefit obligation arising from employee services in the current period, which are recognized in the consolidated statements of comprehensive income.

Past service costs are recognized in the consolidated statements of comprehensive income on the earlier of the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement benefits liability or asset) are recognized immediately in OCI in the year in which these arise. Remeasurements are not reclassified to the consolidated statements of comprehensive income in subsequent years.

The retirement benefits asset (liability) is the excess (deficiency) of fair value of plan assets on which the obligations are to be settled directly over the present value of the retirement obligation. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

The key management personnel of the Group and post-employment benefit plan for the benefit of Group's employees, if any, are also considered to be related parties.

Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties. Related party transactions are considered material and/or significant if (i) these transactions amount to 10.0% or higher of the Group's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10.0% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed by the BOD in accordance with the Group's related party transactions policies.

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Income Taxes

Current Tax. Current tax assets and liabilities for the current period 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 substantially enacted at the reporting date.

Deferred Tax. Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits from unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits from unused NOLCO and excess MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

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

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset but only when the receipt of the reimbursement is virtually certain.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Information

The Group has aggregated the different business units of the Group to two operating segments, the domestic operations and foreign operations, according to the geographical location of the assets used to derive revenue. The Group's foreign operations are considered to be immaterial in relation to the consolidated financial statements.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make significant judgments, accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Group's policies, the Group has made certain judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Accounting for Business Acquisition. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounted for the acquisition of the sixteen e-bingo companies, two (2) accredited e-bingo machine supplier companies, PeGS and e-bingo sites as an acquisition of a business since it has acquired an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting, which requires that the assets acquired and the liabilities assumed be recognized at their respective fair values at the date of acquisition.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired property and equipment, prepayments and deposits at the acquisition date. Moreover, the useful lives of the acquired property and equipment have to be determined.

Information on the Group's business combination transactions is disclosed in Note 8.

Classifying the Lease Commitments - Group as a Lessee. The Group has entered into lease agreements for its PeGS and e-bingo sites. For these leases, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2023 and 2022 are disclosed in Note 20. Rent expense recognized in 2023, 2022 and 2021 are disclosed in Note 15.

Determining the Incremental Borrowing Rate to Discount the Lease Payments. The Group's ROU assets and lease liabilities were initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Group determined that the incremental borrowing rate will be used since the implicit rate in the lease agreements was not readily available.

Assessing the Extension Options of Lease Commitments. The Group's lease commitments contain extension options exercisable by the Group prior to the end of the non-cancelable contract period. Where practicable, the Group sought to include the extension options to provide operational flexibility. The Group assessed at lease commencement whether it is reasonably certain to exercise the extension options. A reassessment is made whether it is reasonably certain to exercise the extension options if there is a significant event or significant change in circumstances within its control.

For certain leases of PeGS and e-bingo sites, the financial effect of revising lease terms to reflect the effect of exercising options on these leases amounted to nil in 2023 and 2022, and ₱17.3 million in 2021.

Determining the Agency Relationship in Revenue Recognition. The Group determined that it acts in the capacity of an agent, rather than as the principal, in conducting its services as an accredited service provider and site operator of PAGCOR. Moreover, the Group determined that the significant risks and rewards associated to the rendering of services are not transferred to the Group. Thus, revenue recognized is net of PAGCOR share.

Accounting Estimates and Assumptions

The key accounting estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Assessing the ECL on Trade Receivables and Other Financial Assets at Amortized Cost. The allowance for ECL of trade receivables and other financial assets at amortized cost are based on assumptions about risks of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward-looking estimates at the end of each reporting period.

ECL of Trade Receivables

The Group applies simplified approach in measuring ECL of trade receivables which uses a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The information about the ECL assessment on the Group's trade receivables is disclosed in Note 22 to the consolidated financial statements. The Group has assessed that the ECL on trade receivables is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable companies with good credit standing and relatively low risk of defaults.

The carrying amounts of trade receivables as at December 31, 2023 and 2022 are disclosed in Note 5.

ECL of Other Financial Assets at Amortized Cost

The Group determines the allowance for ECL of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets. The provision for ECL recognized during the period is limited to 12 months ECL because the Group's other financial assets at amortized cost are considered to have low credit risk.

No loss allowance was provided on other financial assets at amortized cost in 2023, 2022 and 2021. The carrying amounts of cash in banks, advances to PeGS operators and other receivables, and rental and other deposits are disclosed in Notes 4, 5 and 9, respectively.

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which they are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, the estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets.

There have been no changes in the useful lives of property and equipment in 2023, 2022 and 2021. The carrying amounts of property and equipment as at December 31, 2023 and 2022 are disclosed in Note 7.

Assessing Impairment of Goodwill. The amount of goodwill arising from the excess of the consideration paid by the Parent Company less the total fair value of the identifiable net assets acquired from the operators are disclosed in Note 8.

The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with related accounting policy in Note 2. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates.

Based on the impairment testing conducted, the recoverable amounts of certain CGUs as at December 31, 2023 and 2022 which were calculated based on value in use are lower than the corresponding carrying amounts (including goodwill) of the CGUs. Impairment loss on goodwill recognized in 2023 and the carrying amounts of goodwill as at December 31, 2023 and 2022 are disclosed in Note 8.

Estimating the Impairment of Other Nonfinancial Assets. The Group also assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value in use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value in use, the Group is required to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially, affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The amounts of impairment losses on other nonfinancial assets as at December 31, 2023 and 2022 are disclosed in Notes 6 and 9. The carrying amounts of other nonfinancial assets as at December 31, 2023 and 2022 are disclosed in Notes 6, 7, 9 and 20.

Estimating the Net Retirement Benefits Liability. The determination of the obligation and cost for provision for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and expected rates of salary increase, are indicated in Note 17. Actual results that differ from the assumptions are accumulated and are recognized as part of equity. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement benefits liability.

The carrying amounts of net retirement benefits liability are disclosed in Note 17.

Estimating Provisions and Contingencies. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

Accordingly, no liability for probable losses arising from contingencies was recognized in the consolidated financial statements as at December 31, 2023 and 2022.

Assessing the Recognition of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and unused excess MCIT over RCIT is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

Details of the recognized and unrecognized deferred tax assets are disclosed in Note 19.

4. Cash

This account consists of:

	2023	2022
Cash on hand	P24,208,639	P22,407,252
Cash in banks	61,853,289	38,999,380
	P86,061,928	P61,406,632

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income is earned from the following:

	Note	2023	2022	2021
Cash in banks		P38,046	P39,966	P48,550
Receivables	5	334,860	520,112	-
	18	P372,906	P560,078	P48,550

5. Receivables

This account consists of:

	2023	2022
Trade	P13,994,192	P33,550,292
Advances to suppliers	43,440,058	53,118,526
Receivables from non-affiliated entities	34,072,306	34,072,306
Advances to PeGS operators	27,784,482	29,415,643
	119,291,038	150,156,767
Less allowance for impairment losses on:		
Receivables from non-affiliated entities	34,072,306	34,072,306
Advances to suppliers	31,990,030	31,990,030
	66,062,336	66,062,336
	P53,228,702	P84,094,431

Movements in the allowance for impairment losses are shown below:

	2023	2022	2021
Balance at beginning of year	P66,062,336	P66,062,336	P74,152,385
Write-off	-	-	(8,090,049)
Balance at end of year	P66,062,336	P66,062,336	P66,062,336

Trade Receivables

Trade receivables pertain to uncollected grosshold (cash) from PeGS operators. These are collected and deposited in the Parent Company's bank account on the banking day following the reporting date.

Advances to Suppliers

Advances to suppliers pertain to advance payments on services to be incurred or goods to be received in connection with the Group's operations which can be refunded or collected under the terms of agreement.

Receivables from Non-affiliated Entities

Receivables from non-affiliated entities mainly pertain to the Parent Company's outstanding share in the foreign exchange gains of a note receivable. These were fully provided with valuation allowance as at December 31, 2023 and 2022.

Advances to PeGS Operators

Advances to PeGS operators pertain to short-term, unsecured, interest-bearing advances extended to operators with interest rate of 10.0% to 13.0% a year that are expected to be settled in cash. Interest income earned from receivables amounted to ₱334,860 in 2023, ₱520,112 in 2022 and nil in 2021 (see Note 4). In 2021, the Group waived the interest related to these advances.

6. Other Current Assets

This account consists of:

	Note	2023	2022
Input value added tax (VAT) - net of allowance for impairment losses		₱61,292,057	₱50,489,743
Prepayments for:			
Taxes and licenses		12,514,418	5,038,155
Outsourced services		2,109,861	3,376,123
Rent	20	885,017	1,163,868
Insurance		277,275	86,512
		₱77,078,628	₱60,154,401

Movements in the allowance for impairment losses on input VAT are shown below.

	Note	2023	2022	2021
Balance at beginning of year		₱115,542,087	₱114,428,658	₱113,749,436
Provision	15	883,889	1,113,429	679,222
Balance at end of year		₱116,425,976	₱115,542,087	₱114,428,658

7. Property and Equipment

Movements in this account are as follows:

	2023 (In Thousands)					Total
	Computer Equipment and Software	Network and Data Communication Equipment	Leasehold and Site Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	
Cost						
Balance at beginning of year	₱153,666	₱17,937	₱253,173	₱57,615	₱141	₱482,532
Additions	12,786	--	17,472	6,963	--	37,221
Balance at end of year	166,452	17,937	270,645	64,578	141	519,753
Accumulated Depreciation and Amortization						
Balance at beginning of year	118,113	17,714	223,448	52,341	141	411,757
Depreciation and amortization	32,847	219	19,381	4,747	--	57,194
Balance at end of year	150,960	17,933	242,829	57,088	141	468,951
Carrying Amount	₱15,492	₱4	₱27,816	₱7,490	₱--	₱50,802

	2022 (In Thousands)					
	Computer Equipment and Software	Network and Data Communication Equipment	Leasehold and Site Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱147,788	₱17,996	₱243,567	₱55,396	₱141	₱464,888
Additions	5,878	—	9,606	2,859	—	18,343
Disposals	—	(59)	—	(640)	—	(699)
Balance at end of year	153,666	17,937	253,173	57,615	141	482,532
Accumulated Depreciation and Amortization						
Balance at beginning of year	87,550	16,638	201,992	48,882	141	355,203
Depreciation and amortization	30,563	1,135	21,456	4,099	—	57,253
Disposals	—	(59)	—	(640)	—	(699)
Balance at end of year	118,113	17,714	223,448	52,341	141	411,757
Carrying Amount	₱35,553	₱223	₱29,725	₱5,274	₱—	₱70,775

Depreciation and amortization are recognized from:

	Note	2023	2022	2021
Property and equipment		₱57,194,257	₱57,252,729	₱54,343,514
ROU assets	20	66,232,781	64,196,069	70,157,020
	15	₱123,427,038	₱121,448,798	₱124,500,534

The Group disposed property and equipment with original cost amounting to ₱0.7 million and ₱121.3 million in 2022 and 2021, respectively. Gain on disposal of property and equipment amounted to ₱95,675 and ₱80,357 in 2022 and 2021, respectively (see Note 18).

Fully-depreciated property and equipment still being used in operations amounted to ₱390.6 million and ₱296.9 million as at December 31, 2023 and 2022, respectively.

8. Goodwill

The Group's goodwill pertains to the excess of consideration over the fair value of the following assets acquired as follows:

	2023	2022
NDM Entities	₱559,046,921	₱611,189,430
PeGS and e-bingo Operators	39,937,106	39,937,106
	₱598,984,027	₱651,126,536

Movements in the account are as follows:

	Note	2023	2022	2021
Balance at beginning of year		₱651,126,536	₱651,126,536	₱39,937,106
Additions		—	—	611,189,430
Impairment	15	(52,142,509)	—	—
Balance at end of year		₱598,984,027	₱651,126,536	₱651,126,536

On March 8, 2021, the Group and Palmary Corporation and Subsidiaries (Palmary Group) executed a deed of sale for the acquisition of 100.0% of the issued capital stock of 16 e-Bingo companies for ₱450.0 million and two (2) accredited e-bingo machine supplier companies for ₱280.0 million to expand its electronic gaming business.

The goodwill of ₱611.2 million represents the fair value of the expected synergies arising from the acquisition of the business, which include higher revenue from the expansion of the Group's portfolio of gaming services into e-Bingo outlets.

The results of operations of the acquired PeGS, e-bingo sites, e-bingo companies and e-bingo machine supplier companies (the acquirees) were consolidated in the Group's books from dates of acquisition.

In addition, additional revenue and net income from the acquired e-bingo companies and e-bingo machine supplier companies amounting to ₱108.6 million and ₱9.4 million, respectively, in 2021, were consolidated in the Group's books from their respective dates of acquisition. Had the acquisitions occurred at the beginning of the year, revenues and net income would have increased in 2021 by ₱155.5 million and ₱1.0 million, respectively.

Management assessed that the recoverable amount of the CGU to which the goodwill was allocated exceeds its carrying amount. In estimating recoverable amounts which are based on value in use, management used a cash flow projection based on past experience with its existing PeGS and e-bingo sites covering a five-year period at a discount rate of 10.2% in 2023, 9.2% in 2022 and 6.9% in 2021. Cash flows beyond that five-year period have been extrapolated using the CGU's average historical growth rate. In 2023, management recognized impairment on goodwill pertaining to NDM entities amounting to ₱52.1 million, to reflect the estimated recoverable amount of the CGU.

The calculations of value in use are most sensitive to the following estimates and assumptions:

- a. Cash flow estimates - Value in use is primarily dependent on the cash flow estimates used in the computation. When developing cash flow estimates, management used as a basis the historical financial performance of PeGS and e-bingo sites being operated at similar or comparable locations.
- b. Discount rates - Discount rates were derived from the Group's weighted average cost of capital and reflect management's estimate of the risks within the CGU. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including but not limited to, the five-year government bond yield, bank lending rates and market risk premium and country risk premium.
- c. Growth rate estimates - The long-term rate used to estimate the terminal value excludes expansions and possible acquisitions in the future. Management considers expectations from the industry and possible government interventions, among others, in estimating a reasonable growth rate.

Sensitivity Analysis. Generally, an increase (decrease) in the incremental after-tax cash flows and growth rate will result in an increase (decrease) in the value in use. An increase (decrease) in discount rate will result in a decrease (increase) in the value in use.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Group's goodwill calculated through value in use would not cause the CGU's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of the Group's goodwill is based, this would result in further impairment charge.

9. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Noncurrent input VAT		₱265,251,060	₱246,133,632
Rental and other deposits	20	120,689,328	95,712,115
Advances for projects		5,378,199	5,378,199
		391,318,587	347,223,946
Less allowance for impairment losses on:			
Noncurrent input VAT		213,290,218	200,185,417
Advances for projects		5,378,199	5,378,199
Rental and other deposits	20	2,258,000	2,258,000
		220,926,417	207,821,616
		₱170,392,170	₱139,402,330

Noncurrent Input VAT

This account pertains to input VAT of the Group which is not expected to be utilized within one year. Movements in the allowance for impairment losses on noncurrent input VAT are shown below:

	Note	2023	2022	2021
Balance at beginning of year		₱200,185,417	₱188,417,129	₱181,473,675
Provision	15	13,104,801	11,768,288	6,943,454
Balance at end of year		₱213,290,218	₱200,185,417	₱188,417,129

Advances for Projects

Advances for projects include receivables and related assets from the Group's internet service provider business which was discontinued when the Group focused operations on the gaming business. The Group has provided full allowance for impairment loss on these assets.

10. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accounts payable	₱168,752,872	₱139,307,418
Accruals for:		
Contractors	19,571,903	21,580,607
Utilities and communications	7,669,072	9,104,321
Manpower services	6,545,874	7,882,234
Advertising and promotion	4,326,500	3,099,739
Professional fees	889,540	936,298
Others	4,533,260	4,462,513
Statutory payable	16,067,217	12,118,067
	₱228,356,238	₱198,491,197

Accounts payable pertain mostly to payables to suppliers, PAGCOR and PeGS operators. The average credit period for payables to suppliers and PeGS operators are 30-60 days and 15 days, respectively. Payables to PAGCOR are remitted on the following business day.

Accrued expenses are normally settled within the next calendar year.

Statutory payable pertains to withholding taxes payable and payables to other government agencies. These are usually settled in the following month.

11. Notes Payable

The Group has peso-denominated short-term notes payable to a local bank amounting to ₱184.2 million and ₱178.0 million as at December 31, 2023 and 2022, respectively, and bear annual interest of 7% to 10.25% in 2023 and 7% to 8% in 2022 and 2021. As at December 31, 2023 and 2022, the outstanding loan is secured by the assignment of the Parent Company's shares held by the Group and a subsidiary at 300% cover based on prevailing market price (see Note 14).

Interest expense is incurred from the following:

	Note	2023	2022	2021
Lease liabilities	20	₱25,498,618	₱23,560,126	₱20,121,942
Notes payable		17,997,799	13,044,105	14,937,814
		₱43,496,417	₱36,604,231	₱35,059,756

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	December 31, 2022	Availments	Payments	Noncash Changes	December 31, 2023
Notes payable	₱178,000,000	₱149,000,000	(₱142,800,000)	₱-	₱184,200,000
Interest	-	-	(17,997,799)	17,997,799	-
Lease liabilities	188,718,863	-	(75,540,065)	78,994,277	192,173,075
Other noncurrent liability	13,683,456	-	(400,000)	-	13,283,456
	₱380,402,319	₱149,000,000	(₱236,737,864)	₱96,992,076	₱389,656,531

	December 31, 2021	Availments	Payments	Noncash Changes	December 31, 2022
Notes payable	₱194,347,689	₱90,000,000	(₱106,347,689)	₱-	₱178,000,000
Interest	-	-	(13,044,105)	13,044,105	-
Lease liabilities	174,203,418	-	(73,215,226)	87,730,671	188,718,863
Other noncurrent liability	14,433,456	-	(750,000)	-	13,683,456
	₱382,984,563	₱90,000,000	(₱193,357,020)	₱100,774,776	₱380,402,319

12. Other Noncurrent Liability

This account consists of cash received from operators for the opening of PeGS amounting to ₱13.3 million and ₱13.7 million as at December 31, 2023 and 2022, respectively. This serves as a bond/security in case an operator defaults from payments. These deposits shall be returned to the operator when the contract is terminated. The carrying amount of the operators' refundable deposits approximates its amortized cost as the impact of discounting is not material.

13. Compensation of Key Management Personnel

Compensation and short-term employee benefits of key management personnel of the Group amounted to ₱23.4 million in 2023, ₱25.4 million in 2022 and ₱25.0 million in 2021. The Group's key management compensation relating to post-employment benefits or other long-term benefits amounted to ₱2.4 million in 2023, ₱1.9 million in 2022 and ₱1.2 million in 2021.

14. Equity

The details of the number of common and preferred stocks as at December 31, 2023 and 2022 are as follows:

	Preferred	Common
Authorized	750,000,000	1,850,000,000
Par value per share	₱1.00	₱1.00
Issued	159,269,484	1,517,157,525

On April 7, 2021, the SEC approved the amendment to the Parent Company's Articles of Incorporation reclassifying its capital stock from 2,600,000,000 common shares at ₱1.00 par value a share to 1,850,000,000 common shares and 750,000,000 preferred shares both at ₱1.00 par value a share. As at December 31, 2023 and 2022, the Group's outstanding loan is secured by the assignment of the Parent Company's outstanding shares held by the Group and a subsidiary at 300% cover based on prevailing market price (see Note 11).

Preferred Stock

In 2021, the Parent Company issued 97.3 million and 62.0 million preferred stock to GAI and PCC, respectively, at an offer price of ₱4.71 a share. The excess of the proceeds over par value of the shares sold amounting to ₱590.7 million was recognized as additional paid-in capital. Total cost incurred in the offering and the issuance of preferred stock amounted to ₱1.6 million which was recognized as reduction from additional paid-in capital.

The preferred stock of the Parent Company is cumulative, nonvoting, participating, convertible, and redeemable at the sole option of the Parent Company.

Common Stock

As at December 31, 2023 and 2022, the Parent Company has issued common stock of 1,517,157,525 amounting to ₱1,517.2 million. The Parent Company's outstanding common shares amounted to 1,435,776,733 as at December 31, 2023 and 2022.

	Preferred	Common
Issued	159,269,484	1,517,157,525
Less: Treasury stock	-	81,380,792
Outstanding	159,269,484	1,435,776,733
Stocks held by a subsidiary	62,008,919	157,044,156

The Group has 1,448 and 1,434 shareholders as at December 31, 2023 and 2022, respectively.

Additional Paid-In Capital

Additional paid-in capital as at December 31, 2023 and 2022 are as follows:

Common stock -	
Balance at beginning and end of year	₱656,751,427
Preferred stock -	
Balance at beginning and end of year	589,137,821
	<u>₱1,245,889,248</u>

Treasury Stock and Stocks Held by a Subsidiary

Treasury stock and shares held by a subsidiary as at December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
Treasury Stock - Common	81,380,792	₱1,098,928,524
Stocks Held by a Subsidiary		
Common stock	157,044,156	₱1,727,327,769
Preferred stock	62,008,919	292,000,000
	<u>219,053,075</u>	<u>₱2,019,327,769</u>

15. Costs and Expenses

This account consists of:

	Note	2023	2022	2021
Outsourced services	20	₱193,367,219	₱198,116,751	₱139,534,865
Salaries and benefits	16	188,047,438	165,157,572	125,310,315
Depreciation and amortization	7	123,427,038	121,448,798	124,500,534
Advertising and promotion		80,129,569	75,177,719	36,870,671
Utilities and communications		71,807,632	70,400,589	47,365,701
Impairment losses		66,131,199	12,881,717	7,622,676
Taxes and licenses		37,693,078	19,692,154	24,286,483
Supplies		32,786,225	31,079,300	18,833,322
Representation and entertainment		20,441,268	18,387,762	21,341,885
Rental	20	17,526,338	16,309,267	9,465,443
Professional fees		3,889,018	2,489,055	2,632,371
Miscellaneous		7,279,264	5,378,313	4,480,350
		<u>₱842,525,286</u>	<u>₱736,518,997</u>	<u>₱562,244,616</u>

Impairment losses are incurred from the following:

	Note	2023	2022	2021
Goodwill	8	₱52,142,509	₱-	₱-
Noncurrent input VAT	9	13,104,801	11,768,288	6,943,454
Input VAT	6	883,889	1,113,429	679,222
		₱66,131,199	₱12,881,717	₱7,622,676

16. Salaries and Benefits

This account consists of:

	Note	2023	2022	2021
Salaries and wages		₱179,224,541	₱157,329,235	₱119,156,774
Retirement benefits expense	17	8,822,897	7,828,337	6,153,541
		₱188,047,438	₱165,157,572	₱125,310,315

17. Net Retirement Benefits Liability

The Group has a funded, noncontributory, defined benefit plan (the "Benefit Plan") covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plan. The Retirement Plan is administered by a local bank appointed as a trustee. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation for the year ended December 31, 2023 was dated February 14, 2024.

The Group's retirement plan is registered with the Bureau of Internal Revenue, and is based on the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as the Retirement Pay Law.

Retirement benefits recognized as part of the "Salaries and benefits" account under costs and expenses in the consolidated statements of comprehensive income are as follows (see Note 15):

	2023	2022	2021
Current service cost	₱5,388,103	₱5,349,692	₱4,774,760
Net interest cost	3,434,794	2,478,645	1,378,781
	₱8,822,897	₱7,828,337	₱6,153,541

Movements in net retirement benefits liability of the Group recognized in the consolidated statements of financial position are as follows:

	2023	2022
Balance at beginning of year	₱51,051,082	₱48,499,966
Current service cost	5,388,103	5,349,692
Net interest cost	3,434,794	2,478,645
Contributions	(10,000,000)	(1,000,000)
Net remeasurement loss (gain)	2,064,021	(4,277,221)
Balance at end of year	₱51,938,000	₱51,051,082

The status of the Benefit Plan recognized in the consolidated statements of financial position as at December 31 is as follows:

	2023	2022
Present value of retirement obligation	₱67,676,072	₱59,447,323
Fair value of plan assets	(15,738,072)	(8,396,241)
	₱51,938,000	₱51,051,082

The changes in the present value of retirement obligation are as follows:

	2023	2022
Balance at beginning of year	₱59,447,323	₱57,561,901
Current service cost	5,388,103	5,349,692
Interest cost	4,292,097	2,929,901
Benefits paid	(3,044,484)	(1,392,799)
Remeasurement loss (gain)	1,593,033	(5,001,372)
Balance at end of year	₱67,676,072	₱59,447,323

The changes in the fair value of the plan assets are as follows:

	2023	2022
Balance at beginning of year	₱8,396,241	₱9,061,935
Contribution	10,000,000	1,000,000
Benefits paid	(3,044,484)	(1,392,799)
Interest income	857,303	451,256
Remeasurement loss	(470,988)	(724,151)
Balance at end of year	₱15,738,072	₱8,396,241

The Group's plan assets are invested on the following:

	2023	2022
Deposits in bank	₱6,665	₱2,227
Investments	15,731,407	8,394,014
	₱15,738,072	₱8,396,241

The cumulative remeasurement losses recognized in OCI as at December 31 is as follows:

	Cumulative Remeasurement Losses	Deferred Tax (Note 19)	Net
Balance as at December 31, 2022	(₱7,908,054)	₱1,977,013	(₱5,931,041)
Net remeasurement loss	(2,064,021)	516,005	(1,548,016)
Balance as at December 31, 2023	(₱9,972,075)	₱2,493,018	(₱7,479,057)

	Cumulative Remeasurement Losses	Deferred Tax (Note 19)	Net
Balance as at December 31, 2021	(₱12,185,275)	₱3,046,319	(₱9,138,956)
Net remeasurement gain	4,277,221	(1,069,306)	3,207,915
Balance as at December 31, 2022	(₱7,908,054)	₱1,977,013	(₱5,931,041)

	Cumulative Remeasurement Losses	Deferred Tax (Note 19)	Net
Balance as at December 31, 2020	(₱7,626,401)	₱2,287,920	(₱5,338,481)
Net remeasurement loss	(4,558,874)	1,139,719	(3,419,155)
Effect of change in tax rates	–	(381,320)	(381,320)
Balance as at December 31, 2021	(₱12,185,275)	₱3,046,319	(₱9,138,956)

Principal actuarial assumptions used to determine retirement benefits are as follows:

	Valuation as at December 31	
	2023	2022
Discount rate	6.11%	7.22%
Expected rate of salary increase	5.00%	5.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at December 31 is as follows:

	Change in Assumption	Effect on Net Retirement Benefits Liability	
		2023	2022
Discount rate	+100 basis points	(₱4,468,372)	(₱3,511,286)
	-100 basis points	5,037,964	3,923,698
Salary rate	+100 basis points	5,043,509	3,971,510
	-100 basis points	(4,553,728)	(3,614,070)
Attrition rate	No attrition rates	4,158,834	514,666

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability.

The changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more responsible.

There are no unusual or significant risks to which the Benefit Plan exposes the Group.

Based on the Group's actuarial valuation report, the amount of expected contribution to the Benefit Plan in the next financial year is ₱12.0 million.

Weighted average duration of the defined benefit liability is 7.0 years and 6.3 years as at December 31, 2023 and 2022, respectively.

As at December 31, 2023, the expected future benefit payments are as follows:

Year	Amount
2024	₱9,605,489
2025	8,429,065
2026	6,420,871
2027	6,746,427
2028	11,085,569
2029 – 2033	50,325,064

The Group is not required to pre-fund the future defined benefits payable under the Benefit Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Group's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

18. Other Income (Charges) - Net

This account consists of:

	Note	2023	2022	2021
Gain on lease modifications	20	₱6,375,089	₱–	₱–
Gain on pretermination of lease	20	1,302,786	–	–
Interest income	4	372,906	560,078	48,550
Gain on rent concessions	20	–	6,524,768	29,639,686
Gain on disposal of property and equipment	7	–	95,675	80,357
Gain on retirement of ROU assets	20	–	–	60,836
Miscellaneous		(6,924)	23,141	1,440
		₱8,043,857	₱7,203,662	₱29,830,869

19. Income Taxes

The provision for current income tax pertains to RCIT in 2023 and 2022 and MCIT in 2021.

Certain subsidiaries of the Parent Company are exempt from corporate income tax pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487. These subsidiaries pay 5% franchise tax on gross revenue (gross sales less pay-out) to PAGCOR.

The reconciliation of the income tax computed at statutory tax rate to provision for (benefit from) income tax as presented in the consolidated statements of comprehensive income is summarized as follows:

	2023	2022	2021
Income tax at statutory tax rate	P2,045,618	P11,742,539	(P6,879,221)
Adjustment resulting from:			
Change in unrecognized deferred tax assets	9,756,987	23,201	2,940,267
Net loss (income) subject to franchise tax	(3,823,502)	5,159,299	(2,328,204)
Expired NOLCO	-	-	11,516,792
Add (deduct) tax effects of:			
Non-deductible expenses	3,485,620	2,752,873	5,270,241
Interest and other income already subjected to final tax	(1,559,151)	(9,992)	(11,890)
Stock issuance costs	-	-	(398,174)
Effect of changes in tax rates	-	-	12,404,906
	P9,905,572	P19,667,920	P22,514,717

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was approved and signed into law by the country’s president. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and total amount of taxable profit. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years up to June 30, 2023. The changes in the income tax rates retrospectively became effective beginning July 1, 2020. The Group has applied the changes in tax rates based on the provisions of the CREATE as at December 31, 2023 and 2022.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 provision for income tax, as required by PAS 12, *Income Taxes* amounting to P12.4 million.

The components of the recognized net deferred tax assets of the Group are as follows:

	Note	2023	2022
Items recognized in profit or loss:			
Net retirement benefits liability		P10,491,482	P10,785,757
Allowance for impairment losses on Receivables		3,085,728	3,085,728
Cumulative excess of amortization of ROU assets and accretion of interest on lease liabilities over rental payments, rent concessions and gain on retirement of ROU assets		2,830,550	2,450,515
Unamortized past service costs		1,037,677	-
		17,445,437	16,322,000
Item recognized directly in OCI - Remeasurement losses on net retirement benefits liability	17	2,493,018	1,977,013
		P19,938,455	P18,299,013

The Group did not recognize the deferred tax assets on the following temporary differences because management believes that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted:

	2023	2022
NOLCO	P25,160,362	P15,402,790
Allowance for impairment losses on receivables	13,577,740	13,577,740
Cumulative excess of amortization of ROU assets and accretion of interest on lease liabilities over rental payments, rent concessions	250,142	250,142
	P38,988,244	P29,230,672

The Group has NOLCO incurred from taxable years that can be carried forward and claimed as deduction against the regular taxable income as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2023	2026	P48,784,933	P-	P-	P48,784,933
2022	2025	23,175,683	-	-	23,175,683
2021	2026	25,487,387	-	-	25,487,387
2020	2025	28,350,880	-	-	28,350,880
Total		P125,798,883	P-	P-	P125,798,883

20. Significant Contracts

Cooperation Agreement

On June 1, 2019, the Parent Company entered into a cooperation agreement with Palmary Group to jointly develop both party's e-bingo operations. The Parent Company's responsibilities include providing technical services and supervision of Palmary Group's operations for a fee.

On March 8, 2021, the Group and Palmary Group executed a deed of sale for the acquisition of 100.0% of the issued capital stock of 16 eBingo companies and two (2) accredited e-bingo machine supplier companies (see Note 8). Consequently, the cooperation agreement was terminated on the same date.

Lease Agreements

Group as Lessee - Short-term Lease

The Group leases certain spaces for various events for a period of less than one year at a fixed rental rate and are renewable upon mutual agreement with the lessors.

Prepaid rent of the Group amounted to P0.9 million and P1.2 million as at December 31, 2023 and 2022, respectively (see Note 6). Total rent expense on short-term leases amounted to P17.5 million in 2023, P16.3 million in 2022 and P9.5 million in 2021 (see Note 15).

The Group has rental and other deposits amounting to P118.4 million and P93.5 million as at December 31, 2023 and 2022, respectively (see Note 9).

Group as Lessee - Long-term Lease

ROU Assets

The balance of and movements in ROU assets follow:

	Note	2023	2022
Cost:			
Balance at beginning of year		₱377,228,598	₱306,582,004
Additions		69,205,991	70,646,594
Retirement		(29,612,660)	–
Balance at end of year		416,821,929	377,228,598
Accumulated amortization:			
Balance at beginning of year		202,847,692	138,651,623
Amortization	7	66,232,781	64,196,069
Retirement		(22,049,933)	–
Balance at end of year		247,030,540	202,847,692
Carrying amount		₱169,791,389	₱174,380,906

Lease Liabilities

The balance and movements in lease liabilities follow:

	Note	2023	2022
Balance at beginning of year		₱188,718,863	₱174,203,418
Additions		68,736,261	70,695,313
Rental payments		(75,540,065)	(73,215,226)
Accretion of interest	11	25,498,618	23,560,126
Gain on lease modifications	18	(6,375,089)	–
Gain on rent concessions	18	–	(6,524,768)
Retirement		(8,865,513)	–
Balance at end of year		192,173,075	188,718,863
Less current portion		59,698,169	53,240,783
Noncurrent portion		₱132,474,906	₱135,478,080

Incremental borrowing rate ranging 9.77% to 13.10% was applied to determine the discounted amount of lease liabilities.

In line with the rental relief framework implemented by the Philippine government to support businesses and the broader economy due to the impact of COVID-19, the Group received rent concessions from its lessors such as lease payment holidays and discounts. The Group applied the practical expedient to account for these concessions and the related amendments to PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*. Consequently, gain on rent concessions amounting to ₱6.5 million and ₱29.6 million in 2022 and 2021, respectively, were recognized in the consolidated statements of comprehensive income.

The amounts recognized in the consolidated statements of comprehensive income follow:

	Note	2023	2022	2021
Amortization of ROU assets	7	₱66,232,781	₱64,196,069	₱70,157,020
Interest expense on lease liabilities	11	25,498,618	23,560,126	20,121,942
Rental	15	17,526,338	16,309,267	9,465,443
Gain on lease modifications	18	(6,375,089)	–	–
Gain on pretermination of lease	18	(1,302,786)	–	–
Gain on rent concessions	18	–	(6,524,768)	(29,639,686)
Gain on retirement of ROU assets	18	–	–	(60,836)
		₱101,579,862	₱97,540,694	₱70,043,883

The gross and present values of future minimum lease payments as at December 31 are as follows:

	2023		2022	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	₱84,631,909	₱59,698,169	₱75,529,841	₱53,240,783
Later than one year but not more than five years	157,844,422	129,464,866	161,129,801	131,543,272
More than five years	3,181,270	3,010,040	9,388,966	3,934,808
	245,657,601	192,173,075	246,048,608	188,718,863
Finance charges	(53,484,526)	–	(57,329,745)	–
	₱192,173,075	₱192,173,075	₱188,718,863	₱188,718,863

License Agreements

The Parent Company entered into agreements with service providers for the use of the games in combination with the online casino platform, POS and the related software, and the back-office system for management of the website with the ability to integrate third party gaming providers.

In 2021, the Parent Company entered into agreements with service providers for the use of the remote gaming platform, including marketing, customer acquisition and customer relations management services, in connection with the Parent Company's online and mobile games.

The above license agreements provide for a certain percentage of gross gaming revenue to the service providers. Fees recognized from the agreements amounted to ₱95.9 million in 2023, ₱116.0 million in 2022 and ₱86.4 million in 2021 and were presented as part of "Outsourced services" in the consolidated statements of comprehensive income.

21. Earnings (Loss) Per Share

Basic/diluted earnings (loss) per share is computed as follows:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company	(P71,820,597)	P27,302,235	(P52,205,290)
Less: share of preferred shares	(7,780,845)	(7,780,845)	–
Net income (loss) attributable to equity holders of the Parent Company for basic earnings per share	(79,601,442)	19,521,390	(52,205,290)
Weighted average no. of outstanding shares for basic earnings (loss) per share	1,278,732,577	1,278,732,577	1,278,732,577
Basic/diluted earnings (loss) per share	(P0.06)	P0.02	(P0.04)

The Group's convertible preferred shares are potentially dilutive. However, these were not included in the above calculation of diluted earnings per share because they were antidilutive in 2023 and 2022. The Group has no dilutive potential share in 2021.

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised of cash, receivables (excluding advances to suppliers), rental and other deposits presented under "Other noncurrent assets" account, accounts payable and other current liabilities (excluding statutory payable), notes payable, lease liabilities and other noncurrent liability. The main risks arising from the Group's financial instruments are credit, liquidity and interest rate risks. The BOD oversees management's policy of addressing risk exposures and determining credit concentrations.

Credit Risk

Credit risk refers to the risk when a counterparty defaults on its contractual obligations resulting in a financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks, receivables and rental and other deposits.

Trade Receivables

The Group trades mainly with recognized, creditworthy third parties. The Group obtains guarantees where appropriate to mitigate credit risk.

As discussed in Note 3 to the consolidated financial statements, the Group has adopted a lifetime expected loss allowance in estimating ECL to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning.

There are no guarantees against these trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management provides for full allowance for ECL on receivables that are credit-impaired. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables.

Other Financial Assets at Amortized Cost

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

Since the Group trades with recognized third parties and related parties, there is no requirement for collateral. There are no concentrations of credit risk within the Group.

As discussed in Note 3 to the consolidated financial statements, the Group considers credit risk in measuring ECL of other financial assets at amortized cost. Since these financial assets of the Group are considered to have low credit risk, impairment loss is limited to 12 months ECL.

Generally, receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The carrying values of the Group's financial assets at amortized cost represent the maximum exposure to credit risk as at the reporting date.

Default is defined as the failure of the counterparty to pay or to provide alternative payment or any security mutually agreed by the parties within the agreed terms.

The following table presents an analysis of the credit quality of the Group's other financial assets at amortized cost. It indicates whether the other financial assets at amortized cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

	2023			Total
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks	P61,853,289	P-	P-	P61,853,289
Receivables from non- affiliated entities	-	-	34,072,306	34,072,306
Advances to PeGS operators	27,784,482	-	-	27,784,482
Rental and other deposits	118,431,328	-	2,258,000	120,689,328
	P208,069,099	P-	P36,330,306	P244,399,405

	2022			Total
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks	P38,999,380	P-	P-	P38,999,380
Receivables from non- affiliated entities	-	-	34,072,306	34,072,306
Advances to PeGS operators	29,415,643	-	-	29,415,643
Rental and other deposits	93,454,115	-	2,258,000	95,712,115
	P161,869,138	P-	P36,330,306	P198,199,444

The breakdown of the Group's financial asset as to credit quality as at December 31 is as follows:

	2023				Total
	Neither Past Due Nor Impaired		Impaired		
	High Grade	Standard Grade			
Cash in banks	₱61,853,289	₱-	₱-	₱61,853,289	
Receivables*	41,778,674	-	34,072,306	75,850,980	
Rental and other deposits	118,431,328	-	2,258,000	120,689,328	
	₱222,063,291	₱-	₱36,330,306	₱258,393,597	

*Excluding advances to suppliers amounting to ₱11.5 million

	2022				Total
	Neither Past Due Nor Impaired		Impaired		
	High Grade	Standard Grade			
Cash in banks	₱38,999,380	₱-	₱-	₱38,999,380	
Receivables*	62,965,935	-	34,072,306	97,038,241	
Rental and other deposits	93,454,115	-	2,258,000	95,712,115	
	₱195,419,430	₱-	₱36,330,306	₱231,749,736	

*Excluding advances to suppliers amounting to ₱21.1 million

High grade pertains to receivable from clients or customers that consistently pay before the maturity date. Standard grade receivable includes those that are collected on their due dates even without an effort from the Group to follow them up. Impaired receivables include those that potentially cannot be collected even with persistent effort from the Group.

Liquidity Risk

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Group's objective is to maintain a balance between continuity of funding and flexibility using noninterest-bearing advances from its related parties. The Group considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of accounts payable and other current liabilities.

The tables below summarize the maturity profile of the Group's financial liability based on contractual undiscounted payments:

	2023				Total
	On Demand	1 Month to 3 Months	More than 3 Months to 12 Months	More than 12 Months	
Accounts payable and other current liabilities*	₱78,110,412	₱134,178,609	₱-	₱-	₱212,289,021
Notes payable	-	-	184,200,000	-	184,200,000
Lease liabilities	-	20,119,085	64,512,824	161,025,692	245,657,601
Other noncurrent liability	-	-	-	13,283,456	13,283,456
	₱78,110,412	₱154,297,694	₱248,712,824	₱174,309,148	₱655,430,078

*Excluding statutory payables amounting to ₱16.1 million.

	2022				Total
	On Demand	1 Month to 3 Months	3 Months to 12 Months	More than 12 Months	
Accounts payable and other current liabilities*	₱68,574,822	₱117,798,308	₱—	₱—	₱186,373,130
Notes payable	—	—	178,000,000	—	178,000,000
Lease liabilities	—	17,955,300	57,574,541	170,518,767	246,048,608
Other noncurrent liability	—	—	—	13,683,456	13,683,456
	₱68,574,822	₱135,753,608	₱235,574,541	₱184,202,223	₱624,105,194

*Excluding statutory payables amounting to ₱12.1 million.

Interest Rate Risk

As at December 31, 2023 and 2022, the Group's financial instruments that are exposed to cash flow interest rate risk represent short-term notes payable subject to fixed interest rates.

Short-term notes payable amounted to ₱184.2 million and ₱178.0 million as at December 31, 2023 and 2022, respectively, which bear interest at floating interest rates. Under existing loan agreements, principal payments are to be made in not more than six (6) months.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no other impact on the Group's equity other than those already affecting the profit and loss.

	Increase (Decrease) in Interest Rate	Effect on Profit or Loss before Tax
2023	19%	(₱225,134)
	(11%)	126,638
2022	11%	(₱1,964,994)
	(20%)	3,572,717

23. Fair Value Measurement

Set out below is the carrying amounts and fair values of all the Group's financial assets and liabilities as at December 31, 2023 and 2022.

Financial Assets at Amortized Cost

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	₱86,061,928	₱86,061,928	₱61,406,632	₱61,406,632
Receivables*	41,778,674	41,778,674	62,965,935	62,965,935
Rental and other deposits	118,431,328	118,431,328	93,454,115	93,454,115
	₱246,271,930	₱246,271,930	₱217,826,682	₱217,826,682

*Excluding advances to suppliers amounting to ₱11.5 million and ₱21.1 million as at December 31, 2023 and 2022, respectively.

Financial Liabilities at Amortized Cost

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts payable and other current liabilities*	₱212,289,021	₱212,289,021	₱186,373,130	₱186,373,130
Notes payable	184,200,000	184,200,000	178,000,000	178,000,000
Lease liabilities	192,173,075	192,173,075	188,718,863	188,718,863
Other noncurrent liability	13,283,456	13,283,456	13,683,456	13,683,456
	₱601,945,552	₱601,945,552	₱566,775,449	₱566,775,449

*Excluding statutory payables amounting to ₱16.1 million and ₱12.1 million as at December 31, 2023 and 2022, respectively.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, Receivables (excluding Advances to Suppliers), Accounts Payable and Other Current Liabilities (excluding Statutory Payable) and Notes Payable. Due to the short-term nature of transactions, the carrying amounts approximate their fair values as at reporting date.

Rental and Other Deposits and Other Noncurrent Liability. The carrying amounts of these noncurrent financial asset and liability approximate their fair values as at reporting date.

Lease Liabilities. The fair value of lease liabilities is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments and estimated using significant and unobservable inputs (Level 3 hierarchy).

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial asset and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2023 and 2022.

24. Capital Management

The Group considers its total equity as its core capital. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group monitors its capital structure using debt-to-equity ratio which is gross debt divided by equity. The Group's debt-to-equity ratio is as follows:

	2023	2022
Total debt	₱669,950,769	₱629,944,598
Total equity	556,326,484	629,695,097
Debt-to-equity ratio	1.20:1.00	1.00:1.00

The Group manages the capital structure and makes adjustments when there are changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to externally imposed capital requirements.

Pursuant to the PSE's rules on minimum public ownership, at least 10.0% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 31.2% as at December 31, 2023 and 2022.

25. Operating Segment Information and Disaggregation of Revenue

The Group operates in two (2) geographical segments, the domestic operations and the foreign operations. However, foreign operations are not a reportable operating segment since it does not meet the minimum quantitative threshold provided by PFRS 8.

The Group's foreign operations are considered to be immaterial in relation to the consolidated financial statements. Total assets and revenue are both below 1.0% in 2023, 2022 and 2021.

Bulk of the Group's revenue is coming from the domestic operations which is a group of related products or services that is subject to the same risks and returns. Its operations and sources of revenue are interdependent, share the use of the facilities of the Parent Company, particularly computer equipment, and are under agreements with PAGCOR, the Group's partner in the electronic gaming business.

The Group disaggregates revenue from contract with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The disaggregation is as follows:

	2023	2022	2021
PeGS:			
Sites owned by subsidiaries	₱384,565,448	₱370,641,819	₱275,564,460
Independent operators	220,481,375	206,930,674	134,064,330
E-bingo sites	211,015,998	235,317,228	128,154,140
	₱816,062,821	₱812,889,721	₱537,782,930

26. Subsidiaries

The following are the other subsidiaries not in commercial operations and the respective percentage of ownership and registered principal activities together with the place of incorporation as at December 31, 2023, 2022 and 2021:

Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership	
			Direct	Indirect
PhilWeb Software Solutions, Inc.	Computer software programming and development services	April 3, 2000, Philippines	100	–
PhilWeb Cyberworld Corporation	Operates internet cafes and kiosks	July 6, 2000, Philippines	100	–
PhilWeb Convergence Corporation	Internet access provider	September 6, 2000, Philippines	100	–
Premyo sa Resibo, Inc.	Develops and markets computer systems, applications, programs and operates gaming platforms	December 8, 2006, Philippines	100	–
PhilWeb Leisure and Tourism Corporation	Operates and maintains leisure and tourism-oriented activities	June 6, 2007, Philippines	100	–
PhilWeb Tourism and Entertainment Corporation	Operates and maintains leisure and tourism-related activities	July 26, 2007, Philippines	100	–
PhilWeb International Gaming Corporation	Engages in international gaming ventures	November 18, 2009, Philippines	100	–
PhilWeb Mobile Lottery Corp.	Operates mobile-based lottery games and other related mobile games offerings	February 3, 2010, Philippines	100	–
Best Choice Holdings, Inc. (BCHI)	Engages to purchase, own, and hold stock of other corporations	September 11, 2012, Philippines	100	–
Pure Corporate Investments Limited (PCIL)	Investment vehicle for foreign operations	N/A, Special Purpose Entity	100	–
PhilWeb Asia-Pacific Corporation (PAPC)	Engages in international gaming ventures	July 13, 2010, Philippines	96	3
PhilWeb Cambodia Ltd. (PCL)	Engages in international gaming ventures	N/A Cambodia	–	96
PhilWeb Lorosae, Lda. (PLL)	Engages in international gaming ventures	N/A Timor-Leste	–	67
Guam Sweepstakes Corporation (GSC)	Engages in international gaming ventures	N/A Guam, USA	–	49
e-Magine Gaming Corporation	Develops technology for the gaming industry	May 8, 2007, Philippines	90	–
Major Games and Amusement Corporation (MAGCOR)	Establishes, operates and provides consultancy services with regard to amusement, recreational, gaming, and gaming equipment facilities	July 29, 2008, Philippines	30	–

NDM entities acquired on March 8, 2021 include the following subsidiaries (see Note 1):

Subsidiaries	Principal Activities	Date and Place of Incorporation	Percentage of Ownership	
			Direct	Indirect
NDM Bingo Center 1, Inc.	Operates electronic bingo station	September 2, 2015, Philippines	100	–
NDM Bingo Center 2, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 3, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 5, Inc.	Operates electronic bingo station	September 16, 2015, Philippines	100	–
NDM Bingo Center 7, Inc.	Operates electronic bingo station	July 13, 2017, Philippines	100	–
NDM Bingo Center 8, Inc.	Operates electronic bingo station	July 13, 2017, Philippines	100	–
NDM Bingo Center AGP, Inc.	Operates electronic bingo station	July 8, 2014, Philippines	100	–
NDM Bingo Center Anonas, Inc.	Operates electronic bingo station	May 8, 2015, Philippines	100	–
NDM Bingo Center Antipolo, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Bagbag, Inc.	Operates electronic bingo station	May 8, 2015, Philippines	100	–
NDM Bingo Center Blumentritt, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center LGP, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Miramar, Inc.	Operates electronic bingo station	June 27, 2014, Philippines	100	–
NDM Bingo Center North Edsa, Inc.	Operates electronic bingo station	June 27, 2014, Philippines	100	–
NDM Bingo Center Tomas Morato, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–
NDM Bingo Center Visayas, Inc.	Operates electronic bingo station	May 23, 2014, Philippines	100	–

27. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA is computed at income (loss) before income tax after excluding the effect of interest, taxes, depreciation and amortization and other non-cash charges.

The following table presents the computation of EBITDA before the effect of PFRS 16 and EBITDA per share before the effect of PFRS 16, as derived from the Group's consolidated statements of comprehensive income:

	2023	2022	2021
Net income (loss) attributable to equity holders of the Parent Company	(₱71,820,597)	₱27,302,235	(₱52,205,290)
Add (deduct):			
Depreciation and amortization	123,427,038	121,448,798	124,500,534
Impairment losses	66,131,199	12,881,717	7,622,676
Interest expense	43,496,417	36,604,231	35,059,756
Provision for income tax	9,905,572	19,667,920	22,514,717
Interest income	(372,906)	(560,078)	(48,550)
EBITDA	170,766,723	217,344,823	137,443,843
Less:			
Rental payments	(75,540,065)	(73,215,226)	(58,834,773)
Gain on lease modifications	(6,375,089)	-	-
Gain on pretermination of lease	(1,302,786)	-	-
Gain on rent concessions	-	(6,524,768)	(29,639,686)
Gain on retirement of ROU assets	-	-	(60,836)
EBITDA before effect of PFRS 16	87,548,783	137,604,829	48,908,548
Issued and outstanding shares at end of year	1,278,732,577	1,278,732,577	1,278,732,577
EBITDA per share before effect of PFRS 16	₱0.07	₱0.11	₱0.04

EBITDA before the effect of PFRS 16 and EBITDA per share before the effect of PFRS 16 are non-PFRS measures. The information presented above are intended as additional information for management reporting purposes only.

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2023 are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2023
- Schedules as required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Map of Relationships of the Companies within the Group

These schedules are presented for purposes of complying with the Revised SRC Rule 68 Part II and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements, including comparing and tracing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ
Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-012-2023

Valid until January 24, 2026

PTR No. 10072412

Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**

PHILWEB CORPORATION
41ST Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

	Amount
Deficit as at the beginning of reporting period	(P335,173,980)
Add: Net income for the current year	7,381,952
Add/less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(826,677)
Deficit as at the end of reporting period	(P328,618,705)

PHILWEB CORPORATION AND SUBSIDIARIES

**SEC Supplementary Schedules as Required by Part II of the Revised SRC Rule 68
DECEMBER 31, 2023**

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Amounts Receivable from and Payable to Related Parties which are Eliminated During the Consolidation of the Financial Statements	<u>2</u>
D	Long-term Debt	<u>N/A</u>
E	Indebtedness to Related Parties	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Share Capital	<u>3</u>

Notes:

Schedule A – The Group is not required to prepare the schedule because the information requirements are not applicable to the Group.

Schedule B – The Group does not have significant amounts of receivables from directors, officers, employees, related parties and principal stockholders as at and for the year ended December 31, 2023.

Schedule D – The Group has no long-term debt as at December 31, 2023.

Schedule E – The Company has no long-term loans from related parties as at December 31, 2023.

Schedule F – The Company did not guarantee any securities of other issuers as at December 31, 2023.

PHILWEB CORPORATION AND SUBSIDIARIES

SCHEDULE C

Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2023

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Year</i>	<i>Additions</i>	<i>Amounts Collected</i>	<i>Current</i>	<i>Noncurrent</i>	<i>Balance at End of Year</i>
Easy e-Bingo, Inc.	P107,476,534	P1,773,935	P-	P109,250,469	P-	P109,250,469
E-Magine Gaming Corporation	37,106,318	11,700	-	37,118,018	-	37,118,018
BigGame, Inc.	652,669	31,381,047	-	32,033,716	-	32,033,716
NDM Bingo Center Miramar Inc.	7,374,466	-	-	7,374,466	-	7,374,466
PhilWeb Asia Pacific Corporation	2,985,852	11,700	-	2,997,552	-	2,997,552
PhilWeb Casino Corporation	2,505,868	11,700	-	2,517,568	-	2,517,568
Best Choice Holdings Inc.	1,906,472	-	-	1,906,472	-	1,906,472
	P160,008,179	P33,190,082	P-	P193,198,261	P-	P193,198,261

PHILWEB CORPORATION AND SUBSIDIARIES

SCHEDULE G

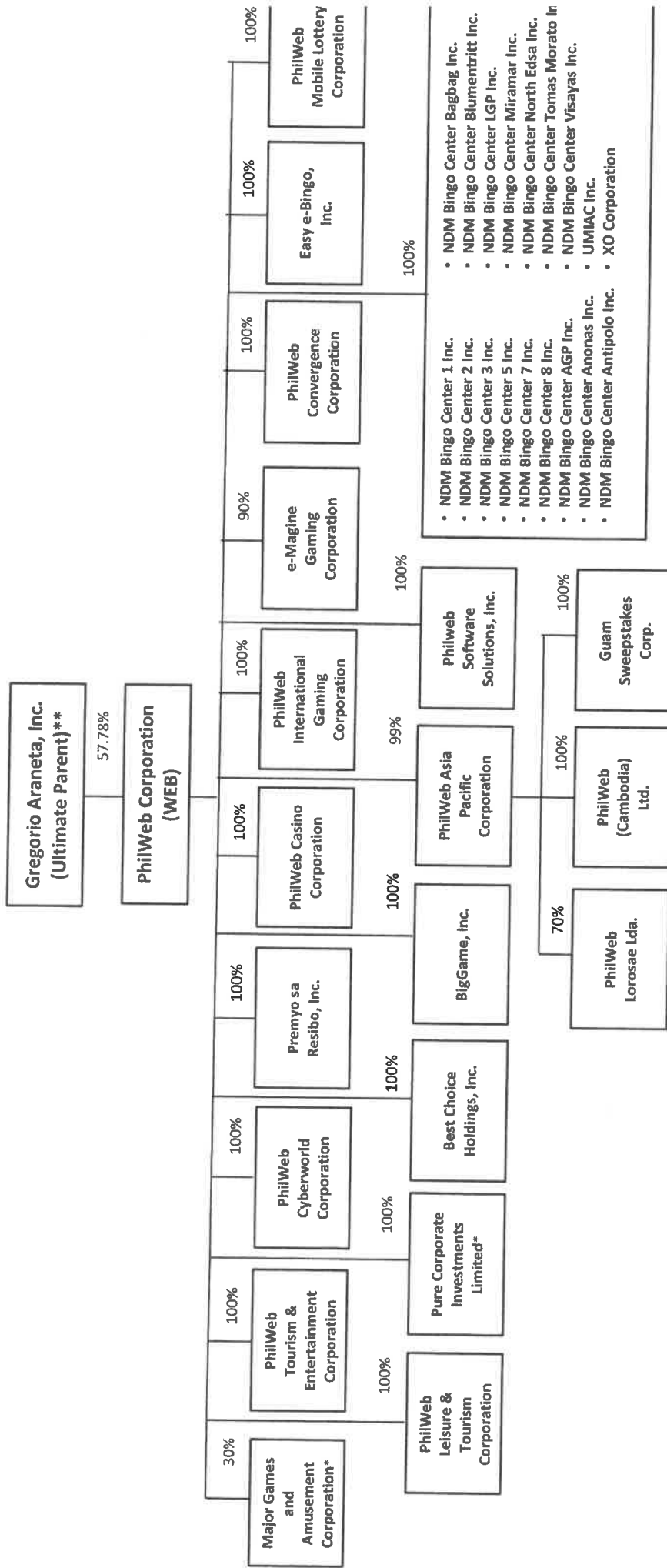
SHARE CAPITAL

DECEMBER 31, 2023

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related financial position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common Stock - ₱1 par value	1,850,000,000	1,435,776,733	-	157,044,156	901,092,554	377,639,970
Preferred Stock - ₱1 par value	750,000,000	159,269,484	-	62,008,919	97,260,565	-

PHILWEB CORPORATION AND SUBSIDIARIES

Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries
DECEMBER 31, 2023



* Special Purpose Entity

** 10.94% is held by a subsidiary, PhilWeb Casino Corporation

**INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
PhilWeb Corporation and Subsidiaries
41st Floor, One San Miguel Avenue Condominium
San Miguel Avenue corner Shaw Boulevard
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PhilWeb Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years ended December 31, 2023, 2022, and 2021 and no material exceptions were noted.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-012-2023

Valid until January 24, 2026

PTR No. 10072412

Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

PHILWEB CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	2023	2022
Current ratio	Total Current Assets	P216,369,258	P205,655,464
	Divided by: Total Current Liabilities	472,254,407	429,731,980
	Current ratio	0.46:1	0.48:1
Quick ratio	Total Current Assets	P216,369,258	P205,655,464
	Less: Other current assets	77,078,628	60,154,401
	Quick assets	139,290,630	145,501,063
	Divide by: Total Current Liabilities	472,254,407	429,731,980
	Quick ratio	0.29:1	0.34:1
Solvency ratio	Total Assets	P1,226,277,253	P1,259,639,695
	Divided by: Total Liabilities	669,950,769	629,944,598
	Solvency ratio	1.83:1	2.00:1
Debt ratio	Total Liabilities	P669,950,769	P629,944,598
	Divided by: Total Assets	1,226,277,253	1,259,639,695
	Debt ratio	0.55:1	0.50:1
Debt-to-equity ratio	Total Liabilities	P669,950,769	P629,944,598
	Divided by: Total Equity	556,326,484	629,695,097
	Debt-to-equity ratio	1.20:1	1.00:1
Interest coverage ratio	Net income (loss)	(P71,820,597)	P27,302,235
	Add: Interest expense	43,496,417	36,604,231
	Provision for income taxes	9,905,572	19,667,920
	Earnings before interest and taxes	(18,418,608)	83,574,386
	Divide by: Interest expense	43,496,417	36,604,231
	Interest coverage ratio	(0.42):1	2.28:1
Return on assets ratio	Net income (loss)	(P71,820,597)	P27,302,235
	Divided by: Total Assets	1,226,277,253	1,259,639,695
	Return on assets ratio	(0.06):1	0.02:1
Return on equity ratio	Net income (loss)	(P71,820,597)	P27,302,235
	Divided by: Total equity	556,326,484	629,695,097
	Return on equity ratio	(0.13):1	0.04:1