

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

DINA INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 - Q

FORM TYPE

3rd Thursday of June

Annual Meeting

(QUARTERLY REPORT FOR MARCH 31, 2022)

Certificate of Permit to Offer
Securities for Sale

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

996

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. *For the quarterly period ended* **March 31, 2022**
2. *SEC Identification Number* **AS093-7946**
3. *BIR Tax Identification No.* **003-831-302-000**
4. *Exact name of issuer as specified in its charter* **ALLIANCE GLOBAL GROUP, INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. *(SEC Use Only)*
Industry classification code
7. **7thFloor, 1880 Eastwood Avenue, Eastwood City CyberPark**
188 E. Rodriguez Jr. Ave., Bagumbayan, 1110 Quezon City
Address of principal office
8. **(632) 870920-38 to -41**
Registrant's telephone number, including area code
9. *Securities registered pursuant to Sections 8 and 12 of the SRC, or secs. 4 and 8 of the RSA*

<i>Title of Each Class</i>	<i>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</i>
Common	9,465,964,879 (net of 803,863,100 buyback shares held by AGI)
10. *Are any or all of these securities listed on a Stock Exchange?* **Yes, on the Philippine Stock Exchange.**
11. (a) *AGI has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.*

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

PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

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

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Financial Reporting Standards (“PFRS”) and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021 (“ACFS”). The accounting policies and methods used in the ICFS are consistent with those applied in ACFS. There were no amendments to existing standards adopted by the Group effective January 1, 2022. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

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

Business Segments

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

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

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

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

Key Performance Indicators – Top Five

In Million Pesos	Q1 2022	Q1 2021	YoY 2022	YoY %
REVENUES	37,498	31,807	5,691	17.9%
NET PROFIT ["NP"]	5,350	3,204	2,145	66.9%
NET PROFIT TO OWNERS ["NPO"]	3,887	2,564	1,324	51.6%
NP rate ["NPR"]	14.27%	10.07%		
NPO rate ["NPOR"]	10.37%	8.06%		
EBITDA Margin	30.73%	28.32%		
Return on investment/assets [NP/TA]	0.76%	0.46%		
	Mar-2022	Dec-2021	YoY 2022	YoY %
TOTAL ASSETS	708,350	703,960	4,390	0.6%
CURRENT ASSETS	351,350	351,418	(68)	(0.0%)
CURRENT LIABILITIES	172,701	172,459	242	0.1%
Current ratio	2.03x	2.04x		
Quick ratio	0.95x	0.98x		
	Q1 2022	Q1 2021	YoY 2022	YoY %
Profit before tax and interest	8,847	6,268	2,579	41.1%
Interest expense	1,730	1,751	(21)	(1.2%)
Interest coverage rate	5.11	3.58		

Note: Numbers may not add up due to rounding off

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

Results of Operations – Three Months 2022 vs 2021

The Philippine economy¹ grew 8.3% year-on-year in the first quarter of 2022, a significant reversal from 3.8% contraction in first quarter last year, 1.9% faster than 7.8% growth in previous quarter and surpassing pre-pandemic 2019 levels. Domestic economic activity has gained stronger traction from the easing of remaining restrictions, in spite of setback from the Omicron-driven²

¹ GDP growths were taken from Philippine Statistics Authority ref. 2022-205 released on May 12, 2022.

² The COVID-19 pandemic, which broke out in 2020, is continuing to spread globally with new variants and resurgences causing reimposition of mobility and lockdown restrictions by affected governments. In January, the Omicron variant ("Omicron"), first named by WHO in November 2021, less severe more transmissible than Delta, spread fast worldwide causing record peaks in most countries (including UK, Spain, Mexico, USA and Philippines) and declined quickly. The governments were forced to tighten mobility restrictions as Omicron infection surged. As the situation improved globally, public health restrictions had eased in most places while there were still tightening in other places. In the Philippines, right after the New Year holidays, Metro Manila and other places were put under stricter Alert Level 3 for a month (from Alert Level 2 since mid-November 2021), then restrictions were gradually eased to Alert Level 2 in February and Alert Level 1 in March (up to this report date); while other areas were under the stricter levels. Omicron sub-variants have been detected in May 2022.

surge in Covid-19 cases in January this year. For Metro Manila and other key areas, operating capacity for business and activities were reduced to 10% indoor and 30% outdoor under Alert Level 3, easing to 50% indoor and 70% outdoor under Alert Level 2, and to full capacity for establishments and public transport under most lenient Alert Level 1. As of April 1, 2022, about 79% of economy was already under Alert Level 1.

The Group continued its growth trajectory in this volatile environment, surpassing performance in comparable period last year, anchored on the strength of its diversified revenue streams, strong brand equity and optimized cost management. All business segments delivered strong year-on-year (“YoY”) growths.

Net profit (“NP”) for the first quarter soared 67% YoY (+P2.1 billion) to P5.4 billion, attributing P3.9 billion of net profit to owners (“NPO”) which surged 52% YoY (+P1.3 billion), on the back of 18% YoY growth (+P5.7 billion) in revenues and income. NP rate (“NPR”) improved to 14% and NPO rate (“NPOR”) to 10% this year as compared to 10% and 8%, respectively, of a year ago.

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

In Million Pesos	Contribution	Q1 2022 Pre Conso	Q1 2022 Conso	Q1 2021 Pre Conso	Q1 2021 Conso	YoY 2022	YoY %
Revenues and other income	100.00%	37,681	37,498	34,644	31,807	5,691	17.9%
Megaworld	34.34%	12,950	12,877	10,109	10,053	2,824	28.1%
Emperador	32.81%	12,309	12,304	12,022	12,017	287	2.4%
Travellers	13.03%	4,886	4,885	3,768	3,765	1,120	29.8%
Golden Arches	19.15%	7,193	7,180	5,680	5,680	1,499	26.4%
Others	0.67%	343	253	3,064	292	(39)	(13.4%)
Cost and expenses	100.00%	30,534	30,381	27,358	27,290	3,091	11.3%
Megaworld	28.07%	8,556	8,529	6,993	6,993	1,537	22.0%
Emperador	32.06%	9,830	9,741	9,561	9,528	213	2.2%
Travellers	15.72%	4,766	4,777	4,864	4,863	(85)	(1.8%)
Golden Arches	22.03%	6,737	6,693	5,287	5,259	1,434	27.3%
Others	2.11%	647	641	652	647	(6)	(0.9%)
Tax expense	100.00%	1,767	1,767	1,313	1,313	454	34.6%
Megaworld	50.17%	886	886	626	626	261	41.7%
Emperador	19.76%	349	349	362	362	(13)	(3.5%)
Travellers	18.59%	328	328	1	1	327	28170.0%
Golden Arches	11.38%	201	201	324	324	(123)	(37.9%)
Others	0.10%	2	2	-	-	2	1848.4%
Net profit	100.00%	5,379	5,350	5,974	3,204	2,145	66.9%
Megaworld	64.70%	3,508	3,461	2,491	2,435	1,027	42.2%
Emperador	41.38%	2,130	2,214	2,099	2,127	87	4.1%
Travellers	-4.13%	(208)	(221)	(1,097)	(1,099)	878	79.9%
Golden Arches	5.34%	255	286	69	98	188	(192.9%)
Others	-7.30%	(305)	(391)	2,412	(356)	(35)	(9.8%)
Net profit to owners	100.00%	4,913	3,887	5,836	2,564	1,324	51.6%
Megaworld	60.47%	3,069	2,351	2,362	1,611	740	45.9%
Emperador	48.47%	2,098	1,884	2,084	1,788	96	5.4%
Travellers	-2.95%	(207)	(115)	(1,096)	(544)	429	78.9%
Golden Arches	4.05%	258	157	73	64	93	(145.0%)
Others	-10.05%	(305)	(391)	2,412	(356)	(35)	(9.8%)

Notes: Numbers may not add up due to rounding off.
 "Pre-conso" refers to numbers at subsidiary level; revenues and other income here presented may slightly differ due to reclassifications for alignment made at consolidation level. "Conso" represents numbers from external customers, i.e. after elimination/ consolidation adjustments. RWM revenues are presented net of promotional allowance.

Megaworld, the county's pioneer developer of integrated urban townships, was in for a strong start as it reported revenues and other income of P13.1 billion, NP of P3.5 billion and NP to its owners of P3.1 billion rising 29%, 41% and 30% YoY attributed to double-digit growths in all of its revenue segments. NPR was registered at 27% and NPOR at 23%, as compared to 24% and 23%, respectively, of a year ago.

Real estate sales climbed 36% YoY to P8.1 billion as construction activities normalized. Reservation sales reported an improvement of 12% ending the period with P23.2 billion compared to P20.7 billion during the same period last year. The current brand mix for Megaworld-GERI-Empire East-Suntrust/SLI was 66%-13%-13%-8%. About 66% of sales were for Metro Manila projects, 17% Cavite-Laguna-Batangas-Rizal and 7% Iloilo.

Rental income increased 20% YoY to P3.7 billion as a result of higher rental rate from new leases and rent escalations and increase in occupancy rates. Megaworld Lifestyle Malls, which operates 20 lifestyle malls, showed a big improvement in its performance. As foot traffic improved during the period together with high operational occupancy of 88%, mall rentals grew 40% YoY to P0.7 billion. Megaworld Premier Offices continued on its track by posting P3.0 billion rental income, a 16% YoY growth occupancy rate improved to 91% compared to the 82-83% industry average level.

Megaworld Hotels & Resorts, which operates 11 hotel properties, reported hotel revenues of P0.5 billion, a 50% leap YoY reflective of the improvement on leisure-related and MICE activities and domestic travel attributed to loosening of mobility restrictions throughout the first quarter.

These operating results brought in 34%, 65% and 60% to AGI's consolidated revenues and other income, net profit and net profit attributable to owners, respectively.

Emperador, the world's largest brandy company and owner of the world's 5th largest Scotch whisky producer in the world by capacity, showed improved results in the first quarter of current year as compared to same period of 2021 and of pre-pandemic 2019, as it anchored on its diversified portfolio and international operations, amidst a volatile pandemic environment caused by Omicron waves globally that tamed the Group's growth trajectory.

It reported P12.3 billion revenues and other income in the first quarter, up 2% YoY despite the challenges posed by global logistics and lockdowns attributed to Omicron across international markets including the Philippines. NP and NPO hit P2.1 billion. Nevertheless, these numbers were respectively 12%, 22% and 21% better than the pre-pandemic first quarter of 2019.

GPR and NPR remained robust amidst inflationary pressures. GPR was at 32% this year compared to 33% a year ago while NPR remained stable at 17% as the group continued to maintain caution and optimization in its spending.

The Brandy segment ended the first quarter with revenues and other income from external customers of P7.6 billion, dampened by logistics constraints and lockdown restrictions from Omicron waves. Emperador increased its sales prices in January, yet it took the price of rising costs. GP contracted 18% YoY to P1.9 billion with GPR sliding to 26% from 28% of a year ago. The lower GP and higher operating costs brought both NP and NPO to P1.2 billion, with margin of 16% and 15%, respectively.

The Scotch Whisky segment ended the first quarter with revenues and other income from external customers increasing 20% YoY to P4.7 billion, buoyed by its single malt products which showed double-digit growths and accounted for 63% of the segment's sales (as compared to 55% a year ago). Scotch Whisky sales continued to grow strongly in Europe, Americas and Asia Pacific regions in spite of supply chain challenges which were affecting its markets. Nevertheless, demand remains strong with orders on hand. GP expanded 18% YoY to P1.9 billion yet GPR remained steady at 40%. A 16% YoY increase on spending was recorded as markets reopened which brought NP and NPO to P0.9 billion, up 25% YoY. NPR and NPOR improved to 19% from 18% in comparable period last year.

For the first quarter of the year, Emperador group contributed 33% to AGI's consolidated revenues and other income, 41% to consolidated net profit, and 48% to consolidated net profit attributable to AGI owners.

Travellers, the owner and operator of Resorts World Manila (RWM), an integrated tourism resort, made a remarkable recovery from the reopening of business activities as it reported 29% YoY growth in its core revenues to P4.8 billion for the first quarter. NP and NPO improved 81% YoY which were still short to support costs and expenses.

Gross gaming revenues hiked 43% YoY to P6.5 billion as gaming activities were allowed to open in March. With increased activity, promotional allowance expanded to P2.6 billion, up 83% YoY. Net gaming revenues increased 25% YoY to P3.9 billion

Non-gaming revenues (from hotel, food, beverage and others) also improved 46% year-on-year to P0.9 billion due to loosening of mobility and travel restrictions resulting in increased foot traffic, foreign tourist arrivals and MICE activities. Reopening of tourism to international tourists started on February 10 this year. Hotel occupancy rates of the 5 hotels in RWM ranged 47% to 85% (35% to 73% a year ago). The hotel in Iloilo registered an occupancy rate of 16% (6% a year ago) due to higher restrictions in the area during the quarter.

Travellers group accounted for 13%, -4% and -3% of AGI's consolidated revenues and other income, consolidated net profit and consolidated net profit attributable to owners of AGI, respectively.

GADC, the master franchise holder of McDonald's in the Philippines and a strategic partnership with the George Yang group, started the year with a stronger quarter YoY in spite of the initial setback caused by the Omicron surge at the beginning of the year. GADC reportedly grew its core revenues for the first three months to P7.2 billion, up 27% YoY. Its NP and NPO made a huge leap of 268% and 253% YoY, respectively, to close at P255 million and P258 million, respectively, by the end of the first quarter.

As lockdown restrictions were easing during the period, consumer mobility improved and operating hours and store capacity increased. Systemwide store sales expanded 29% YoY, boosted by dine-in consumption and return of birthday parties and large group gatherings. Same-store sales grew 22% YoY. Sustained efforts on consumers' priorities – safety and trust, affordability, accessibility – plus menu excitement through limited time offers drove the brands' sales and guest count achievements. Total store count stood at 679 as the group opened 8 stores and did not close any during the first quarter (3 opened, 3 closed in first quarter last year). Stores were concentrated 82% in Luzon. About 99% of total stores were already operating by the end of the first quarter.

These operating results translated into 19% contribution to consolidated revenues and other income, 5% to consolidated net profit and 4% to net profit to owners of AGI.

By profit and loss accounts:

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

In Million Pesos	Q1 2022	Q1 2021	YoY 2022	YoY %
REVENUES AND INCOME				
Sale of goods	20,050	17,994	2,055	11.4%
Consumer goods	11,999	12,092	(93)	(0.8%)
Revenue from real estate (RE) sales	8,051	5,902	2,148	36.4%
Rendering of services	16,340	12,866	3,473	27.0%
Gaming	6,530	4,557	1,973	43.3%
Less: Promotional allowance	(2,607)	(1,426)	(1,182)	82.9%
Net Gaming	3,923	3,131	792	25.3%
Sales by company-operated quick-service restaurants	6,515	5,135	1,380	26.9%
Franchise revenues	659	524	136	25.9%
Rental Income	3,862	3,115	747	24.0%
Others	1,381	962	419	43.5%
Hotel operations	1,246	849	397	46.8%
Other services	135	113	21	18.7%
Share in net profits of associated and joint ventures	-	5	(5)	(100.0%)
Finance and other income	1,108	941	167	17.8%
TOTAL	37,498	31,807	5,691	17.9%
COST AND EXPENSES				
Cost of goods sold	12,270	11,226	1,044	9.3%
Consumer goods sold	8,153	8,107	47	0.6%
RE sales	4,117	3,119	997	32.0%
Cost of services	8,483	7,069	1,414	20.0%
Gaming	1,618	1,706	(87)	(5.1%)
Services	6,865	5,363	1,502	28.0%
Other operating expenses	7,699	6,997	702	10.0%
Selling and marketing	2,703	2,455	247	10.1%
General and administrative	4,996	4,542	454	10.0%
Share in net losses of associates and joint ventures	42	-	42	
Finance cost and other charges	1,887	1,998	(110)	(5.5%)
TOTAL	30,381	27,290	3,091	11.3%
TAX EXPENSE	1,767	1,313	454	34.6%
NET PROFIT	5,350	3,204	2,145	66.9%
NET PROFIT TO OWNERS	3,887	2,564	1,324	51.6%

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

Revenues and income, as a result of the foregoing discussion, increased 18% YoY (+P5.7 billion) to P37.5 billion in the first quarter. **Sale of goods** (real estate, alcoholic beverages and snack products) increased 11% YoY (+P2.0 billion) to P20.0 billion as real estate sales grew 36% YoY (+P2.1 billion) from increased construction activity, while sales of consumer goods remained stable at P12.0 billion. **Service revenues** (gaming, hotels, quick-service restaurants, cinemas and theaters, leasing, hotels and other related services) climbed 27% YoY (+P3.5 billion) to P16.3 billion as net gaming revenues, sales of quick-service restaurants, franchise revenues, rental revenues and hotel operations improved by 25% (+P0.8 billion), 27% (+P1.4 billion), 26% (+P0.1 billion), 24% (+P0.7 billion) and 47% (+P0.4 billion, respectively). **Share in net profits of associates and joint ventures** of P0.005 billion a year ago reversed to P0.04 billion **share in net losses** in the first quarter this year. **Finance and other income** increased 18% YoY (+P0.2 billion) to P1.1 billion from higher interest income and foreign currency gains during the quarter.

Costs and expenses stepped up 11% YoY (+P3.1 billion) to P30.4 billion, providing good profit margins. **Cost of goods sold** and **cost of services** increased 9% YoY (+P1.0 billion) and 20% YoY (+P1.4 billion), respectively, due to increases in revenues, yet at a slower pace. **Other operating expenses** went up 10% YoY (P0.7 billion) to P7.7 billion due to resumption of business activities. **Share in net losses of associates and joint ventures** was reported mainly due to incurred losses of an associate of Megaworld. **Finance and other charges** fell 6% YoY (-P0.1 billion) to P1.9 billion due mainly to turnaround of foreign currency losses recorded from a year ago.

Tax expense ballooned 35% YoY (+P0.4 billion) to P1.8 billion from higher taxable profit of Megaworld and Travellers.

Earnings before interest, taxes, depreciation and amortizations (EBITDA) (computed as net profit before income taxes, interest expense, depreciation and amortizations) hiked 28% YoY (+P2.5 billion) to P11.5 billion from P9.0 billion a year ago, exhibiting 31% and 28% EBITDA rate, respectively.

Net profit accelerated 67% YoY (+P2.1 billion) to P5.3 billion from higher gross profit (sales growth outpacing costs growth) and optimization of expenditures.

Net profit attributable to AGI owners amounted to P3.9 billion from P2.6 billion a year ago, a robust 52% YoY growth because of the foregoing.

Financial Condition

Consolidated total assets amounted to P708.4 billion at end of the interim period from P704.0 billion at beginning of year, a modest 1% growth (+P4.4 billion) in the first quarter. The Group is liquid with **current assets** exceeding **current liabilities** 2.0 times at the end and beginning of the interim period. Current assets amounted to P351.3 billion while current liabilities amounted to P172.7 billion at end of the interim period.

Cash and cash equivalents were depleted by 3% (-P2.6 billion) during the interim, ending at P79.7 billion from P82.3 billion at the beginning of the year, primarily due to uses in financing activities (payments of loans, interest, dividends, lease) and investing activities (capital expenditures, advances) outpacing cash provided by operating activities. Net cash provided by operations and used in financing and investing activities during the period were presented in the interim consolidated statements of cash flows.

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

Contract assets which represent the reclassified portion of trade and other receivables relating to rights to payment which are conditioned upon the completion of units sold and represent excess of progress of work over the right to an amount of consideration, went up 7% (+P0.9 billion) for **currently** maturing assets while the **non-currently** maturing assets went down 3% (-P0.2 billion).

Financial assets at fair value through other comprehensive income soared 29% (+P0.1 billion) to P0.5 billion due to increase in fair value during the interim period.

Current trade and other payables increased 5% (+P3.5 billion) to P68.0 billion mainly due to resumption/increase of business activities of the Group.

Current lease liabilities decreased 3% (-P0.04 billion) to P1.3 billion and **non-current lease liabilities** increased 5% (+P0.7 billion) to P16.1 billion from rental payments and additions made during the period.

Contract liabilities represent MEG's excess of collection over the progress of work with **current** portion increasing 19% (+P0.5 billion) and **non-current portion** increasing 9% (+P0.4 billion) during the interim period.

Income tax payable dropped 22% (-P0.5 billion) to P1.6 billion due mainly to reductions in Emperor, as annual obligations at beginning of the year were paid during the interim period.

Advances from related parties and joint operator partners fell 12% (-P0.3 billion) to P2.2 billion from Megaworld.

Other current liabilities were reduced 10% (-P1.8 billion) to P17.2 billion primarily due to payments made during the interim period.

Retirement benefit obligation went down 9% (-P0.09 billion) to P0.9 billion due mainly to the excess of fair value of retirement plan assets over the present value of the obligation due changes in financial assumptions and foreign exchange adjustments booked in UK.

The **changes in equity components** are presented in detail in the interim consolidated statements of changes in equity..

Liquidity and Capital Resources

The consolidated statements of financial position showed strong liquidity with current assets exceeding current liabilities 2times at end of interim period. The interim period opened and closed with total-liabilities-to-equity ratio of 1.1 : 1.0 and interest-bearing-debt-to-equity ratio of 0.6 : 1.0. Assets exceeded liabilities nearly 1.9times, and equity 2.1times at the beginning and end of the interim period.

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

Amounts in Million Pesos	March 2022	December 2021
Cash and cash equivalents	79,683	82,278
FVTPL/ FVOCI financial assets	14,502	13,934
Total Available	94,185	96,212
Interest-bearing debt- current	79,269	80,304
Interest-bearing debt noncurrent	91,057	93,109
Bonds payable- noncurrent	42,315	41,982
Total Debt	212,641	215,395
Net cash (debt)	(118,456)	(119,183)
Available cash and financial assets to debt	44.29%	44.67%
Total debt to total equity	62.46%	64.25%
Net debt to total equity	34.79%	35.55%

Prospects for the future

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

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

Others

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

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

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

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

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

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

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

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

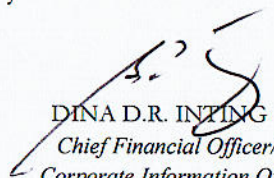
SIGNATURE

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

Alliance Global Group, Inc.

Issuer

By:


DINA D.R. INTING
Chief Financial Officer/
Corporate Information Officer

May 25, 2022

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

Schedule of Financial Soundness Indicators
Annex 68-E
As of March 31, 2022

Ratio	Formula	3/31/2022	12/31/2021
Current ratio	Current assets / Current liabilities	2.03	2.04
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	0.95	0.98
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.05	0.21
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	0.62	0.64
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.08	2.10
		3/31/2022	3/31/2021
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain or loss is excluded from EBIT)	5.11	3.58
Return on investment	Net profit / Total stockholders' equity	0.02	0.01
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.02	0.01
Return on assets	Net profit/ total assets	0.01	0.00
Net profit margin	Net profit / Total revenues	0.14	0.10

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND DECEMBER 31, 2021
(Amounts in Philippine Pesos)

	March 31, 2022 <u>(UNAUDITED)</u>	December 31, 2021 <u>(AUDITED)</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 79,683,050,456	P 82,278,122,850
Trade and other receivables - net	70,030,318,655	72,659,307,764
Contract assets	12,827,005,559	11,970,852,843
Financial assets at fair value through profit or loss	13,959,736,637	13,512,733,032
Inventories - net	156,391,129,541	152,847,415,170
Other current assets	<u>18,458,340,953</u>	<u>18,149,365,608</u>
Total Current Assets	<u>351,349,581,801</u>	<u>351,417,797,267</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	14,034,368,875	14,049,075,860
Contract assets	7,725,058,838	7,951,394,519
Advances to landowners and joint operators	7,395,845,531	7,158,576,223
Financial assets at fair value through other comprehensive income	542,279,857	420,870,489
Investments in associates and joint ventures	6,740,233,039	6,793,930,448
Property, plant and equipment - net	144,652,660,658	141,904,029,538
Investment properties - net	122,117,062,322	120,539,734,330
Intangible assets - net	40,602,086,249	40,483,366,565
Deferred tax assets - net	4,868,178,661	4,970,539,083
Other non-current assets	<u>7,364,529,126</u>	<u>7,308,890,602</u>
Total Non-current Assets	<u>356,042,303,156</u>	<u>351,580,407,657</u>
NON-CURRENT ASSETS HELD FOR SALE	<u>958,424,167</u>	<u>961,740,550</u>
TOTAL ASSETS	<u>P 708,350,309,124</u>	<u>P 703,959,945,474</u>

	March 31, 2022 (UNAUDITED)	December 31, 2021 (AUDITED)
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 68,048,074,676	P 64,572,635,732
Interest-bearing loans	79,269,198,351	80,303,949,739
Lease liabilities	1,264,305,062	1,309,447,535
Contract liabilities	2,915,397,983	2,447,089,883
Income tax payable	1,635,341,696	2,099,665,745
Redeemable preferred shares	251,597,580	251,597,580
Advances from related parties and joint operator partners	2,165,624,151	2,469,533,312
Other current liabilities	17,151,515,005	19,005,123,221
Total Current Liabilities	172,701,054,504	172,459,042,747
NON-CURRENT LIABILITIES		
Interest-bearing loans	91,056,882,792	93,108,742,222
Bonds payable	42,315,196,708	41,982,042,246
Lease liabilities	16,072,705,509	15,336,726,680
Contract liabilities	5,400,753,448	4,956,605,925
Retirement benefit obligation	891,626,759	982,052,130
Redeemable preferred shares	1,405,403,268	1,365,641,108
Deferred tax liabilities - net	18,503,987,381	18,167,163,730
Other non-current liabilities	19,539,150,526	20,379,289,896
Total Non-current Liabilities	195,185,706,391	196,278,263,937
Total Liabilities	367,886,760,895	368,737,306,684
EQUITY		
Equity attributable to owners of the parent company	214,225,694,686	209,903,697,035
Non-controlling interest	126,237,853,543	125,318,941,755
Total Equity	340,463,548,229	335,222,638,790
TOTAL LIABILITIES AND EQUITY	P 708,350,309,124	P 703,959,945,474

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022	2021
REVENUES AND INCOME		
Sale of goods	P 20,049,835,355	P 17,994,434,686
Rendering of services	16,339,867,551	12,866,416,402
Share in net profits of associates and joint ventures - net	-	4,891,951
Finance and other income	<u>1,108,201,832</u>	<u>941,014,036</u>
	<u>37,497,904,738</u>	<u>31,806,757,075</u>
COSTS AND EXPENSES		
Cost of goods sold	12,270,052,554	11,225,991,514
Cost of services	8,483,146,737	7,068,714,205
Other operating expenses	7,698,913,823	6,997,252,253
Share in net losses of associates and joint ventures - net	41,780,990	-
Finance costs and other charges	<u>1,887,402,807</u>	<u>1,997,887,916</u>
	<u>30,381,296,911</u>	<u>27,289,845,888</u>
PROFIT BEFORE TAX	7,116,607,827	4,516,911,187
TAX EXPENSE	<u>1,766,886,369</u>	<u>1,312,507,948</u>
NET PROFIT	<u>5,349,721,458</u>	<u>3,204,403,239</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains (losses) on remeasurement of retirement benefit obligation	82,144,000	181,566,000
Net unrealized fair value gain (loss) on financial assets at fair value through other comprehensive income	98,942,238	23,851,144
Deferred tax income (expense) relating to components of other comprehensive income (loss)	(20,536,000)	(45,391,500)
	<u>160,550,238</u>	<u>160,025,644</u>
Items that will be reclassified subsequently to profit or loss		
Translation adjustments	(215,622,500)	534,383,187
Net unrealized fair value gain (loss) on cash flow hedge	38,440,132	111,480,610
Deferred tax income (expense) relating to components of other comprehensive income (loss)	(6,379,793)	(6,148,429)
	<u>(183,562,161)</u>	<u>639,715,368</u>
TOTAL COMPREHENSIVE INCOME	<u>P 5,326,709,535</u>	<u>P 4,004,144,251</u>
Net profit attributable to:		
Owners of the parent company	P 3,887,055,483	P 2,563,526,869
Non-controlling interest	<u>1,462,665,975</u>	<u>640,876,370</u>
	<u>P 5,349,721,458</u>	<u>P 3,204,403,239</u>
Total comprehensive income attributable to:		
Owners of the parent company	P 3,807,732,574	P 2,972,628,767
Non-controlling interest	<u>1,518,976,961</u>	<u>1,031,515,484</u>
	<u>P 5,326,709,535</u>	<u>P 4,004,144,251</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company:		
Basic	<u>P 0.4176</u>	<u>P 0.2695</u>
Diluted	<u>P 0.4176</u>	<u>P 0.2695</u>

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company															Noncontrolling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Shares - at Cost	Net Actuarial Losses on Retirement Benefit Plan	Net Fair Value Gains on Financial Assets at FVOCI	Accumulated Translation Adjustments	Revaluation Reserves on Cash Flow Hedge	Share Options	Other Reserves	Retained Earnings		Total	Total				
										Appropriated	Unappropriated						
Balance at January 1, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,516,348,052)	P 85,011,950	P 72,946,670	(P 4,036,461,315)	(P 34,608,267)	P 620,625,162	P 19,778,512,767	P 4,454,180,000	P 154,691,094,112	P 159,145,274,112	P 209,903,697,035	P 125,318,941,755	P 335,222,638,790		
Transactions with owners:																	
Change in percentage of ownership	-	-	-	-	-	-	-	-	580,566,734	-	-	-	580,566,734	(221,085,602)	359,481,132		
Acquisition of treasury shares	-	-	(65,605,210)	-	-	-	-	-	-	-	-	(65,605,210)	(65,605,210)	-	65,605,210		
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	-	(382,152,125)	(382,152,125)		
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,172,554)	(3,172,554)		
	-	-	(65,605,210)	-	-	-	-	-	580,566,734	-	-	-	514,961,524	(600,065,173)	(85,103,649)		
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	(696,447)	-	-	(696,447)	-	-	(696,447)		
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	3,168,340,000	(3,168,340,000)	-	-	-	-		
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(3,168,340,000)	3,168,340,000	-	-	-	-		
Total comprehensive income (loss)	-	-	-	57,478,473	176,040,610	(339,327,243)	26,485,251	-	-	-	3,887,055,483	3,887,055,483	3,887,732,574	1,518,976,961	5,326,709,535		
Balance at March 31, 2022	P 10,269,827,979	P 34,518,916,029	(P 10,581,953,262)	P 142,490,423	P 248,987,280	(P 4,375,788,558)	(P 8,123,016)	P 620,625,162	P 20,358,383,054	P 4,454,180,000	P 158,578,149,595	P 163,032,329,595	P 214,225,694,686	P 126,237,853,543	P 340,463,548,229		
Balance at January 1, 2021	P 10,269,827,979	P 34,518,916,029	(P 7,596,939,422)	(P 783,537,269)	P 504,426,943	(P 6,047,569,788)	(P 172,210,870)	P 620,625,162	P 9,436,023,550	P 3,993,530,000	P 138,533,653,159	P 142,527,203,159	P 183,276,765,473	P 112,542,694,728	P 295,819,460,201		
Transactions with owners:																	
Change in percentage of ownership	-	-	-	-	-	-	-	-	58,272,446	-	-	-	58,272,446	(141,313,672)	(83,041,226)		
Acquisition of treasury shares	-	-	(625,665,280)	-	-	-	-	-	-	-	-	(625,665,280)	-	-	(625,665,280)		
Dividend paid by investee	-	-	-	-	-	-	-	-	-	-	-	-	-	(543,630,051)	(543,630,051)		
Gain on redemption of perpetual securities	-	-	-	-	-	-	-	-	-	-	332,442,730	332,442,730	332,442,730	151,814,706	484,257,436		
Share-based compensation	-	-	(625,665,280)	-	-	-	-	-	58,272,446	-	332,442,730	332,442,730	332,442,730	(1,088,258)	1,088,258		
	-	-	(625,665,280)	-	-	-	-	-	58,272,446	-	332,442,730	332,442,730	332,442,730	(531,948,759)	(766,896,863)		
Changes in legal reserves during the period	-	-	-	-	-	-	-	-	25,761,841	-	-	-	25,761,841	-	25,761,841		
Total comprehensive income (loss)	-	-	-	115,012,983	(30,587,152)	248,144,628	76,531,439	-	-	-	2,563,526,869	2,563,526,869	2,972,628,767	1,031,515,484	4,004,144,251		
Balance at March 31, 2021	P 10,269,827,979	P 34,518,916,029	(P 8,222,604,702)	(P 668,524,286)	P 473,839,791	(P 5,799,425,160)	(P 95,679,431)	P 620,625,162	P 9,520,057,837	P 3,993,530,000	P 141,429,622,758	P 145,423,172,758	P 186,040,205,977	P 113,042,261,453	P 299,082,467,430		

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 7,116,607,827	P	4,516,911,187
Adjustments for:			
Depreciation and amortization	2,677,793,795		2,740,075,258
Interest expense	1,729,973,217		1,750,916,957
Interest income	(573,185,482)	(	492,922,447)
Recognition of impairment losses - net	(54,400,087)	(	10,754,306)
Share in net losses (profits) of associates and joint ventures	41,780,990	(	4,891,951)
Net loss on disposal of assets	24,737,456		11,646,442
Unrealized foreign currency losses (gains) - net	(8,118,334)		109,173,721
Gain from derecognition of right-of-use assets and lease liabilities	(4,187,084)	-	
Stock option benefit expense	3,172,554		1,188,258
Fair value loss on financial assets at fair value through profit or loss	1,352,055	-	
Dividend income	-	(	24,310,350)
Operating profit before working capital changes	10,955,526,907		8,597,032,769
Decrease (increase) in trade and other receivables	4,621,306,768	(	1,898,983,790)
Increase in inventories	(2,935,099,348)	(	1,740,825,283)
Decrease (increase) in contract assets	(629,817,035)		16,112,111
Decrease (increase) in financial assets at fair value through profit or loss	113,776,156	(	480,647,406)
Increase in other current assets	(428,388,806)	(	667,508,480)
Increase in trade and other payables	3,071,994,760		421,786,360
Increase in contract liabilities	912,455,623		892,312,814
Decrease in retirement benefit obligation	(14,005,516)	(	56,298,900)
Decrease in other current liabilities	(1,853,608,216)	(	1,876,655,514)
Increase (decrease) in other non-current liabilities	(818,940,962)		496,753,268
Cash generated from operations	12,995,200,331		3,703,077,949
Cash paid for taxes	(1,672,612,885)	(	844,008,113)
Net Cash From Operating Activities	11,322,587,446		2,859,069,836
 <i>Balance carried forward</i>	 P 11,322,587,446	P	 2,859,069,836

	2022		2021
<i>Balance brought forward</i>	P 11,322,587,446	P	2,859,069,836
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment	(4,171,312,188)	(	2,436,705,112)
Investment properties	(1,968,203,801)	(	852,356,734)
Intangible assets	(1,115,100)		-
Proceeds from:			
Disposal of property, plant and equipment	4,522,619		25,227,796
Additional advances granted to associates and other related parties	(270,215,814)	(	10,425,690)
Interest received	243,336,059		442,931,340
Collection (advances) to landowners, joint ventures and other related parties - net	(237,269,308)	(	72,432,488)
Decrease (increase) in other non-current assets	35,558,632		1,502,395,239
Cash dividends received	-		24,310,350
Net Cash Used in Investing Activities	(6,364,698,901)	(	1,377,055,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of interest-bearing loans and bonds	(19,205,466,824)	(	11,648,019,261)
Proceeds from interest-bearing loans and bonds	14,986,181,851		8,666,600,000
Interest paid	(2,152,547,616)	(	1,910,461,384)
Advances granted and paid to related parties	(675,000,225)	(	291,472,509)
Dividends paid	(382,152,125)	(	543,638,051)
Advances collected and received from related parties	265,577,434		132,851,190
Payment of lease liabilities	(296,106,716)	(	209,283,493)
Acquisition of treasury shares	(65,605,210)	(	625,665,280)
Buyback of shares from non-controlling interest	(27,841,508)	(	108,425,794)
Net Cash Used in Financing Activities	(7,552,960,939)	(	6,537,514,582)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,595,072,394)	(	5,055,500,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	82,278,122,850		69,697,688,432
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 79,683,050,456	P	64,642,188,387

Supplemental Information on Non-cash Investing and Financing Activities –

In the normal course of business, the Group enters into non-cash activities which are not reflected in the cash flows, including but not limited to the following: a) exchanges or purchases or sale on account of real estate and other assets that remain unpaid at end of period; (b) reclassifications or transfers of properties between Inventories, Property, Plant and Equipment and Investment Properties; and, (c) borrowing costs under capitalized Inventories or Construction in Progress.

See Notes to Interim Consolidated Financial Statements.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

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

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

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March	December
			2022	2021
Subsidiaries				
Megaworld and subsidiaries				
Megaworld Corporation	“Megaworld”	(a)	69%	69%
Megaworld Resort Estates, Inc.		(b)	84%	84%
Townsquare Development, Inc.			50%	50%
Golden Panda-ATI Realty Corporation			50%	50%
Arcovia Properties, Inc.			69%	69%
Belmont Newport Luxury Hotels, Inc.			69%	69%
Davao Park District Holdings Inc.			69%	69%
Eastwood Cyber One Corporation			69%	69%
Global One Hotel Group, Inc.			69%	69%
Global One Integrated Business Services, Inc.			69%	69%
Hotel Lucky Chinatown, Inc.			69%	69%
Landmark Seaside Properties, Inc.			69%	69%
Luxury Global Hotels and Leisures, Inc.			69%	69%
Luxury Global Malls, Inc.			69%	69%
Mactan Oceanview Properties and Holdings, Inc.			69%	69%
Megaworld Cayman Islands, Inc.		(c)	69%	69%
Megaworld Cebu Properties, Inc.			69%	69%
Megaworld Land, Inc.			69%	69%
Citywalk Building Administration, Inc.			69%	69%
Forbestown Commercial Center Administration, Inc.			69%	69%
Iloilo Center Mall Administration, Inc.			69%	69%
Newtown Commercial Center Administration, Inc.			69%	69%
Paseo Center Building Administration, Inc.			69%	69%
San Lorenzo Place Commercial Center Administration, Inc.			69%	69%
Southwoods Lifestyle Mall Management, Inc.			69%	69%
Uptown Commercial Center Administration, Inc.			69%	69%
Valley Peaks Property Management, Inc.			69%	69%
Megaworld Newport Property Holdings, Inc.			69%	69%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2022	December 2021
Subsidiaries				
Megaworld and subsidiaries				
Oceantown Properties, Inc.			69%	69%
Piedmont Property Ventures, Inc.			69%	69%
Prestige Hotels and Resorts, Inc.			69%	69%
Richmonde Hotel Group International Ltd.		(d)	69%	69%
San Vicente Coast, Inc.			69%	69%
Savoy Hotel Manila, Inc.			69%	69%
Savoy Hotel Mactan, Inc.			69%	69%
Kingsford Hotel Manila, Inc.			69%	69%
Agile Digital Ventures, Inc.			69%	69%
MREIT Fund Managers, Inc.	“MFMP”	(o)	69%	69%
MREIT Property Managers, Inc.	“MPMI”	(o)	69%	69%
MREIT, Inc.	“MREIT”	(o)	43%	43%
Stonehaven Land, Inc.			69%	69%
Streamwood Property, Inc.			69%	69%
Megaworld Bacolod Properties, Inc.			63%	63%
Manila Bayshore Property Holdings, Inc.			66%	63%
Megaworld Capital Town, Inc.			53%	53%
Megaworld Central Properties, Inc.			53%	53%
Soho Cafe and Restaurant Group, Inc.			52%	52%
La Fuerza, Inc.			46%	46%
Megaworld-Daewoo Corporation			41%	41%
Northwin Properties, Inc.			41%	41%
Gilmore Property Marketing Associates Inc.			36%	36%
Integrated Town Management Corporation			34%	34%
Maple Grove Land, Inc.			34%	34%
Megaworld Globus Asia, Inc.			34%	34%
Suntrust Properties, Inc.				
Governor’s Hills Science School, Inc.			69%	69%
Sunrays Properties Management, Inc.			69%	69%
Suntrust Ecotown Developers, Inc.			69%	69%
Suntrust One Shanata, Inc.			69%	69%
Suntrust Two Shanata, Inc.			69%	69%
Stateland, Inc.			68%	68%
Global-Estate Resorts, Inc.				
Southwoods Mall Inc.	“GERI”	(e)	57%	57%
Twin Lakes Corp.			63%	63%
Twin Lakes Hotel, Inc.			63%	63%
Megaworld Global-Estate, Inc.			62%	62%
Fil-Estate Golf and Development, Inc			57%	57%
Golforce, Inc.			57%	57%
Southwoods Ecocentrum Corp.			34%	34%
Philippine Aquatic Leisure Corp.			34%	34%
Fil-Estate Properties, Inc.			57%	57%
Aklan Holdings Inc.			57%	57%
Blu Sky Airways, Inc.			57%	57%
Fil-Estate Subic Development Corp.			57%	57%
Fil-Power Concrete Blocks Corp.			57%	57%
Fil-Power Construction Equipmen Leasing Corp.			57%	57%
Golden Sun Airways, Inc.			57%	57%
La Compañía De Sta. Barbara, Inc.			57%	57%
MCX Corporation			57%	57%
Pioneer L-5 Realty Corp.			57%	57%
Prime Airways, Inc.			57%	57%
Sto. Domingo Place Development Corp.			57%	57%
Fil-Estate Industrial Park, Inc.			45%	45%
Sherwood Hills Development Inc.			31%	31%
Fil-Estate Urban Development Corp.			57%	57%
Global Homes and Communities, Inc.			57%	57%
Savoy Hotel Boracay, Inc.			57%	57%
Belmont Hotel Boracay, Inc.			57%	57%
Novo Sierra Holdings Corp.			57%	57%
Elite Communities Property Services, Inc.			57%	57%
Oceanfront Properties, Inc.			28%	28%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2022	December 2021
Subsidiaries				
Megaworld and subsidiaries				
Empire East Land Holdings, Inc.	“EELHI”		57%	57%
Sonoma Premiere Land, Inc.		(f)	74%	74%
Pacific Coast Mega City, Inc.		(g)	75%	75%
Valle Verde Properties, Inc.			56%	56%
Laguna BelAir School, Inc.			41%	41%
20th Century Nylon Shirt, Inc.			56%	56%
Eastwood Property Holdings, Inc.			56%	56%
Empire East Communities, Inc.			56%	56%
Sherman Oak Holdings, Inc.			56%	56%
Emperador and subsidiaries				
Emperador Inc.	“EMP” or “Emperador”		86%	86%
Emperador Distillers, Inc.	“EDI”		86%	86%
Alcazar de Bana Holdings Company, Inc.			86%	86%
ProGreen AgriCorp, Inc.			86%	86%
South Point Science Park, Inc.			86%	86%
Anglo Watsons Glass, Inc.			86%	86%
Cocos Vodka Distillers Philippines, Inc.			86%	86%
The Bar Beverage, Inc.			86%	86%
Tradewind Estates, Inc.			86%	86%
BoozyLife, Inc.			53%	53%
Zabana Rum Company, Inc.			86%	86%
Emperador International Ltd.	“EIL”	(d)	86%	86%
Emperador Asia Pte Ltd.	“EA”	(i)	86%	86%
Grupo Emperador Spain, S.A.U.	“GES”	(i)	86%	86%
Bodega San Bruno, S.L.	“BSB”	(i)	86%	86%
Bodegas Fundador S.L.U.	“BFS”	(i)	86%	86%
Destilados de la Mancha S.L.	“DDLMP”	(i)	86%	86%
Grupo Emperador Gestion S.L.	“GEG”	(i)	86%	86%
Domecq Bodega Las Copas, S.L.	“DBLC”	(h), (i)	43%	43%
Stillman Spirits, S.L.	“SSSL”	(i)	86%	86%
Pedro Domecq S.A. de C.V.	“PDSC”	(h)	43%	43%
Emperador Europe SARL	“EES”	(i)	86%	86%
Emperador Holdings (GB) Limited.	“EGB”	(i)	86%	86%
Emperador UK Limited	“EUK”	(i)	86%	86%
Whyte and Mackay Group Limited	“WMG”	(i)	86%	86%
Whyte and Mackay Global Limited	“WMGL”	(i)	86%	86%
Whyte and Mackay Limited	“WML”	(i)	86%	86%
Whyte and Mackay Warehousing Ltd.	“WMWL”	(i)	86%	86%
GADC and subsidiaries				
Golden Arches Development Corporation	“GADC”		49%	49%
Advance Food Concepts Manufacturing, Inc.			49%	49%
Red Asian Food Solutions, Inc.			37%	37%
Clark Mac Enterprises, Inc.			49%	49%
Golden Laoag Foods Corporation			38%	38%
Davao City Food Industries, Inc.			37%	37%
First Golden Laoag Ventures, Inc.			34%	34%
McDonald’s Anonas City Center			34%	34%
McDonald’s Puregold Taguig			29%	29%
Golden City Food Industries, Inc.			29%	29%
McDonald’s Bonifacio Global City			27%	27%
Molino First Golden Foods, Inc.			26%	26%
GY Alliance Concepts, Inc.			19%	19%
Golden Arches Realty Corporation			49%	49%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2022	December 2021
Travellers and subsidiaries				
Travellers International Hotel Group, Inc.	“Travellers”	(j)	60%	50%
Agile Fox Amusement and Leisure Corporation			60%	50%
APEC Assets Limited			60%	50%
Aquamarine Delphinium Leisure and Recreation, Inc.			60%	50%
Bright Pelican Leisure and Recreation, Inc.			60%	50%
Brightleisure Management, Inc.			60%	50%
Brilliant Apex Hotels and Leisure Corporation			60%	50%
Captain View Group Limited			60%	50%
Coral Primrose Leisure and Recreation Corporation			60%	50%
Deluxe Hotels and Recreation, Inc.			60%	50%
Entertainment City Integrated Resorts & Leisure, Inc.			60%	50%
FHTC Entertainment & Productions, Inc.	“FHTC”		60%	50%
Golden Peak Leisure and Recreation, Inc.			60%	50%
Grand Integrated Hotels and Recreation, Inc.			60%	50%
Grandservices, Inc.			60%	50%
Grandventure Management Services, Inc.			60%	50%
Lucky Star Hotels and Recreation, Inc.			60%	50%
Lucky Panther Amusement and Leisure Corporation			60%	50%
Luminescent Vertex Hotels and Leisure Corporation			60%	50%
Magenta Centaurus Amusement and Leisure Corporation			60%	50%
Majestic Sunrise Leisure & Recreation, Inc.			60%	50%
Netdeals, Inc.			60%	50%
Newport Star Lifestyle, Inc.			60%	50%
Royal Bayshore Hotels & Amusement, Inc.			60%	50%
Sapphire Carnation Leisure and Recreation Corporation			60%	50%
Scarlet Milky Way Amusement and Leisure Corporation			60%	50%
Sparkling Summit Hotels and Leisure Corporation			60%	50%
Valiant Leopard Amusement and Leisure Corporation			60%	50%
Vermillion Triangulum Amusement and Leisure Corporation			60%	50%
Westside City Resorts World, Inc.	“WCRWT”	(k)	59%	49%
Purple Flamingos Amusement and Leisure Corporation			59%	49%
Red Falcon Amusement and Leisure Corporation			59%	49%
Westside Theatre Inc.			60%	50%
Corporate and Others				
Alliance Global Brands, Inc.			100%	100%
McKester Pik-nik International Limited	“MPIL”	(d)	100%	100%
Great American Foods, Inc.		(l)	100%	100%
New Town Land Partners, Inc.	“NTLPI”		100%	100%
Alliance Global Group Cayman Islands, Inc.		(c)	100%	100%
Boracay Newcoast Resorts, Inc.			100%	100%
Dew Dreams International, Inc.			100%	100%
First Centro, Inc.	“FCI”		100%	100%
ERA Real Estate Exchange, Inc.			100%	100%
Oceanic Realty Group International, Inc.			100%	100%
Greenspring Investment Holdings Properties Ltd.		(d)	100%	100%
Infracorp Development, Inc.			100%	100%
Shiok Success International, Inc.			100%	100%
Travellers Group Ltd.		(d)	100%	100%

Subsidiaries/Associates/Joint Ventures	Short Name	Notes	Percentage of Effective Ownership of AGI	
			March 2022	December 2021
Corporate and Others				
Venezia Universal Ltd.		(d)	100%	100%
Dew Dreams International, Ltd.		(d)	100%	100%
Shiok Success International, Ltd.		(d)	100%	100%
Adams Properties, Inc.	“Adams”		60%	60%
Associates				
First Premiere Arches Restaurant Inc.			49%	49%
Bonifacio West Development Corporation			32%	32%
Suntrust Home Developers, Inc.	“SHDI”		23%	23%
Palm Tree Holdings and Development Corporation			28%	28%
SWC Project Management Limited			23%	23%
WC Project Management Limited			23%	23%
Fil-Estate Network, Inc.			11%	11%
Fil-Estate Sales, Inc.			11%	11%
Fil-Estate Realty and Sales Associates, Inc.			11%	11%
Fil-Estate Realty Corp.			11%	11%
Nasugbu Properties, Inc.			8%	8%
Joint Ventures				
Bodegas Las Copas, S.L.	“BLC”	(m)	43%	43%
Front Row Theatre Management, Inc.		(n)	25%	25%

Explanatory notes:

- (a) AGI's effective ownership interest is derived from its 46% direct ownership, 3% direct holdings of FCI, 18% direct holdings of NTLPI and 2% direct holdings of MPIL.
- (b) AGI and Megaworld directly owns 49% and 51%, respectively.
- (c) Foreign subsidiaries operating under the laws of the Cayman Islands.
- (d) Foreign subsidiaries operating under the Business Companies Act of the British Virgin Islands ("BVI").
- (e) AGI's effective ownership interest represents its indirect holdings through Megaworld, which owns 82% of GERI both as of March 31, 2022 and December 31, 2021.
- (f) A subsidiary through 60% and 40% direct ownership of EELHI and FCI, respectively.
- (g) In 2021, AGI sold certain number of shares to Megaworld which decreased the effective ownership of AGI over PCMI to 75%.
- (h) DBLC, a subsidiary of GES, is operating under the laws of Spain and its subsidiary PDSC is operating under the laws of Mexico.
- (i) Subsidiaries under EIL. EA is operating under the laws of Singapore while GES and its subsidiaries BSB, BFS, GEG, DBLC, SSSL and DDLM, are operating under the laws of Spain. EES is operating under the laws of Luxembourg. EGB (the ultimate UK parent) is operating under the laws of England and Wales. EUK, WMG, WML, WMWL and WMGL are operating under the laws of Scotland. EA, EES and EGB are direct subsidiaries of EIL.
- (j) AGI's effective ownership is through Travellers' common and preferred shares in total, which are directly owned 33% by AGI, 2% by FCI, 2% by Megaworld, 39% by Adams, 24% by Genting Hongkong Limited ("GHL") and 0.2% by the public. The Group beneficially owns 60% of the common shares.
- (k) AGI's effective ownership is through 1% direct ownership, 57% through 95% ownership of Travellers, and 1% through ownership of other subsidiaries within the Group (i.e., FCI, Megaworld and Adams).
- (l) Foreign subsidiary of MPIL operating under the laws of United States of America.
- (m) A foreign joint venture under GES and operating under the laws of Spain.
- (n) A joint venture through FHTC.
- (o) MFMI, MPMI and MREIT are newly incorporated subsidiaries of Megaworld in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust ("REIT") companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of real estate investment trust, as provided under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009.

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

AGP's shares of stock and those of Megaworld, EMP, GERI, EELHI, MREIT and SHDI are listed in and traded through the PSE as of March 31, 2022.

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

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

The Board of Directors ("BOD") approved on May 25, 2022 the release of the interim consolidated financial statements ("ICFS") of the Group as of and for the three months ended March 31, 2022 (including the comparative financial statements as of December 31, 2021, and for the three months ended March 31, 2021).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these ICFS are consistent with those applied in the audited consolidated financial statements ("ACFS") as of and for the year ended December 31, 2021 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard ("PAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards ("PFRS"), and should be read in conjunction with the Group's ACFS as of and for the year ended December 31, 2021.

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

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

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2022 that are relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022.

PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities
Illustrative Examples Accompanying PFRS 16, Leases	:	Leases – Lease Incentives

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

(b) Effective subsequent to 2022 that are relevant to the Group

There are pronouncements effective for annual periods subsequent to 2022. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group’s ICFS.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and Its Associates or Joint Venture* (effective date deferred indefinitely)

3. JUDGMENTS AND ESTIMATES

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

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as at and for the three months ended March 31, 2022 and as at December 31, 2021, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

Aside from the foregoing, the judgments, estimates and assumptions applied in the ICFS, including the key sources of estimation uncertainty, were the same as those applied in the ACFS as at and for the year ended December 31, 2021.

4. SEGMENT INFORMATION

4.1 *Business Segments*

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

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the three months ended March 31, 2022 and 2021.

	For three months ended March 31, 2022 (Unaudited)				
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES AND INCOME					
Sales to external customers	P 12,359,971,822	P 4,847,999,259	P 7,181,656,843	P 11,765,368,882	P 36,154,996,806
Intersegment sales	72,849,479	945,439	13,319,795	5,365,251	92,479,964
Finance and other income	517,210,398	36,982,079	(2,247,445)	538,338,609	1,090,283,641
Segment revenues and income	12,950,031,699	4,885,926,777	7,192,729,193	12,309,072,742	37,337,760,411
Cost of sales and expenses excluding depreciation and amortization	(6,660,993,894)	(3,515,895,163)	(5,848,672,332)	(9,139,142,651)	(25,164,704,040)
Depreciation and amortization	6,289,037,805	1,370,031,614	1,344,056,861	3,169,930,091	12,173,056,371
Finance costs and other charges	(875,724,565)	(803,611,261)	(555,383,927)	(473,597,353)	(2,708,317,106)
Profit before tax	(992,539,890)	(457,721,056)	(288,485,758)	(128,089,869)	(1,866,836,573)
Tax expense	4,420,773,350	108,699,297	500,187,176	2,568,242,869	7,597,902,692
	(886,434,339)	(328,431,672)	(201,132,466)	(349,201,226)	(1,765,199,703)
SEGMENT PROFIT (LOSS)	P 3,534,339,011	(P 219,732,375)	P 299,054,710	P 2,219,041,643	P 5,832,702,989
SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 396,260,140,296	P 113,717,364,209	P 36,778,883,402	P 131,525,105,790	P 678,281,493,697
Segment liabilities	152,262,641,240	81,091,759,796	29,613,233,474	47,018,561,961	309,986,196,471
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(66,043,355)	(9,225)	-	24,271,590	41,780,990

For three months ended March 31, 2021 (Unaudited)					
	Megaworld	Travellers	GADC	Emperador	Total
REVENUES AND INCOME					
Sales to external customers	P 9,338,356,070	P 3,759,965,801	P 5,670,152,156	P 11,858,051,012	P 30,626,525,039
Intersegment sales	56,194,315	3,533,490	-	5,213,999	64,941,804
Finance and other income	<u>714,620,413</u>	<u>4,857,566</u>	<u>10,071,899</u>	<u>159,109,070</u>	<u>888,658,948</u>
Segment revenues and income	10,109,170,798	3,768,356,857	5,680,224,055	12,022,374,081	31,580,125,791
Cost of sales and expenses excluding depreciation and amortization	(<u>5,390,624,739</u>)	(<u>3,480,012,554</u>)	(<u>4,385,693,147</u>)	(<u>8,989,576,769</u>)	(<u>22,245,907,209</u>)
	4,718,546,059	288,344,303	1,294,530,908	3,032,797,312	9,334,218,582
Depreciation and amortization	(850,910,816)	(871,775,232)	(614,761,060)	(429,149,986)	(2,766,597,094)
Finance costs and other charges	(<u>751,209,570</u>)	(<u>510,927,525</u>)	(<u>258,396,414</u>)	(<u>109,552,899</u>)	(<u>1,630,086,408</u>)
Profit (loss) before tax	3,116,425,673	(1,094,358,454)	421,373,434	2,494,094,427	4,937,535,080
Tax expense	(<u>625,630,292</u>)	(<u>1,161,769</u>)	(<u>323,772,007</u>)	(<u>362,040,349</u>)	(<u>1,312,604,417</u>)
SEGMENT PROFIT (LOSS)	<u>P 2,490,795,381</u>	(<u>P 1,095,520,223</u>)	<u>P 97,601,427</u>	<u>P 2,132,054,078</u>	<u>P 3,624,930,663</u>
OTHER SEGMENT INFORMATION					
Share in net profit (loss) of associates and joint ventures	(66,338,460)	(384,434)	-	71,614,845	4,891,951

The following presents the segment assets and liabilities of the Group as of December 31, 2021 (audited):

SEGMENT ASSETS AND LIABILITIES					
Segment assets	P 395,561,313,126	P 113,652,601,547	P 36,054,436,750	P 126,100,101,392	P 671,368,452,815
Segment liabilities	153,768,820,135	81,552,270,631	29,083,047,027	45,003,038,365	309,407,176,158

4.5 Reconciliations

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

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Revenues and income		
Total segment revenues and income	P 37,337,760,411	P 31,580,125,791
Unallocated corporate revenue	252,624,291	291,573,088
Elimination of intersegment revenues	(92,479,964)	(64,941,804)
Revenues as reported in interim consolidated statements of comprehensive income	<u>P 37,497,904,738</u>	<u>P 31,806,757,075</u>
Profit or loss		
Segment operating profit	P 5,832,702,989	P 3,624,930,663
Unallocated corporate loss	(390,501,567)	(355,585,620)
Elimination of intersegment revenues	(92,479,964)	(64,941,804)
Profit as reported in interim consolidated statements of comprehensive income	<u>P 5,349,721,458</u>	<u>P 3,204,403,239</u>
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Segment assets	P 678,281,493,697	P 671,368,452,815
Unallocated corporate assets	<u>30,068,815,427</u>	<u>32,591,492,659</u>
Total assets reported in the interim consolidated statements of financial position	<u>P 708,350,309,124</u>	<u>P 703,959,945,474</u>
Liabilities		
Segment liabilities	P 309,986,196,471	P 309,407,176,158
Unallocated corporate liabilities	<u>57,900,564,424</u>	<u>59,330,130,526</u>
Total liabilities reported in the interim consolidated statements of financial position	<u>P 367,886,760,895</u>	<u>P 368,737,306,684</u>

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

5. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment of property, plant and equipment as of March 31, 2022 and December 31, 2021 are shown below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	P 204,997,476,113	P 201,081,408,155
Accumulated depreciation, amortization and impairment	(60,344,815,455)	(59,177,378,617)
Net carrying amount	<u>P 144,652,660,658</u>	<u>P 141,904,029,538</u>

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period, net of accumulated depreciation, amortization and impairment	P 141,904,029,538	P 140,156,527,643
Additions	4,768,360,465	12,433,716,434
Depreciation and amortization charges for the period	(2,012,543,664)	(8,541,920,915)
Disposals – net	(39,617,275)	(181,379,785)
Impairment reversal (loss)	28,724,252	(1,787,804,629)
Derecognition	3,707,342	(175,509,680)
Transfer from investment property	-	400,470
Balance at end of period, net of accumulated depreciation, amortization and impairment	<u>P 144,652,660,658</u>	<u>P 141,904,029,538</u>

6. INVESTMENT PROPERTIES

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	P 141,415,060,869	P 139,091,264,473
Accumulated depreciation	(19,297,998,547)	(18,551,530,143)
Net carrying amount	<u>P 122,117,062,322</u>	<u>P 120,539,734,330</u>

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period, net of accumulated depreciation	P 120,539,734,330	P 116,364,208,432
Additions	2,323,796,396	7,055,426,461
Depreciation charges for the period	(746,468,404)	(2,879,361,882)
Transfer to property, plant and equipment	-	(400,470)
Disposals – net	-	(138,211)
Balance at end of period, net of accumulated depreciation	<u>P 122,117,062,322</u>	<u>P 120,539,734,330</u>

7. DIVIDENDS

There were no dividends declared and paid by the Company for the three-month periods ended March 31, 2022 and 2021.

8. EARNINGS PER SHARE

Earnings per share is computed as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Basic and Diluted:		
Net profit attributable to owners of the parent company	P 3,887,055,483	P 2,563,526,869
Divide by the weighted average number of outstanding common shares	<u>9,307,730,879</u>	<u>9,511,118,779</u>
	<u>P 0.4176</u>	<u>P 0.2695</u>

On September 19, 2017, the BOD approved a two-year share repurchase program of up to P5.0 billion worth of shares in the open market, to enhance shareholder value. On September 18, 2019, the BOD approved another share repurchase program for P2.5 billion over a 12-month period ended September 23, 2020. Further, on September 21, 2020, the BOD approved another one-year share repurchase program for P2.5 billion to end on September 23, 2021. On October 8, 2021, the BOD approved another share repurchase program for a term of 2.5 years for P4.0 billion to end on April 8, 2024. The Company has repurchased 803,863,100 shares for P9.4 billion and 600,475,200 shares for P7.0 billion as of March 31, 2022 and 2021, respectively, which are reported as Treasury Shares.

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

There are 158.23 million shares held by subsidiaries with a total cost of P1.2 billion as of March 31, 2022 and 2021 that were reported as part of Treasury Shares in the consolidated statements of changes in equity and taken out of outstanding common shares in computing EPS.

The basic and diluted earnings per share are the same for the three months ended March 31, 2022 and 2021, as the Company's Executive Stock Option Plan are considered to be antidilutive since their conversion to ordinary shares would increase earnings per share. Thus, the number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the Executive Stock Option Plan.

9. RELATED PARTY TRANSACTIONS

The Group's related parties include its stockholders, associates, joint ventures, the Group's key management personnel and retirement fund, and others. The summary of the Group's transactions with its related parties for the periods ended March 31, 2022 and 2021, and the related outstanding balances as of March 31, 2022 and December 31, 2021 are as follows:

Related Party Category	Notes	Amount of Transaction		Receivable (Payable)	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Subsidiaries'					
stockholders:					
Casino transactions	9.2	P 163,700,026	P -	P 163,700,026	P -
Management fees	9.3	(614,692)	43,617,005	(50,422,887)	(225,387,007)
Accounts payable	9.5	-	-	(315,040,576)	(315,040,576)
Related party under common ownership:					
Purchase of raw materials	9.1	918,899,419	640,404,978	(872,755,697)	(621,856,151)
Purchase of finished goods	9.1	3,459,780	2,798,863	(754,205)	(972,593)
Advances granted	9.4	247,820,862	555,374	2,872,410,192	2,624,589,330
Management services	9.1	15,000,000	15,000,000	(82,500,000)	(33,000,000)
Associates:					
Advances granted	9.4	22,394,952	9,870,316	1,032,132,784	1,009,737,832
Others:					
Accounts receivable	9.5	52,883,696	246,869,233	904,314,318	851,430,622
Accounts payable	9.5	-	(988,317)	(45,208,430)	(45,208,430)
Advances from joint venture partners and others	9.6	303,909,161	(87,259,597)	(2,165,624,151)	(2,469,533,312)
Donations		50,438,286	38,406,167	(29,578,885)	(13,436,801)
Sale of investment property		-	-	-	378,391,250

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

9.1 Purchase of Goods and Management Agreement

Emperador imports finished goods and raw materials through Andresons Global, Inc., a related party under common ownership. These transactions are normally being paid within 30 days. Emperador also imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly owned subsidiary of BLC. Emperador had a management agreement with Consolidated Distillers of the Far East, Inc., a related party under common ownership, for the consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant. The outstanding balances as of March 31, 2022 and December 31, 2021 are shown as part of Trade and Other Payables account in the consolidated statements of financial position.

9.2 Casino Transactions with GHL

Travellers recognized outstanding receivables from (payables to) GHL [see Note 1(j)] representing show money received by Travellers from foreign patrons which the counterparty will later remit to the other. The outstanding balance as of March 31, 2022 amounted to P163.7 million and is presented as part of Trade and Other Payables account in the consolidated statements of financial position. There was no outstanding balance as of December 31, 2021.

9.3 Operations and Management Agreement with GHL

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

9.4 Advances to Associates and Other Related Parties

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	P 3,634,327,162	P 3,309,913,472
Cash advances granted	270,215,814	413,989,152
Collections	-	(89,575,462)
Balance at end of period	<u>P 3,904,542,976</u>	<u>P 3,634,327,162</u>

As of March 31, 2022 and December 31, 2021, based on management's assessment, the outstanding balances of advances to associates and other related parties are not impaired; hence, no impairment losses were recognized.

9.5 Due from/to Related Parties

Transactions with related parties include the following: financing of opening of letters of credit and payment of progress billings, royalty fees, rentals, interest and certain expenses in behalf of the entities within Group or other related parties. Settlement is generally made in cash or through offsetting arrangements.

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

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
<i>Due from Related Parties</i>		
Balance at beginning of period	P 851,430,622	P 754,074,457
Additions	318,461,130	148,602,240
Collections	<u>(265,577,434)</u>	<u>(51,246,075)</u>
Balance at end of period	<u>P 904,314,318</u>	<u>P 851,430,622</u>
<i>Due to Related Parties</i>		
Balance at beginning of period	P 360,249,006	P 412,878,940
Collections	<u>-</u>	<u>(52,629,934)</u>
Balance at end of period	<u>P 360,249,006</u>	<u>P 360,249,006</u>

As of March 31, 2022 and December 31, 2021, based on management's assessment, no additional amount of impairment is necessary.

9.6 Advances from Other Related Parties

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

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

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Balance at beginning of period	P 2,469,533,312	P 2,181,442,496
Advances availed	-	336,874,510
Advances paid	<u>(303,909,161)</u>	<u>(48,783,694)</u>
Balance at end of period	<u>P 2,165,624,151</u>	<u>P 2,469,533,312</u>

9.7 Transactions with the Retirement Plans

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

10. COMMITMENTS AND CONTINGENCIES

10.1 Tax Contingencies of Travellers' Casino Operations

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

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

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

10.2 Skytrain Project

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

10.3 Co-Development Agreement between WCRWI and SHDI

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

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

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

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

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

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

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

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

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

As of March 31, 2022, the hotel casino has not yet commenced its operation; hence, agreement above has not yet materialized.

(iv) WCRWI and the Travellers as warrantors

Fortune Noble Limited (“Fortune”) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SHDI, conditionally agreed to subscribe to 2.55 billion new SHDI shares subject to the terms and conditions mutually agreed upon by the parties. WCRWI and Travellers agreed to act as the warrantors, wherein, a put option over the shares of SHDI was included. The put option enables Fortune to transfer ownership over SHDI to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

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

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

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

Applying the ECL model, the option price that WCRWI and Travellers are committed to pay amounting to P3.7 billion was compared with the value of the collateral or the shares of stocks that they will receive. In determining the value of the shares, management assessed that the price of SHDI shares in the PSE as of March 31, 2022 amounting to P1.05 per share or a total value of P7.6 billion is a reasonable estimate of its value. In terms of probability of default, management assessed that it is unlikely or remote (see Note 11.2).

As of March 31, 2022 and December 31, 2021, the value of the put option is still the amount initially recognized as the option price is fully secured by the value of SHDI shares and that the probability of default was assessed to be remote.

10.4 Purchase and Sale Commitment

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

10.5 Other Commitments and Contingencies

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

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

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI"), interest-bearing loans, bonds payable, trade receivables and payables and derivative assets and liabilities which arise directly from the Group's business operations. The financial debts were issued to raise funds for the Group's capital expenditures.

The Group does not actively engage in the trading of financial assets for speculative purposes.

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

11.1 Market Risk

(a) Foreign Currency Sensitivity

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

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

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

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	<u>U.S. Dollars</u>	<u>HK Dollars</u>	<u>U.S. Dollars</u>	<u>HK Dollars</u>
Financial assets	P 9,200,452,334	P 1,980,736,088	P 8,527,714,209	P 1,894,349,341
Financial liabilities	(<u>39,497,124,376</u>)	(<u>245,429,916</u>)	(<u>39,578,899,793</u>)	(<u>628,939,237</u>)
	(<u>P 30,296,672,042</u>)	<u>P 1,735,306,172</u>	(<u>P 31,051,185,584</u>)	<u>P 1,265,410,105</u>

The sensitivity of the consolidated income before tax for the period with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate assumes +/- 11.74% and +/- 7.54% changes in exchange rate for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively. The HK dollar – Philippine peso exchange rate assumes +/- 10.76% and +/- 7.56% changes in exchange rate for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months estimated at 95% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened (or weakened) against the U.S. dollar, with all other variables held constant, consolidated profit before tax would have increased (or decreased) by P3.6 billion for the three-month period ended March 31, 2022 and increased (or decreased) by P2.0 billion for the year ended December 31, 2021. If the Philippine peso had strengthened (or weakened) against the HK dollar, with all other variables held constant, consolidated profit before tax would have decreased (or increased) by P0.1 billion for the three-month period ended March 31, 2022 and for the year ended December 31, 2021.

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

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

(b) *Interest Rate Sensitivity*

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

The sensitivity of the consolidated profit before tax for the period to a reasonably possible change in interest rates of +/- 1.10% for Philippine peso and +/- 1.68% for U.S. dollar in 2022, and +/- 0.47% for Philippine peso and +/- 0.38% for U.S. dollar in 2021 with effect from the beginning of the period. These percentages have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months estimated at 95% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at March 31, 2022 and December 31, 2021, with effect estimated from the beginning of the period. All other variables held constant, the consolidated profit before tax would have increased by P0.1 billion for the three-month period ended March 31, 2022, and P0.2 billion for the year ended December 31, 2021. Conversely, if the interest rates decreased by the same percentage, consolidated profit before tax would have been lower by the same amount.

11.2 Credit Risk

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

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

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

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

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

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

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

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

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Not more than 30 days	P 1,568,758,445	P 3,008,898,748
31 to 60 days	912,612,881	960,552,139
Over 60 days	<u>5,093,643,054</u>	<u>4,604,130,704</u>
	<u>P 7,575,014,380</u>	<u>P 8,573,581,591</u>

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

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

11.3 Liquidity Risk

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

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

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

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 55,142,291,863	P 9,691,006,463	P -	P -
Interest-bearing loans	67,621,341,032	15,591,739,208	80,780,665,449	9,784,950,093
Bonds payable	762,556,125	762,556,125	28,001,900,250	17,159,359,875
Advances from related parties	-	2,165,591,730	-	-
Redeemable preferred shares	-	251,597,580	1,405,403,268	-
Subscription payable	-	1,052,165,007	-	-
Security deposits	152,097,886	28,313,749	321,924,943	41,254,058
Accrued rent	-	-	10,039,717	-
Derivative liabilities	483,276,699	-	-	-
Other liabilities	-	2,431,965,757	13,551,104,573	-
	<u>P124,161,563,605</u>	<u>P 31,974,935,619</u>	<u>P124,071,038,200</u>	<u>P 26,985,564,026</u>

As of December 31, 2021, the Group's financial liabilities (excluding lease liabilities) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables	P 51,709,577,951	P 10,853,593,926	P -	P -
Interest-bearing loans	56,262,294,141	25,601,805,195	89,849,826,309	10,235,411,126
Bonds payable	923,161,125	923,161,125	28,001,900,250	17,506,119,750
Advances from related parties	-	2,469,533,312	-	-
Redeemable preferred shares	104,259,120	355,856,700	1,365,641,108	-
Subscription payable	-	1,114,665,008	-	-
Guaranty deposits	-	50,613,498	98,056,158	487,325,361
Accrued rent	1,335,701	1,335,701	8,267,316	-
Derivative liabilities	743,688,137	10,743,048	10,229,777	-
Other liabilities	-	2,632,525,561	13,864,779,355	-
	<u>P109,744,316,175</u>	<u>P 44,013,833,074</u>	<u>P133,198,700,273</u>	<u>P 28,228,856,237</u>

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

11.4 Other Price Risk Sensitivity

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

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value and their impact on the equity as of March 31, 2022 and December 31, 2021 are summarized in the succeeding page.

	Observed		Impact on Equity	
	Volatility Rates		Increase	Decrease
	Increase	Decrease		
2022 - Investment in quoted equity securities at:				
FVOCI	+38.11%	-38.11%	P 68,284,321	(P 68,284,321)
FVTPL	+38.11%	-38.11%	1,737,764,568	(1,737,764,568)
2021 - Investment in quoted equity securities at:				
FVOCI	+37.05%	-37.05%	P 20,266,652	(P 20,266,652)
FVTPL	+37.05%	-37.05%	P1,629,039,658	(1,629,039,658)

The maximum additional estimated gain or loss in 2022 and 2021 is to the extent of the carrying value of the securities held as of these reporting dates with all other variables held constant. The estimated change in quoted market price is computed based on volatility of listed companies at the PSE for the past three months in 2022 and 12 months in 2021, at 95% confidence level.

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

12. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets</i>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 79,683,050,456	P 79,683,050,456	P 82,278,122,848	P 82,278,122,848
Trade and other receivables	107,311,405,799	107,669,019,884	68,193,398,557	65,798,626,444
Other financial assets	5,588,604,687	5,517,831,433	5,659,013,693	5,700,240,293
	<u>P 192,583,060,942</u>	<u>P 192,869,901,773</u>	<u>P 156,130,535,098</u>	<u>P 153,776,989,585</u>
Financial assets at FVTPL –				
Marketable debt and equity securities	<u>P 13,959,736,637</u>	<u>P 13,959,736,637</u>	<u>P 13,512,733,032</u>	<u>P 13,512,733,032</u>
Financial assets at FVOCI –				
Equity securities	<u>P 542,279,857</u>	<u>P 542,279,857</u>	<u>P 420,870,489</u>	<u>P 420,870,489</u>
<i>Financial Liabilities</i>				
Financial liabilities at FVTPL –				
Derivative liabilities	<u>P 518,779,635</u>	<u>P 518,779,635</u>	<u>P 736,958,819</u>	<u>P 736,958,819</u>
Financial liabilities at amortized cost:				
Current:				
Trade and other payables	P 65,767,260,275	P 65,767,260,275	P 62,415,511,836	P 62,415,511,836
Interest-bearing loans	79,269,198,351	79,308,694,969	80,303,949,739	79,406,537,853
Lease liabilities	1,264,305,062	1,264,305,062	1,309,447,535	1,309,447,535
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Redeemable preferred shares	251,597,580	251,597,580	251,597,580	251,597,580
Advances from related parties	2,165,624,151	2,165,624,151	2,469,533,312	2,469,533,312
Commission payable	2,431,965,757	2,431,965,757	2,632,525,561	2,632,525,561
	<u>P 152,264,616,184</u>	<u>P 152,304,112,802</u>	<u>P 150,497,230,571</u>	<u>P 149,599,818,685</u>

	<u>March 31, 2022 (Unaudited)</u>		<u>December 31, 2021 (Audited)</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Values</u>	<u>Values</u>	<u>Values</u>	<u>Values</u>
Financial liabilities at amortized cost:				
Non-current:				
Bonds payable	P 42,315,196,708	P 42,292,175,589	P 41,982,042,246	P 42,567,948,736
Interest-bearing loans	91,056,882,792	87,227,544,298	93,108,742,222	88,973,326,321
Lease liabilities	16,072,705,509	16,072,705,509	15,336,726,680	15,336,726,680
Casino deposit certificates	10,048,277,856	10,048,277,856	10,048,277,856	10,048,277,856
Redeemable preferred shares	1,405,403,268	1,519,031,535	1,365,641,108	1,637,560,105
Retention payable	3,303,368,086	3,303,368,086	3,289,211,913	3,289,211,913
Security deposits	793,718,030	754,525,261	809,239,196	854,594,866
Accrued rent	10,039,717	10,039,717	10,039,717	10,039,717
	<u>P 165,005,591,966</u>	<u>P 161,227,667,851</u>	<u>P 165,949,920,938</u>	<u>P 162,717,686,194</u>

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets or for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

13.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2022 and December 31, 2021.

March 31, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 13,959,736,637	P -	P -	P 13,959,736,637
Financial assets at FVOCI – Equity securities	179,176,911	152,700,000	210,402,946	542,279,857
	P 14,138,913,548	P 152,700,000	P 210,402,946	P 14,502,016,494
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	P -	P 518,779,635	P -	P 518,779,635
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL – Debt and equity securities	P 13,512,733,032	P -	P -	P 13,512,733,032
Financial assets at FVOCI – Equity securities	54,700,815	149,600,000	216,569,674	420,870,489
	P 13,567,433,847	P 149,600,000	P 216,569,674	P 13,933,603,521
Financial liabilities:				
Financial liability at FVTPL – Derivative liabilities	P -	P 736,958,819	P -	P 736,958,819

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

The table below and in the succeeding page shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2022 and December 31, 2021.

March 31, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 79,683,050,456	P -	P -	P 79,683,050,456
Trade and other receivables	-	57,399,922	107,611,619,962	107,669,019,884
Other financial assets	3,160,442,470	-	2,357,388,963	5,517,831,433
	P 82,843,492,926	P 57,399,922	P 109,969,008,925	P 192,869,901,773
Financial liabilities:				
Current:				
Trade and other payables	P -	P -	P 65,767,260,275	P 65,767,260,275
Interest-bearing loans	-	-	79,308,694,969	79,308,694,969
Subscription payable	-	-	1,114,665,008	1,114,665,008
Redeemable preferred shares	-	-	251,597,580	251,597,580
ELS	-	-	-	-
Lease liabilities	-	-	1,264,305,062	1,264,305,062
Commission payable	-	-	2,431,965,757	2,431,965,757
Due to related parties	-	-	2,165,624,151	2,165,624,151
Balance carried forward	P -	P -	P 152,304,112,802	P 152,304,112,802

March 31, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
<i>Balance brought forward</i>	P -	P -	P 152,304,112,802	P 152,304,112,802
<i>Non-current:</i>				
Bonds payable	42,292,175,589	-	-	42,292,175,589
Interest-bearing loans	-	-	87,227,544,298	87,227,544,298
Redeemable preferred shares	-	-	1,519,031,535	1,519,031,535
Lease liabilities	-	-	16,072,705,509	16,072,705,509
Retention payable	-	-	3,303,368,086	3,303,368,086
Security deposits	-	-	754,525,261	754,525,261
Casino deposit certificates	-	-	10,048,277,856	10,048,277,856
Accrued rent	-	-	10,039,717	10,039,717
	<u>P 42,292,175,589</u>	<u>P -</u>	<u>P 271,239,605,064</u>	<u>P 313,531,780,653</u>
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 82,278,122,848	P -	P -	P 82,278,122,848
Trade and other receivables	-	62,214,193	65,736,412,251	65,798,626,444
Other financial assets	<u>3,086,649,157</u>	<u>-</u>	<u>2,613,591,136</u>	<u>5,700,240,293</u>
	<u>P 85,364,772,005</u>	<u>P 62,214,193</u>	<u>P 68,350,003,387</u>	<u>P 153,776,989,585</u>
<i>Financial liabilities:</i>				
<i>Current:</i>				
Trade and other payables	P -	P -	P 62,415,511,836	P 62,415,511,836
Interest-bearing loans	-	-	79,406,537,853	79,406,537,853
Lease liabilities	-	-	1,309,447,535	1,309,447,535
Subscription payable	-	-	1,114,665,008	1,114,665,008
Advances from related parties	-	-	2,469,533,312	2,469,533,312
Redeemable preferred shares	-	-	251,597,580	251,597,580
Commission payable	-	-	2,632,525,561	2,632,525,561
<i>Non-current:</i>				
Bonds payable	42,567,948,736	-	-	42,567,948,736
Lease Liabilities	-	-	15,336,726,680	15,336,726,680
Interest-bearing loans	-	-	88,973,326,321	88,973,326,321
Redeemable preferred shares	-	-	1,637,560,105	1,637,560,105
Retention payable	-	-	3,289,211,913	3,289,211,913
Security deposits	-	-	854,594,866	854,594,866
Casino deposit certificates	-	-	10,048,277,856	10,048,277,856
Accrued rent	-	-	10,039,717	10,039,717
	<u>P 42,567,948,736</u>	<u>P -</u>	<u>P 269,749,556,143</u>	<u>P 312,317,504,879</u>

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

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

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

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

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

As of March 31, 2022, the fair value of the Group's investment property amounting to P562.7 billion is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of investment properties earning rental income was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

14. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 367,886,760,895	P 368,737,306,684
Total equity	<u>340,463,548,229</u>	<u>335,222,638,790</u>
Liabilities-to-equity ratio	<u>P 1.08:1.00</u>	<u>1.10:1.00</u>

15. SUBSEQUENT EVENTS

15.1 Conversion of ELS

On May 13, 2022, the Conversion Period to issue the Tranche 2 Shares to Arran per the ELS Instrument was further modified to August 12, 2022.

15.2 Additional Subscription of MREIT Shares by Megaworld

On April 1, 2022, the BOD of Megaworld approved the subscription by Megaworld to 263,700,000 shares in MREIT for a total subscription price of P5.3 billion to be paid by way of transfer of four grade A buildings located in PEZA-registered Zones. The transaction, once completed, will result to an increase of control and ownership of the Group from 43% to 45%. Equity attributable to NCI is estimated to increase by P541.4 million as a result of the transaction.

15.3 Dividend Declaration of MREIT

On April 22, 2022, MREIT declared dividends at a rate of P0.2430 payable on May 31, 2022.

16. OTHER MATTERS

The COVID-19 pandemic which put the Philippines in a state of calamity is continuing globally as of date of this report. During the COVID-19 pandemic, restrictions on mobility and business activities are imposed based on degree of infections. At all times, public safety protocols on wearing face masks, hand hygiene and physical distancing are in place.

Business establishments in Metro Manila and other key areas are allowed 100% operations and public transportation full-seating capacity in March 2022. The rest are still under stricter restrictions. In UK, physical distancing and screens ended in March.

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

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

March 31, 2022

(Amounts in Philippine Pesos)

Current	P	61,550,989,957
1 to 30 days		1,568,758,445
31 to 60 days		912,612,881
Over 60 days		<u>5,093,643,054</u>
Total		69,126,004,337
Due from other related parties		<u>904,314,318</u>
Balance as at March 31, 2022	P	<u><u>70,030,318,655</u></u>