C O V E R   S H E E T

SEC Registration Number

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C O M P A N Y   N A M E

PH RESORTS GROUP HOLDINGS, INC. (FORMERLY PHILIPPINE H2O VENTURES CORP.) AND SUBSIDIARIES

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

20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@phresorts.com	(632) 8838-1985	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
22	3rd Wednesday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lara Lorenzana	lara.lorenzana@phresorts.com	(632) 8838-1985	N/A

CONTACT PERSON's ADDRESS

20th Flr. Udenna Tower, Rizal Drive cor. 4th Ave. Bonifacio Global City, Taguig City 1634

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

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

PH RESORTS GROUP HOLDINGS, INC.

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2022**

2. SEC Identification No. **CS200901269**

3. BIR Tax Identification No. **007-236-853-000**

4. Exact name of registrant as specified in its charter:
PH RESORTS GROUP HOLDINGS, INC.

5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code : _________ (SEC Use Only)

7. Address of principal office and Postal Code:
20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City 1634

8. Registrant's telephone no. and area code: **(632) 8838-1985**

9. Former name, address, and fiscal year, if changed since last report:
PHILIPPINE H2O VENTURES CORP., GGDC Administrative Services Building, Clark Global City, Clark Freeport Zone, Pampanga, Philippines, 2023

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

Title of Each Class	No. of Shares of Common Stock Outstanding &/or Amount of Debt Outstanding
Common Stock, ₱ 1 par value	**7,282,017,027 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
There are 5,243,266,504 common shares in the Company that are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x] No [ ]

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PH RESORTS GROUP HOLDINGS, INC.
(Formerly Philippine H2O Ventures, Corp.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(with Comparative Audited Figures as of December 31, 2021)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱14,022,518**	₱53,061,387
Trade and other receivables (Notes 5 and 6)	**11,606,561**	11,298,309
Advances to related parties (Note 6)	**2,039,741**	2,039,741
Inventories - at cost	**953,925**	953,925
Prepayments and other current assets (Notes 7)	**41,273,264**	39,862,964
Total Current Assets	**69,896,009**	107,216,326
Noncurrent Assets		
Property and equipment		
Construction-in-progress and others - at cost (Notes 8, 9, and 10)	**7,880,958,364**	7,629,683,157
Land - at revalued amount (Notes 8 and 9)	**8,142,637,234**	8,142,637,234
Right-of-use-assets (Note 11)	**21,952,227**	24,410,423
Deposits for future property acquisition (Note 9)	**61,812,449**	61,812,449
Cash in escrow (Notes 5 and 18)	**261,151,038**	257,232,647
Input value-added tax (VAT) - net (Note 7)	**680,248,601**	674,999,894
Advances to contractors (Note 8)	**571,365,662**	585,260,873
Other noncurrent assets	**71,666,655**	71,957,575
Total Noncurrent Assets	**17,691,792,231**	17,447,994,252
TOTAL ASSETS	**₱17,761,688,240**	₱17,555,210,578
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 10)	**₱6,294,908,815**	₱6,922,203,292
Trade and other payables (Notes 6 and 12)	**1,200,406,794**	1,062,688,730
Advances from related parties (Note 6)	**611,626,183**	611,657,420
Current portion of lease liabilities (Note 11)	**11,024,319**	10,669,963
Total Current Liabilities	**8,117,966,111**	8,607,219,405
Noncurrent Liabilities		
Loans payable - net of current portion (Note 10)	**665,010,870**	–
Retention payable (Note 8)	**81,985,681**	81,985,681
Lease liabilities - net of current portion (Note 11)	**16,421,406**	19,300,082
Advances from related parties (Note 6)	**2,246,556,675**	2,214,497,895
Deferred tax liabilities (Notes 8 and 15)	**763,472,999**	765,963,665
Accrued interest payable (Note 6)	**379,117,001**	265,954,254
Total Noncurrent Liabilities	**4,152,564,632**	3,347,701,577
Total Liabilities	**12,270,530,743**	11,954,920,982
Equity		
Capital stock (Note 13)	**7,282,017,027**	7,282,017,027
Additional paid-in capital (Note 13)	**1,629,450,205**	1,629,450,205
Equity reserve (Notes 2 and 13)	**(4,126,935,056)**	(4,126,935,056)
Revaluation surplus (Notes 8 and 15)	**2,285,781,211**	2,285,781,211
Deficit (Note 13)	**(1,579,155,890)**	(1,470,023,791)
Total Equity	**5,491,157,497**	5,600,289,596
TOTAL LIABILITIES AND EQUITY	**₱17,761,688,240**	₱17,555,210,578

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC.
(Formerly Philippine H2O Ventures, Corp.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021

	2022	2021
NET OPERATING REVENUES		
Food and beverage	**₱–**	₱871,804
Rooms	**–**	380,073
Others	**–**	113,846
	–	1,365,723
DIRECT COSTS AND EXPENSES		
Salaries and wages	**–**	1,263,386
Inventories consumed	**–**	346,794
Other costs and expenses	**–**	185,586
	–	1,795,766
GROSS INCOME (LOSS)	**–**	(430,043)
OPERATING EXPENSES (Note 14)	**39,258,531**	41,705,852
OPERATING LOSS	**(39,258,531)**	(42,135,895)
NON-OPERATING INCOME (EXPENSES)		
Interest expense (Notes 6 and 10)	**(28,619,038)**	(30,760,480)
Foreign exchange gain (loss) - net	**(44,175,954)**	(27,312,093)
Interest income (Note 5)	**185,991**	427,333
Other income (expenses) - net	**604,556**	39,756
	(72,004,445)	(57,605,484)
LOSS BEFORE INCOME TAX	**(111,262,976)**	(99,741,379)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	**359,788**	67,919
Deferred	**(2,490,665)**	(18,943,870)
	(2,130,877)	(18,875,951)
NET LOSS	**(₱109,132,099)**	(₱80,865,428)
OTHER COMPREHENSIVE INCOME		
Revaluation surplus (Note 8)	–	–
Provision for deferred income tax (Note 15)	–	–
	–	–
TOTAL COMPREHENSIVE INCOME (LOSS) (Note 19)	**(₱109,132,099)**	(₱80,865,428)
Basic and Diluted Loss Per Share (Note 19)	**(₱0.0153)**	(₱0.0117)

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC. (Formerly Philippine H2O Ventures, Corp.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021

	Capital Stock (Notes 1 and 13)	**Additional paid-in Capital** (Note 13)	**Subscriptions Receivable** (Note 13)	**Deposit for Future Stock Subscription**	**Equity Reserve** (Notes 2 and 13)	**Revaluation Surplus** (Notes 8 and 15)	**Retained Earnings (Deficit)** (Note 13)	**Total**
Balance as of December 31, 2021	**₱7,282,017,027**	**₱1,629,450,205**	**₱–**	**–**	**(₱4,126,935,056)**	**₱2,285,781,211**	**(₱1,470,023,791)**	**₱5,600,289,596**
Deposits received	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issued capital stock (Note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revaluation gain adjustment related to the new tax law	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**(109,132,099)**	**(109,132,099)**
Balance at March 31, 2022	**₱7,282,017,027**	**₱1,629,450,205**	**₱–**		**(₱4,126,935,056)**	**₱2,285,781,211**	**(₱1,579,155,890)**	**₱5,491,157,497**
Balance as of December 31, 2020	₱6,929,576,027	₱1,407,028,663	₱–	₱–	(₱4,126,935,056)	₱1,846,671,735	(₱1,022,672,924)	₱5,033,668,445
Deposits received	–	–	–	–	–	–	–	–
Issued capital stock (Note 13)	–	–	–	–	–	–	–	–
Revaluation gain adjustment related to the new tax law	–	–	–	–	–	131,905,124	–	131,905,124
Total comprehensive income (loss)	–	–	–	–	–	–	(80,865,428)	(80,865,428)
Balance at March 31, 2021	₱6,929,576,027	₱1,407,028,663	₱–	₱–	(₱4,126,935,056)	₱1,978,576,859	(₱1,103,538,352)	₱5,084,708,141

PH RESORTS GROUP HOLDINGS, INC.
(Formerly Philippine H2O Ventures, Corp.) AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(111,262,976)**	(99,741,379)
Adjustments for:		
Interest expense (Notes 6 and 10)	**28,619,038**	30,760,480
Unrealized foreign exchange gain (loss)	**44,175,954**	27,362,371
Depreciation and amortization (Note 8)	**8,273,925**	8,697,430
Interest income (Note 5)	**(185,991)**	(427,333)
Loss before working capital changes	**(30,380,050)**	(33,348,431)
Decrease (increase) in:		
Trade and other receivables	**(294,654)**	(117,544)
Inventories	–	(135,954)
Prepayments and other current assets (Note 7)	**(1,410,300)**	1,596,232
Increase (decrease) in trade and other payables (Note 12)	**11,441,730**	(1,287,740)
Net cash generated from (used in) operations	**(20,643,274)**	(33,293,437)
Income taxes paid	**(359,788)**	(67,919)
Net cash provided by (used in) operating activities	**(21,003,062)**	(33,361,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	**(7,382,100)**	(117,115,333)
Decrease (increase) in:		
Input VAT	**(5,248,707)**	(9,740,612)
Advances to related parties	–	(400)
Advances to contractors/suppliers	**(70,974)**	(5,152,808)
Deposits for future property acquisition (Note 9)	–	(25,000,000)
Other noncurrent assets	**290,920**	317,517
Transfer of cash from (to) escrow fund (Note 5 and 18)	–	(268,431)
Interest received	**172,393**	430,532
Net cash provided (used in) investing activities	**(12,238,468)**	(156,529,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt issuance cost-net of amortization	**(20,515,831)**	–
Proceeds from short-term loan	**14,704,110**	–
Payments of:		
Interest	**–**	(113,382,164)
Mortgage loan (Note 10)	**–**	(65,611)
Increase in retention payable	–	(8,607,944)
Net cash provided by (used in) financing activities	**(5,811,721)**	(122,055,719)
NET INCREASE (DECREASE) IN CASH	**(39,053,251)**	(311,946,610)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**14,382**	3,517,314
CASH AT BEGINNING OF THE YEAR	**53,061,387**	596,846,911
CASH AT END OF THE YEAR (Note 5)	**14,022,518**	288,417,615

See accompanying Notes to the Consolidated Financial Statements.

PH RESORTS GROUP HOLDINGS, INC.
(Formerly Philippine H2O Ventures, Corp.)
AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information

PH Resorts Group Holdings, Inc. (formerly Philippine H2O Ventures Corp. (H20), "PH Resorts", or "Parent Company") was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on January 30, 2009. The common shares of the Parent Company are listed and traded in the Philippine Stock Exchange (PSE). The registered office address of the Parent Company is at 20th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City. The Parent Company and its subsidiaries are collectively referred to as "the Group".

The unaudited interim condensed consolidated financial statements as of March 31, 2022 and December 31, 2021 and for the three months ended March 31, 2022 and March 31, 2021 were authorized for issue by the Board of Directors (BOD) on May 11, 2022.

Changes in Ownership of PH Resorts

PH Resorts Group Holdings, Inc. in its current form was renamed from Philippine H2O Ventures Corp. (H20) after the change in ownership in 2018 through its acquisition by Udenna Corporation. Consequently, PH Resorts became a holding company for the gaming and tourism-related businesses of Udenna Corporation.

On May 22, 2019, the BOD and the stockholders approved the following:

- Amendment of Articles of Incorporation to increase the authorized capital stock of the Parent Company from ₱8 billion divided into 8 billion common shares at ₱1.00 par value per share to ₱ 15 billion divided into 15 billion common shares at ₱1.00 par value per share.
- Merger and consolidation of assets PH Resorts and PH Travel and Leisure Holdings Corp. ("PH Travel")
- Approval of the Parent Company's Employee Stock Incentive Plan for qualified employees, directors, officers and other qualified persons.

As of March 31, 2022, the Group's application with the SEC for the approval of the above is still in process.

Subsidiaries of PH Resorts

PH Travel was incorporated and registered with the SEC on January 3, 2017. PH Travel's registered office and principal place of business is 20th Floor Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig. PH Travel's primary purpose is to invest in, purchase or otherwise acquire and own, hold, use, construct, develop, maintain, subdivide, sell, assign, lease and hold for investment, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as but not limited to resorts, clubhouses, and sports facilities, hotels, casino and gaming facilities, including all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith.

PH Travel holds investments in certain subsidiaries that are all incorporated in the Philippines and are engaged in businesses related to the main business of PH Travel. PH Travel and its subsidiaries shall herein be referred to as PH Travel Group.

On December 26, 2018, as a result of the effectivity of the assignment of shares and equity share swap transaction, PH Resorts holds 100% ownership interest in PH Travel and PH Travel Group became legal subsidiaries of PH Resorts.

As of March 31, 2022 and December 31, 2021, PH Travel holds ownership interests in the following entities incorporated in the Philippines:

Subsidiary Name	Nature of Business	Date of Incorporation	% of Ownership 2020	2019
CD Treasures Holdings Corp. (CTHC)	Holding company	March 8, 2018	**100**	100
LapuLapu Land Corp. (LLC)[(b)*]	Real estate	February 14, 2017	**100**	100
LapuLapu Leisure, Inc. (LLI)	Hotels, casino and gaming	January 25, 2017	**100**	100
Clark Grand Leisure Corp. (CGLC)	Hotels, casino and gaming	March 7, 2018	**100**	100
natela Hotel Panglao Corp. (DHPC)	Hotel and recreation	November 7, 2017	**100**	100
Donatela Resorts and Development Corp. (DRDC)	Hotel and recreation	February 27, 2018	**100**	100
Davao PH Resorts Corp. (DPRC)	Hotel and recreation	April 8, 2018	**100**	100

**Indirect ownership through LLI.*

a) On October 14, 2019, LLI and Udenna Land Inc. (formerly, UDEVCO), a related party, executed the Deed of Absolute Sale on the common shares of stock of LLC for a total consideration of ₱1.6 billion. This resulted in LLC being a wholly-owned subsidiary of LLI. The acquisition of LLC was accounted for as an acquisition of an asset as LLC does not qualify as a business.

<u>Provisional Licenses</u>

On May 3, 2017, Philippine Amusement and Gaming Corporation (PAGCOR) issued a Provisional License (License) authorizing LLI to develop a property on Mactan Island, LapuLapu City, Cebu and to establish and operate casinos and engage in gaming activities. The term of LLI's License is for a period of 15 years or until May 3, 2032, which may be renewed subject to the terms of conditions of the License. On August 27, 2020, PAGCOR's BOD extended the term of the License to be co-terminus with PAGCOR's current franchise or until July 11, 2033.

On August 6, 2018, PAGCOR issued a Provisional License to CGLC for the development of an integrated tourism resort and to establish and operate a casino within Clark Freeport Zone ("Clark Resort"). On October 5, 2021, CGLC received approval from PAGCOR for its request to voluntarily suspend the Clark Provisional License. CGLC sought for the voluntary suspension of its license in support of the Group's strategic plan to prioritize its current resources towards the completion of Emerald Bay. The voluntary suspension shall be effective until further notice. Notwithstanding the voluntary suspension, CGLC reserves the right to apply for the lifting of the suspension, subject to the approval of PAGCOR's BOD.

Further details of the terms and commitments under the Provisional Licenses are included in Note 18.

<u>Status of Operations</u>

The Group is engaged in the gaming and tourism industry-related businesses and has an ongoing construction project expected to be completed in the first quarter of 2023. The Group is also engaged in the operation of a resort in Panglao Island, Bohol, which started commercial operations in 2018. Primarily due to ongoing construction spending at Emerald Bay, the Group reported a net loss of ₱109.1 million and ₱80.9 million for the three months ended March 31, 2022 and 2021, respectively, resulting in a deficit of ₱1.58 billion and ₱1.47 billion as of March 31, 2022 and December 31, 2021, respectively. The Group's current liabilities exceeded its current assets by ₱8.05 billion and ₱8.50 billion as at March 31, 2022 and December 31, 2021, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

In August 2021, PH Resorts successfully conducted a top- up placement from a selected group of Qualified Institutional Buyer (QIB) investors as defined under the Securities Regulation Code. The transaction consisted of 352,441,000 shares sold by PHR's parent Udenna Corporation at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds were used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the re-imposition of the Enhanced Community Quarantine (ECQ) restriction in the National Capital Region (NCR) and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. PH Resorts received ₱599.1 million in gross proceeds from this transaction.

The Group has the following plans and action steps taken to support its liquidity requirements:

- The Group has ongoing negotiations with its lenders for the conversion of its bridge loan to a long-term project loan, the future availment of an additional long-term loan, and further deferral of 2020 and 2021 principal and interest payments on the Group's short-term loans with China Banking Corporation (CBC) and long-term loan with United Coconut Planters Bank (UCPB).

- The Group has ongoing negotiations for financing and capital raising transactions with several potential creditors and equity investors.

On May 6, 2022, PH Travel signed a term sheet with Bloomberry Resorts Corporation (Bloom). The term sheet covers the proposed investment of Bloom into Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp. The term sheet is subject to several conditions to closing including: (a) execution of mutually acceptable definitive agreements; (b) approval of regulators; (c) approval of creditors; (d) completion of audited financial statements; (e) corporate approvals; and (f) cooperation on due diligence, among others. Certain terms and conditions of the transaction, including the method of payment and timing of closing, are still to be finalized.

Management believes that considering the progress of the steps undertaken to date, these financing and capital raising plans are feasible and will generate sufficient cash flows to enable the Group to meet its obligations when they fall due and address the Group's liquidity requirements to support its operations and the completion of its projects. As such, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

The status of operations of the subsidiaries is as follows:

LLI and LLC. Construction of Emerald Bay, an integrated tourism resort located in Mactan Island, Lapu-Lapu, Cebu, commenced in December 2017. Emerald Bay will be constructed in two phases with the first phase expected to be completed in the first quarter of 2023.

CGLC. CGLC currently leases the site on which the Clark Resort will be located from Global Gateway Development Corporation (GGDC). On October 5, 2021, CGLC received approval from PAGCOR for its request to voluntarily suspend its Provisional License. CGLC sought for the voluntary suspension of its license in support of the Group's strategic plan to prioritize its current resources towards the completion of Emerald Bay. The voluntary suspension shall be effective until further notice. Notwithstanding the voluntary suspension, CGLC reserves the right to apply for the lifting of the suspension, subject to the approval of PAGCOR's BOD. CGLC may seek to apply for the lifting of the suspension for the reasons of, but not limited to, potential new joint venture partners and/or investors; and improved market conditions.

DHPC. DHPC is the owner of the Donatela Resort & Sanctuary ("Donatela Resort"), a boutique-style, upscale hotel in Tawala, Panglao Island, Bohol. DHPC acquired the resort in 2017 and commenced its operations in January 2018. The Donatela Resort has upscale villas with pools, a fine-dining restaurant and a wine cellar. In October 2021, in a proactive response to preserve the Group's resources and in response to the return of Enhanced Community Quarantine (ECQ) restrictions in the National Capital Region (NCR) and certain adjacent provinces, management decided to temporarily close the property until further reassessment of the situation. At that time, existing bookings were cancelled and the expected number of reservations were not achieved. With the steady resumption of both domestic and international flights, the Group is currently assessing reopening options and the optimal time to re-open Donatela Resort. The Group believes that it can quickly reopen Donatela should the necessary pre-conditions be seen to exist.

The other entities within the Group have no material operations as of March 31, 2022.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for land which is carried at revalued amount. These interim consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The interim consolidated financial statements of the Group as of March 31, 2022 and December 31, 2021 and for the three months ended March 31, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2021.

Basis of Consolidation

As of December 26, 2018, the equity share swap transaction between PH Resorts and PH Travel became effective. The acquisition transaction was accounted for similar to a reverse acquisition following the guidance provided by PFRS. In a reverse acquisition, the legal parent, PH Resorts, is identified as the acquiree for accounting purposes because PH Resorts did not meet the definition of a business and based on the substance of the transaction, the legal subsidiary, PH Travel, is adjudged to be the entity that gained control over the legal parent and was thus deemed to be the acquirer for accounting purposes. To classify as a business, it should consist of an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. Accordingly, the consolidated financial statements of PH Resorts have been prepared as a continuation of the consolidated financial statements of the PH Travel Group. The PH Travel Group has accounted for the acquisition of PH Resorts on December 26, 2018, which was the date when PH Travel acquired control of PH Resorts (see Notes 1 and 4).

The interim consolidated statements of financial position presented in the interim condensed consolidated financial statements are retroactively adjusted to reflect the legal capital (i.e. the number and type of capital stock issued, additional paid-in capital and retained earnings (deficit)) of PH Resorts. The adjustment, which is the difference between the capital structure of the PH Travel and PH Resorts, is recognized as part of equity reserve in the consolidated statements of financial position.

In accounting for this transaction in 2018, the interim consolidated financial statements reflected the following:

(a) The consolidated assets and liabilities of PH Travel Group (legal subsidiary/accounting acquirer) recognized and measured at carrying amount and the assets and liabilities of PH Resorts (legal parent/accounting acquiree), consisting only of cash, recognized and measured at acquisition cost.

(b) The equity reflects the combined equity of PH Travel Group and PH Resorts. However, the legal capital of PH Travel Group has been eliminated as the legal capital that should be reflected would be that of PH Resorts (legal parent).

(c) The consolidated statements of comprehensive income for the current period reflect that of PH Travel for the full period together with the post-acquisition results of PH Resorts; and

(d) Any difference between the consideration transferred by PH Resorts and the legal capital of PH Travel Group that is eliminated is reflected as “Equity reserve”.

Reverse acquisition applies only to the unaudited interim consolidated financial statements of PH Resorts. The Parent Company financial statements will continue to represent PH Resorts as a stand-alone entity.

The interim condensed consolidated financial statements comprise the interim condensed financial statements of the Parent Company and its wholly owned subsidiaries as at March 31, 2022. The interim condensed financial statements of the subsidiaries are prepared for the same reporting period of the Parent Company, using consistent accounting policies.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements as at and for the year ended December 31, 2021, except for the adoption of new standards effective as at January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these pronouncements did not have any significant impact on the Group’s financial position or performance unless otherwise indicated

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

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

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

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

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

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

The Group shall also disclose information about:

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

The Group adopted the amendments beginning January 1, 2022.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The significant accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

Assessment of Going Concern
The Group is engaged in the gaming and tourism industry-related businesses and has an ongoing construction project whose first phase is expected to be completed in the first quarter of 2023. The Group is also engaged in the operation of a resort in Panglao Island, Bohol, which started commercial operations in 2018. Primarily due to ongoing construction spending at Emerald Bay, the Group reported a net loss of ₱109.1 million and ₱80.9 million for the three months ended March 31, 2022 and 2021, respectively, resulting in a deficit of ₱1.58 billion and ₱1.47 billion as of March 31, 2022 and December 31, 2021, respectively. The Group's current liabilities exceeded its current assets by ₱8.05 billion and ₱8.50 billion as at March 31, 2022 and December 31, 2021, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

In August 2021, PH Resorts successfully conducted a top-up placement from a selected group of QIB investors as defined under the Securities Regulation Code. The transaction consisted of 352, 441,000 shares sold by PHR's parent, Udenna Corporation, at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds were used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the re-imposition of the Enhanced Community Quarantine (ECQ) restriction in the National Capital Region (NCR) and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. PH Resorts received ₱ 599.1 million in gross proceeds from this transaction.

As discussed in Note 1, as of May 11, 2022, the Group has the following plans and action steps taken to support its liquidity requirements:

- The Group has ongoing negotiations with its lenders for the conversion of a bridge loan to a long-term project loan, the future availment of an additional long-term loan and further deferral of 2020 and 2021 principal and interest payments on the Group's short-term loans with CBC and long-term loan with UCPB.
- The Group has requested and obtained approval for the deferment of testing of date of its debt service coverage ratio and debt-to-equity ratio on the UCPB long-term loan from December 31, 2021 to December 31, 2022.
- The Group has ongoing negotiations for financing and capital raising transactions with several potential creditors and investors.

On May 6, 2022, PH Travel signed a term sheet with Bloom. The term sheet covers the proposed investment of Bloom into Lapu-Lapu Leisure, Inc. and Clark Grand Leisure Corp. The term sheet is subject to several conditions to closing including: (a) execution of mutually acceptable definitive agreements; (b) approval of regulators; (c) approval of creditors; (d) completion of audited financial statements; (e) corporate approvals; and (f) cooperation on due diligence, among others. Certain terms and conditions of the transaction, including the method of payment and timing of closing, are still to be finalized.

5. Cash

As of March 31, 2022 and December 31, 2021, the Group's cash on hand and in banks amounted to ₱14.0 million and ₱53.1 million, respectively. Cash in banks earn interest at the respective bank deposit rates.

Interest income earned on cash amounted to ₱3,749 and ₱114,382 for the three months ended March 31, 2022 and 2021, respectively.

In addition, the Group has cash in escrow through LLI and CGLC amounting to ₱261.2 million and ₱257.2 million as of March 31, 2022 and December 31, 2021, respectively. Cash in escrow is presented under the "Noncurrent assets" section of the unaudited interim consolidated statements of financial position.

Interest income earned on cash in escrow amounted to ₱182,242 for three months ended March 31, 2022 and ₱312,951 for three months ended March 31, 2021.

Accrued interest receivable as of March 31, 2022 and December 31, 2021 amounted to ₱13,598 and nil, respectively, and is presented under the "Trade and other receivables" account in the consolidated statements of financial position. The Group's escrow account represents the aggregate balance of short-term placements maintained in local banks primarily to meet the requirements of the License Agreement with PAGCOR in relation to LLI and CGLC's investment commitments (see Note 18).

6. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders.

Approval requirements and limits on the amount and extent of related party transactions
Material related party transactions (MRPT) refers to any related party transaction either individually or over a twelve (12)-month period, amounting to ten percent (10%) or higher of the total assets.

All individual MRPT shall be approved by the majority vote of the BOD. Directors with personal interest in the transaction shall abstain from discussions and voting on the same.

Outstanding balances at year-end are unsecured and non-interest bearing and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. The impairment assessment on advances to related parties, is based on the 12-month ECL. However, being due and demandable, the intercompany receivables, will attract a negligible ECL, since ECLs are only measured over the period in which the Group is exposed to credit risk. No other factors have been noted by the Group that would indicate that the advances are incapable of being repaid on demand, such that the borrower would default if the loan were called wherein the probability of default would be needed to be set to 100%. For the three months ended March 31, 2022 and 2021, the Group has not recorded any impairment of receivables on amounts owed by the related parties.

The Group, in the normal course of business, has transactions with the following companies which have common members of BOD and stockholders as the Group:

Relationship	Name
Ultimate Parent Company	Udenna Corporation
Affiliates under Common Control	CGLC Cultural Heritage Foundation, Inc.
	Chelsea Shipping Corp.
	Dennison Holdings Corp.
	Emerald Development Holdings Ltd. (Emerald)
	Enderun Hospitality Management and Consultancy Services (Enderun)
	Global Gateway Development Corp. (GGDC)
	L3 Concrete Specialists Inc.
	Lapulapu Cultural Heritage Foundation, Inc.
	LapuLapu Land Corp. (LLC)*
	Phoenix Petroleum Philippines, Inc.
	Udenna Land Inc. (ULI, formerly UDEVCO)
	Udenna Management & Resources Corp.
	Udenna Tower Corporation (UTOW)
	Udenna Water & Integrated Services, Inc.
	Value Leases Inc.

* *Acquired by LLI in 2019 (see Note 1).*

The unaudited interim consolidated statements of financial position include the following amounts with respect to the balances with related parties as of March 31, 2022 and December 31, 2021:

	Amount/ Volume of Transactions		Outstanding Receivable (Payable)		
	2022 (Three months)	2021 (One Year)	**2022**	2021	Terms & Conditions
Udenna, *Ultimate Parent Company*					
Cash advances from a related party for working capital and project completion	**₱**	**₱47,500,000**	**(77,195,735)**	(77,195,735)	Unsecured; Noninterest-bearing; due and demandable
Entities under Common Control					
Cash advances to related parties	–	–	**2,039,741**	2,039,341	Unsecured; Noninterest-bearing; not impaired; due and demandable

	Amount/ Volume of Transactions		Outstanding Receivable (Payable)		
	2022 (Three months)	2021 (One Year)	**2022**	2021	Terms & Conditions
Cash advances from related parties for working capital	**–**	–	**(45,830,448)**	(45,861,685)	Unsecured; Noninterest-bearing; due and demandable
Cash advances from related parties for working capital (a) (i)	**–**	–	**(2,246,556,675)**	(2,214,497,895)	Unsecured; Interest-bearing; with terms
Cash advances from related parties for working capital (a) (ii)	**–**	–	**(353,600,000)**	(353,600,000)	Unsecured; Interest-bearing; due and demandable
Interest payable on advances (a) (ii)	**101,322,825**	36,376,448	**(492,551,457)**	(391,228,631)	Unsecured; due within 1 to 2 years
Management and consultancy services (see Notes 12) (c))	**–**	–	**(7,220,127)**	(7,220,127)	Unsecured; Noninterest-bearing; due and demandable
Due from a related party for sale of a subsidiary (see Notes 1, and 6)	**–**	–	**10,000,000**	10,000,000	Unsecured; Noninterest-bearing; due and demandable
Stockholder					
Cash advances from a stockholder for working capital	**–**	–	**(135,000,000)**	(135,000,000)	Unsecured; Noninterest-bearing; due and demandable
Employees	**29,942**	119,274		353,256	Unsecured; Noninterest-bearing; not impaired; one-month liquidation

i. Outstanding balance is included in Trade and other receivables as of March 31, 2022 and December 31, 2021.
ii. Outstanding balance is included in Advances from related parties as of March 31, 2022 and December 31, 2021.
iii. Outstanding interest is included in Trade and other payables as of March 31, 2022 and December 31, 2021.
iv. Outstanding balance is presented under the Equity section in the unaudited interim consolidated statements of financial position as of March 31, 2022 and December 31, 2021.

(a) Interest-bearing cash advances from related parties

i. Emerald Development Holdings Ltd. (EDHL)

On October 17, 2019, PH Resorts obtained an advance of US$42.5 million from EDHL, an offshore entity wholly-owned by Udenna Corporation. The proceeds of the advance were used to fund the ongoing construction of Emerald Bay. The principal and interest totaling $60.3 million was originally due in 2021 and was extended to April 30, 2022. On October 1, 2021, PH Resorts and Emerald agreed to extend the payment of the advance to April 30, 2023. In accordance with PFRS, the Group recalculated the present value of the principal and interest using the extended term and as a result, the present value of the advance decreased by $4.7 million. The difference between the carrying value and the present value of the advance amounting to $4.1 million was adjusted against capitalized borrowing cost in 2021 (see Note 8). As of March 31, 2022 and December 31, 2021, total advances from a related party amounted to ₱2.25 billion and ₱2.21 billion, respectively.

Interest charges incurred on this advance, as well as other cash advances, for the three months ended March 31, 2022 and 2021 were ₱108.4 million and ₱102.3 million, respectively. Capitalized borrowing costs are included as part of CIP under the "Property and equipment" account in the consolidated statements of financial position (see Note 8).

ii. Other related parties

Various related parties granted advances to the Group to finance the operating activities and financing requirements. Total advances amounted to ₱353.6 million as of March 31, 2022. These are unsecured, with interest rates ranging from 8.5% to 12%, and are due and demandable.

Interest incurred on these advances for the three months ended March 31, 2022 and 2021 were ₱5.7 million and ₱11.3 million, respectively. Interest payable of ₱131.0 million and ₱125.3 million as of March 31, 2022 and December 31, 2021, respectively, are included under

"Trade and other payables" account in the consolidated statements of financial position (see Note 12).

(b) Lease

i. On July 14, 2017, LLI entered into a lease agreement with LLC for parcels of land with 116,882 square meters in Punta Engano, LapuLapu City, Cebu. On August 30, 2018, LLI entered into another lease agreement with LLC covering additional parcels of land in the property with 5,975 square meters.

   The lease agreements are for a period of 25 years commencing upon the signing of the agreements and will be renewed for an additional 25 years at the option of LLI. LLI shall pay a monthly aggregate of ₱10.5 million for the original contract and ₱0.5 million for the additional lease. LLI and LLC shall agree on an escalated rate of the consideration three years from the signing of the lease agreement and for every three-year interval thereafter. The most recent rental rate will be used as basis of the consideration in the event the parties fail to agree on an escalated rate at the end of each three-year interval.

   In 2019, LLI acquired LLC which eliminated the lease transactions in the consolidated financial statements.

ii. On June 29, 2018, CGLC entered into a lease agreement with GGDC for the lease of office space in the General Administrative Office Building of Clark Global City, Pampanga. The lease agreement is for a period of three (3) years counted from the lease commencement date, subject to renewal upon mutual agreement of the parties. CGLC shall pay a monthly aggregate of ₱0.1 million with a 5% annual escalation rate at the beginning of the second year of the lease term.

   On July 10, 2019, PH Resorts entered into a lease agreement with Udenna Land, Inc. for office space with a total area of 870.31 square meters in the twentieth (20th) floor of the Udenna Tower and nine (9) parking slots located at the building. The lease agreement is for a period of 5 years counted from the lease commencement date on July 15, 2019 until July 14, 2024 subject to renewal for another 5 years upon mutual agreement of the parties. PH Resorts shall pay a monthly aggregate of ₱1,400 per square meter per month and ₱6,000 per parking slot per month with a yearly escalation rate of five percent (5%).

The estimated annual minimum rentals under these lease agreements are shown below:

Period	**March 31, 2022**	December 31, 2021
Within one year	**₱12,703,006**	₱12,575,209
More than 1 year to 2 years	**13,338,156**	13,203,969
More than 2 years to 3 years	**3,945,088**	6,763,009
	₱29,986,250	₱32,542,187

As of March 31, 2022 and December 31, 2021, right-of use asset amounted to ₱22.0 million and ₱24.4 million. As of March 31, 2022 and December 31, 2021, the lease liabilities amounting to ₱27.5 million and ₱30.0 million, respectively, were presented under the current and noncurrent liabilities sections of the unaudited interim consolidated statements of financial position. Interest expense on lease liabilities for the three months ended March 31, 2022 and 2021 amounted to ₱0.5 million and ₱0.4 million, respectively. (see Note 11).

(c) Management fees

DHPC entered into a Management Services Agreement in November 2017 for certain management and operational services with Enderun. Enderun managed the hotel operations starting January 2018 until June 30, 2019. Management fees consist of basic management fee, incentive fee, marketing fee and corporate shared service fees (see Note 14).

(d) Guarantees

LLI and LLC's bank loans with CBC are secured by a corporate guaranty by Udenna Corporation and by certain stockholders through a Continuing Surety Agreement with the bank (see Note 10).

The performance of the obligations of DHPC to UCPB at any time under the loan agreement shall be the joint and several liability of PH Travel and DHPC (see Note 10).

(e) Compensation and Other Benefits of Key Management Personnel

The compensation of key management personnel pertaining to salaries and short-term employee benefits amounted to ₱9.5 million and ₱9.9 million for the three months ended March 31, 2022 and 2021, respectively.

7. Prepayments and Other Current Assets

	March 31, 2022	December 31, 2021
Creditable withholding taxes	**₱29,925,051**	₱28,598,192
Input VAT	**5,160,451**	5,118,120
Advances to contractors	**3,285,650**	3,285,650
Prepaid insurance	**1,278,659**	1,542,211
Prepaid interest	**295,890**	–
Short-term security deposits	**962,076**	958,265
Others	**365,487**	360,526
	₱41,273,264	₱39,862,964

Prepaid expenses represent prepayments on insurance, rent and other expenses which are amortized on a periodic basis over a period not exceeding one year.

Advances to contractors represents downpayments made for contracts of services entered with suppliers to be provided within a year.

Short-term security deposits represent unsecured and noninterest-bearing deposits for use of equipment and for office rentals which are renewable annually.

Other current assets represent unsecured, noninterest-bearing cash advances for business-related expenditures and are subject to liquidation within a year.

8. Property and Equipment

At Cost

March 31, 2022	Land Improvements and Infrastructures	Buildings	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold improvements and Others	Construction-in-progress (see Notes 6, 10 and 18)	Total
Cost							
Beginning balances	₱8,107,498	₱68,776,345	₱30,763,117	₱5,535,744	₱39,347,267	₱7,532,408,411	₱7,684,938,412
Additions	–	–	–	–	–	256,848,880	256,848,880
Disposals	–	–	(32,655)	–	–	–	(32,655)
Ending balances	8,107,498	68,776,345	30,730,462	5,535,774	39,347,267	7,789,257,291	7,941,754,637
Accumulated Depreciation							
Beginning balances	1,930,708	10,959,858	23,055,999	4,223,266	15,085,424	–	55,255,255
Depreciation (Note 14)	144,988	822,256	1,116,967	276,789	3,201,785	–	5,562,785
Disposals	–	–	(21,767)	–	–	–	(21,767)
Ending balances	2,075,696	11,782,114	24,151,199	4,500,055	18,287,209	–	60,796,273
Net Book Value	₱6,031,802	₱56,994,231	₱6,579,263	₱1,035,720	₱21,060,058	₱7,789,257,291	₱7,880,958,364

December 31, 2021	Land Improvements and Infrastructures	Buildings	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold improvements and Others	Construction-in-progress (see Notes 6, 10 and 18)	Total
Cost							
Beginning balances	₱8,107,498	₱68,776,345	₱30,202,215	₱5,322,085	₱39,335,100	₱6,616,162,263	₱6,767,905,506
Additions	–	–	560,902	213,689	12,167	916,246,148	917,032,906
Ending balances	8,107,498	68,776,345	30,763,117	5,535,744	39,347,267	7,532,408,411	7,684,938,412
Accumulated Depreciation							
Beginning balances	1,350,758	7,670,834	15,707,496	2,902,422	8,475,197	–	36,106,707
Depreciation (Note 14)	579,950	3,289,024	7,348,503	1,320,844	6,610,227	–	19,148,548
Ending balances	1,930,708	10,959,858	23,055,999	4,223,266	15,085,424	–	55,255,255
Net Book Value	₱6,176,790	₱57,816,487	₱7,707,118	₱1,312,508	₱24,261,843	₱7,532,408,411	₱7,629,683,157

The CIP account reflects expenditures related to the US$300.0 million investment commitment of LLI required by the License Agreement with PAGCOR. Total project cost includes land acquisition; costs related to securing development rights; construction and development costs; and all other direct expenses. The CIP account also includes capitalized borrowing costs of ₱183.2 million and ₱493.5 million for the three months period ended March 31, 2022 and for the year ended December 31, 2021, respectively, equivalent to the effective interest incurred on the loans (see Note 10).

Advances to contractors of ₱571.4 million and ₱585.3 million as of March 31, 2022 and December 31, 2021, respectively, relates to initial deposits made for the ongoing construction of Emerald Bay. Retention payable to suppliers and contractors related to the construction project expected to be completed in 2023 amounted to ₱82.0 million as at March 31, 2022 and December 31, 2021.

Land at Revalued Amounts

	March 31, 2022	December 31, 2021
Land at the beginning of the year	**₱8,142,637,234**	₱7,662,366,513
Addition during the year (see Note 9)	–	70,664,920
Revaluation surplus recognized in OCI	–	409,605,801
Balance at end of year	**₱8,142,637,234**	₱8,142,637,234

Land consists primarily of a 12.5 hectares of prime beachfront property located in Lapu Lapu City, Mactan Island, Cebu. The latest appraisal dated December 31, 2021 values the land at ₱6.45 billion. The bulk of this property was acquired in 2019 in connection with the Group's purchase of LLC which owns the project site of Emerald Bay.

The Group also owns the Donatela Resort & Sanctuary situated on 7.2 hectares of land in Panglao Island, Bohol as well as 2,000 sqm of commercial property adjacent to Alona Beach, which were purchased in 2018. The latest appraisal dated December 31, 2021 values the land at ₱1.36 billion.

In addition, the Group owns 3,134 sqm of land in Azuela Cove in Davao City, a 25-hectare master planned mixed use township co-developed by Ayala Land and the Alcantara Group of Companies. The land purchase was completed in 2019 and has an appraised value of ₱235.0 million as of December 31, 2021.

The market values were based on the valuation performed by independent appraisers. Revaluation surplus on land are as follows:

	March 31, 2022	December 31, 2021
Balance at beginning of the period, net of tax	**₱2,285,781,211**	₱1,846,671,735
Revaluation surplus during the year	–	409,605,803
Adjustment related to the change in tax rate	–	131,905,124
Deferred tax liability (see Note 16)	–	(102,401,451)
Balance at end of period, net of tax	**₱2,285,781,211**	₱2,285,781,211

The cost of these parcels of land amounted to ₱3.67 billion as of March 31, 2022 and December 31, 2021.

Description of the valuation techniques and key inputs to valuation of lands to its revalued amount is as follows:

Valuation technique	Significant unobservable input	**Range**
Sales comparison approach	Selling price of identical piece of land	**₱28,000 to ₱47,000 per square meter**
	External factor adjustments	**-10% to -15%**
	Internal factor adjustments	**-45% to 5%**
	Average fair value after internal and external factor adjustments	**₱19,040 to ₱66,150 per square meter**

Management has assessed that there are no significant changes to the status and condition of the Group's land as of March 31, 2022. As such, the 2021 valuation reports are considered appropriate.

The value of the land was estimated by using the "Sales comparison approach". The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size, improvements and developments, and time element.

DHPC's land, land improvements and infrastructure and building are used as a real estate mortgage with UCPB (see Note 10). The carrying value of the pledged properties was ₱1.45 billion as of March 31, 2022 and December 31, 2021.

Pursuant to the bank loans, LLI and LLC entered into a real estate mortgage and chattel mortgage indenture over its property and equipment to collateralize its bank loans. The carrying value of properties used as collateral amount to ₱13.9 billion and ₱13.7 billion as of March 31, 2022 and December 31, 2021, respectively. (see Note 10).

9. **Deposits for Future Property Acquisition**

On October 18, 2017, DHPC entered into a contract to sell, to acquire various parcels of land situated in Tawala, Panglao, Bohol and in Tagbilaran City, Bohol, with a total area of 74,578 square meters. The parcels of land contain improvements, consisting of several structures/buildings, walkways, gardens, as well as fixtures, furniture, and other personal properties and accessories owned by the seller.

The Deed of Absolute Sale for the 67,853 square meters were executed in August 2018 for a total consideration of ₱1.04 billion which was subsequently reclassified as property and equipment. As of March 31, 2022 and December 31, 2021, deposit for future property acquisition amounting to ₱ 61.81 million pertains to the partial settlement pertaining to the remaining area. As of March 31, 2022 and December 31, 2021, DHPC has already paid ₱1.09 billion, which represent 96% of the total purchase price.

On April 20, 2018, the DPRC entered into a contract to sell, to acquire various parcels of land in Lanang, Davao City with a total area of 3,134 square meters. On August 20, 2019, the Deed of Absolute Sale for the 3,134 square meters was executed for the total purchase price of ₱211.5 million, exclusive of 12% VAT and other charges and were subsequently reclassified as property and equipment (see Note 8). As of December 31, 2020, DPRC has fully paid the total purchase price.

10. **Loans Payable**

	March 31, 2022	December 31, 2021
Short-term loans:		
Peso denominated loans (a)	**₱5,215,000,000**	₱5,200,000,000
US dollar denominated loans* (a)	**776,100,000**	765,000,000
Long-term loan classified as current **(b)	**–**	975,000,000
Long-term loan** (b)	**975,000,000**	–
Auto loans	**–**	10,313
	6,966,100,000	6,940,010,313
Less: Debt issuance costs	**(6,180,315)**	(17,807,021)
Loans payable	**6,959,919,685**	6,922,203,292
Less: Noncurrent portion of loans payable	**(665,010,870)**	–
Current portion of loans payable	**6,294,908,815**	6,922,203,292

**Dollar denominated loan amounting to $15.0 million was translated to Philippine Peso using foreign exchange closing rate of US$1:51.74 in March 31, 2022 and US$1:51.00 in December 31, 2021.*
***As of December 31, 2021, the Group's long-term loan was classified as a current liability simply as an accounting adjustment as final lender approvals on the Group's request to defer the commencement of DE ratio testing were received past the December 31, 2021 cutoff date. The reclassification is only for financial statement presentation and does not affect the term loan's original maturity of September 2028 as confirmed by the lender. As of March 31, 2022, the loan was classified as a noncurrent liability.*

a. <u>CBC Short-term Loans</u>

i. On June 7, 2017, LLI obtained a ₱900.0 million Peso loan from CBC to fund the construction of the first phase of Emerald Bay and a US$15.0 million loan to fund the escrow requirement of the Provisional License (see Note 19). In 2017, the Peso loan had an annual interest rate of 4.75% to 6.25% while the US$ loan had an annual interest of 3.5% to 6.25%.

In October 2018, CBC approved a bridge loan facility that extended the tenor of LLI's short-term loan facilities until November 21, 2019. This was composed of (a) a ₱3.1 billion Peso loan facility (increased from ₱900.0 million in 2018); and (b) a US$15.0 million loan facility. The Peso and Dollar facilities were fully drawn on November 26, 2018 with interest rates of 9.55% and 6.25%, respectively. On November 21, 2019, interest rates were reduced to 8.00% and 5.00%, respectively.

In 2017, LLC obtained a ₱2.1 billion Peso loan facility from CBC to finance the acquisition of parcels of land at Punta Engano, Mactan, Cebu. In October 2018, CBC approved a bridge loan facility that extended the tenor of LLC's short-term loan facilities until November 21, 2019.

In 2020, in connection with Republic Act No.11469 or the Bayanihan to Heal as One Act and Republic Act No.11494 or the Bayanihan to Recover as One Act, the loan was rolled over until December 18, 2020. Further extensions occurred in 2021, with the latest extension up to July 31, 2022 subject to the timely payment of documentary stamp tax.

The details of the short-term loans (in PHP equivalent) are as follows:

	March 31, 2022	December 31, 2021
Principal	**₱5,976,100,000**	₱5,956,000,000
Less unamortized debt issue costs	–	11,026,272
	₱5,976,100,000	₱5,953,973,728

Amortized debt issue costs of ₱8.3 million for the three months ended March 31, 2022 and 2021 pertaining to the ₱5.2 billion loan were capitalized to CIP as of March 31, 2022 and December 31, 2021, respectively. Amortized debt issue costs pertaining to the US$15.0 million loan amounting to ₱1.2 million for the three months ended March 31, 2022 and 2021 was proportionately expensed and presented as part of "Interest expense" in the consolidated statements of comprehensive income.

The terms of the CBC bridge loan facility contain covenants that restrict the ability of LLC and LLI to, among other things, create or incur certain indebtedness or liens in respect of its property or assets, consolidate or merge with other entities, redeem shares or repay subordinated indebtedness if such redemption or repayment would result in a debt-to-equity ratio of greater than 2.33 to 1.0 (on a combined basis). In addition, LLI and LLC are required to maintain on a combined basis a debt-to-equity ratio of not more than 2.33 to 1.0, maintain its property and insurance, and ensure exclusive use of Emerald Bay site. As of March 31, 2022 and December 31, 2021, the combined debt to equity ratio of LLI and LLC is compliant with the required debt to equity ratio at 0:65:1.0.

The loans of LLI and LLC have a corporate guaranty from Udenna Corporation and certain stockholders through a Continuing Surety Agreement with CBC (see Note 6).

The carrying value of properties used as collateral amounted to ₱13.9 billion and ₱13.7 billion as of March 31, 2022 and December 31, 2021, respectively. (see Note 8).

Interest charges incurred on these loans amounted to ₱113.6 million and ₱122.5 million for the three months ended March 31, 2022 and 2021, respectively. Of these interest charges, capitalized borrowing costs amounted to ₱73.5 million for the three months ended March 31, 2022 and ₱119.1 million for the three months ended March 31, 2021. Capitalized borrowing costs are included as part of CIP under the "Property and equipment" account in the consolidated statements of financial position (see Note 8).

b. UCPB Long-term Loan

On September 3, 2018, UCPB granted DHPC a ₱975.0 million term loan with a term of 10 years. DHPC used the proceeds to refinance the acquisition of the Donatela Resort & Sanctuary.

The details of the long-term loan are as follows:

	March 31, 2022	December 31, 2021
Principal	**₱975,000,000**	₱975,000,000
Less unamortized debt issue costs	**(6,180,315)**	(6,780,749)
	968,819,685	968,219,251
Less current portion of long-term loan	**(303,808,815)**	(968,219,251)
Noncurrent portion of long-term loan	**₱665,010,870**	₱–

The loan will be repaid in 32 equal quarterly installments commencing on the 27th month from loan drawdown. Any prepayment made before the second anniversary date of the loan from the date of the initial availment shall be subject to a penalty equivalent to two percent (2%) of the amount to be prepaid, per annum. Each partial voluntary prepayment shall be applied against repayment installments of the loan in the inverse order of their maturity.

The loan bears an annual interest rate based on the one-year PH Bloomberg Valuation Rate (PH BVAL) at the time of availment or resetting, as the case may be, plus a spread of 3.0% per annum. In no case, however, shall the interest be lower than 6.0% per annum. Interest shall be subject to resetting on the anniversary date of the availment and every year thereafter. Interest expense incurred on this loan amounted to ₱17.1 million and ₱16.2 million for the three months ended March 31, 2022 and 2021, respectively. Amortized debt issue costs of ₱0.6 million for the three months ended March 31, 2022 and 2021 were expensed and presented as part of "Interest expense" in the consolidated statements of comprehensive income.

The loan is secured by a real estate mortgage over the financed properties and the pledge of all the shares of stock issued by DHPC (see Note 8). The carrying value of the pledged properties amounted to ₱1.4 billion as of March 31, 2022 and December 31, 2021.

DHPC must comply with certain financial covenants for the term of the loan, including maintaining a debt service coverage ratio of at least 1.25x and a debt-to-equity ratio of not exceeding 2.33x. On June 25, 2021, the bank approved the continued deferment of the testing period for the debt service coverage ratio from December 31, 2021 to December 31, 2022. In January 2022, the bank's Executive Committee approved the continued deferment of the testing date for the debt-to-equity ratio from December 31, 2021 to December 31, 2022.

On June 25, 2021, interest and principal payments due beginning June 2020 and December 2020, respectively were deferred to March 3, 2022, as approved by UCPB. In February 2022, UCPB further deferred all the amounts due on March 3, 2022 to June 3, 2022 and a further deferral is in process.

The performance of the obligations of DHPC due to UCPB at any time under the loan agreement and the payment of the availments therein shall be the joint and several liability of PH Travel and DHPC (see Note 6).

11. Right-of-Use Assets and Lease Liabilities

The leases of the Group are accounted under PFRS 16 using the modified retrospective approach. The lease liabilities are initially measured at the present value of the lease payments, discounted using the incremental borrowing rate of 10.039%. During the year, the Group entered into additional leases which are leases of office space (see Note 6). These were initially measured at present value using the incremental borrowing rates of 10.04% for 5 years and 9.49% for 3 years.

The rollforward analysis of right-of-use assets follows:

	March 31, 2022	December 31, 2021
Cost		
Beginning balance	**₱54,899,0073**	₱69,889,274
Lease modification adjustment	**–**	(14,990,201)
Balance at end of the year	**54,899,073**	54,899,073
Accumulated amortization		
Beginning balance	**30,488,650**	20,450,151
Amortization (see Note 15)	**2,458,196**	10,038,499
Balance at end of the year	**32,946,846**	30,488,650
Net Book Value	**₱21,952,227**	₱24,410,423

The rollforward analysis of lease liabilities follows:

	March 31, 2022	December 31, 2021
Balance at beginning of year	**₱29,970,045**	₱53,969,045
Interest expense (see Note 6)	**542,803**	3,013,350
Lease payable and payments	**(3,067,123)**	(27,012,350)
Balance at end of the year	**27,445,725**	29,970,045
Current portion of lease liabilities	**11,024,319**	10,669,963
Lease liabilities - net of current portion	**₱16,421,406**	₱19,300,082

Gross lease liabilities and present value of minimum lease payments under the Group's lease agreements are as follows:

	March 31, 2022	December 31, 2021
Within one year	**₱12,703,006**	₱12,575,209
More than one year but not more than five years	**17,283,244**	19,966,978
Total gross lease liabilities	**29,986,250**	32,542,187
Less unamortized interest expense	**2,540,525**	2,572,142
Present value of future minimum lease payments	**27,445,725**	29,970,045
Less current portion	**11,024,319**	10,699,963
Noncurrent portion	**₱16,421,406**	₱19,300,082

12. **Trade and Other Payables**

	March 31, 2022	December 31, 2021
Interest payable (Notes 6, 10 and 11)	**₱728,870,534**	₱610,784,101
Payable to contractors (Note 8)	**370,917,343**	380,912,217
Statutory payables	**9,240,847**	19,680,149
Management fees payable (Note 6)	**7,220,127**	7,220,127
Trade payables	**4,707,891**	7,663,103
Contract liabilities	**38,030**	38,030
Others	**79,412,022**	36,391,003
	₱1,200,406,794	₱1,062,688,730

Below are the terms and conditions of the liabilities:

- Payable to contractors are noninterest-bearing and normally settled within three months.
- Interest payables, statutory payables, including withholding taxes, payables to SSS, Pag-IBIG and Philhealth, and accrued documentary stamp taxes, trade payables, and management fees payable are noninterest-bearing and are normally settled within the following month.
- Trade payables from nonrelated parties are non-interest bearing and are normally settled within the following month.
- Contract liabilities and other payables (which include various accrued expenses such as professional fees and marketing fees) are noninterest-bearing and are normally settled within the following month.

13. Equity

Capital Stock

The Parent Company's common shares (at ₱1 par value per share) consist of the following:

	March 31, 2022		December 31, 2021	
	Number of shares	**Amount**	Number of shares	Amount
Authorized	**8,000,000,000**	**₱8,000,000,000**	**8,000,000,000**	**₱8,000,000,000**
Subscribed				
Balance at beginning of the year	**6,929,576,027**	**₱6,929,576,027**	**6,929,576,027**	**₱6,929,576,027**
Issuance during the year	**352,441,000**	**352,441,000**	**352,441,000**	**352,441,000**
Issued and outstanding	**7,282,017,027**	**7,282,017,027**	**7,282,017,027**	**₱7,282,017,027**

Track Record of Registration of Securities

Authorized capital stock

Date	Activity	Par Value	No. of Common Shares	Balance
January 30, 2009	Authorized	₱1.00	–	200,000,000
December 2015	Increased	1.00	300,000,000	500,000,000
December 10, 2018	Increased	1.00	7,500,000,000	8,000,000,000

Issued and outstanding

Date	Activity	No. of Common Shares	Balance
January 30, 2009	Issued and outstanding	162,161,000	162,161,000
December 2015	Stock dividend; issued during offer	81,080,504	243,241,504
December 21, 2018	Issued	406,376,691	649,618,195
December 26, 2018	Issued	4,143,648,309	4,793,266,504
November 5, 2020	Issued	450,000,000	5,243,266,504
December 4, 2020	Issued	1,686,309,523	6,929,576,027
August 18, 2021	Issued	352,441,000	7,282,017,027

On June 25, 2018, the BOD and the stockholders approved the increase in authorized capital stock from ₱500,000,000, consisting of 500,000,000 common shares with a par value of ₱1.00 per share to ₱8,000,000,000 consisting of 8,000,000,000 common shares with a par value of ₱1.00 per share (see Note 1).

As discussed in Notes 1 and 2, Udenna Corporation and PH Resorts executed a deed of assignment on June 27, 2018 wherein Udenna Corporation assigned, transferred and conveyed 100% of its equity interest in PH Travel consisting of 500,000,000 issued and outstanding common shares with a par value of ₱1.00 per share in exchange for (a) 4,143,648,309 shares with a par value of ₱1.00 per share to be issued by PH Resorts to Udenna out of the PH Resorts' increase in authorized capital stock, and (b) cash of ₱406.38 million.

On December 10, 2018, the SEC approved the application for increase in authorized capital stock. The issuance of 4,143,648,309 shares of PH Resorts occurred on December 26, 2018 and on the same date, the assignment of shares and equity share swap transaction became effective. On the same date, PH Travel became a legal subsidiary of PH Resorts (see Note 1).

Incremental costs of ₱69.2 million directly attributable to the issuance of shares were deducted from the additional paid-in capital of ₱58.1 million. The balance of ₱11.1 million increased the deficit to ₱110.7 million as of December 31, 2018.

On December 21, 2018, a group of investors subscribed to 406,376,691 shares with a par value of ₱1.00 per share. The subscription receivables amounting to ₱406.4 million were fully collected as of December 31, 2019.

On November 5, 2020, PH Resorts conducted a follow-on equity offering of 450.0 million primary common shares (inclusive of the overallotment offer). The offer was priced at ₱1.68 and the shares were listed on the PSE on November 5, 2020. The Parent Company received ₱756.0 million in gross proceeds from the offer.

On December 4, 2020, PH Resorts and Udenna Corporation executed a share subscription agreement for 1.69 billion common shares with a subscription price of ₱1.68/share. The issuance of common shares resulted to a reclassification of the ₱2.83 billion deposit for future stock subscription from Udenna Corporation to common stock (see Note 13). The difference between the subscription price and the par value was recognized as additional paid-in capital.

In 2020, incremental costs directly attributable to the issuance of shares from the Group's follow-on equity offering and share subscription agreement of ₱45.8 million were deducted from the additional paid-in capital.

In August 2021, PH Resorts successfully conducted a top- up placement from a selected group of Qualified QIB investors as defined under the Securities Regulation Code. The transaction consisted of 352,441,000 shares sold by the Parent Company's parent Udenna Corporation at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds will be used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the re-imposition of the Enhanced Community Quarantine (ECQ) restriction in the National Capital Region (NCR) and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. The Parent Company received ₱599.1 million in gross proceeds from this transaction. The difference between the subscription price and the par value amounting to ₱222.4 million was recognized as additional paid-in capital. Incremental costs directly attributable to the issuance of the shares amounting to ₱24.3 million were deducted from the additional paid-in capital.

Equity Reserve
The amount of equity reserve consists of the net difference between the cost of PH Resorts to acquire PH Travel Group and the legal capital of the latter (i.e., common stock and additional paid-in capital) at the date of reverse acquisition of PH Resorts as of December 26, 2018, the date of effectivity of the share swap transaction.

The equity reserve as a result of the reverse acquisition in 2018 is accounted for as follows:

Retroactive adjustment of legal capital of PH Resorts	₱–
Issuance of additional shares of PH Resorts	4,143,648,309
Cash consideration	406,351,691
Total consideration transferred by PH Resorts	4,550,000,000
Elimination of PH Travel Group's legal capital	(500,000,000)
Equity Reserve	₱4,050,000,000

On October 14, 2019, LLI acquired the shares of stock of LLC for a total consideration of ₱1.6 billion. The acquisition is accounted as an asset acquisition since the transaction did not meet the definition of a business under PFRS 3. Book values of the identifiable assets and liabilities of LLC assumed as of the date of acquisition were as follows:

	Net Assets Acquired
Assets:	
Cash	₱262,247
Trade and other receivables	66,239,914
Investment properties	3,774,857,332
Creditable withholding tax	14,849,020
	3,856,208,513
Liabilities:	
Loans payable	(2,100,000,000)
Trade and other payables	(41,803,334)
Advances from related parties	(154,512,117)
Deferred tax liability	(7,346)
	(2,296,322,797)
Total identifiable net assets	1,559,885,716
Purchase consideration transferred	(1,636,820,772)
Equity reserve	(₱76,935,056)

14. Operating Expenses

	2022	2021
Salaries and wages (Note 6)	**₱17,328,630**	₱18,079,621
Depreciation and amortization (Notes 8 and 11)	**8,273,925**	8,457,472
Professional fees (Note 6)	**5,103,785**	8,697,430
Transportation and travel	**1,105,543**	787,171
Rentals	**934,627**	624,295
Taxes and licenses (Note 6)	**672,883**	2,302,844
Dues and subscription	**538,762**	1,009,794
Utilities and communications	**246,524**	226,011

	2022	2021
Outside services	**182,946**	50,558
Repairs and maintenance	**108,437**	79,320
Insurance	**91,862**	149,690
Sales marketing and advertising	**37,975**	639,414
Representation and entertainment	**21,007**	26,225
Office supplies	**3,714**	73,441
Miscellaneous	**4,607,911**	502,566
	₱39,258,531	₱41,705,852

Miscellaneous expense includes PAGCOR charges.

15. **Income Taxes**

a. The current provision for income tax pertains to final withholding taxes on interest income.

b. The reconciliation between the benefit from income tax computed at statutory income tax rate and the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	For the three months ended	
	March 31, 2022	March 31, 2021
Benefit from income tax computed at statutory income tax rate of 25%	**(₱27,815,744)**	(₱24,935,345)
Tax effects of:		
Movement in unrecognized deferred tax asset	**16,239,220**	15,592,959
Nondeductible expenses	**10,503,105**	91,648
MCIT	**331,711**	–
Nontaxable income	**(10,203)**	–
Movement in deferred tax liability and income subjected to final tax rate	**(1,378,966)**	(9,625,213)
	(₱2,130,877)	(₱18,875,951)

c. The components of the Group’s deferred income tax liabilities are as follows:

	March 31, 2022	December 31, 2021
Deferred tax liabilities:		
Revaluation surplus (see Note 9)	**₱761,927,071**	₱761,927,071
Debt issuance costs	**1,545,928**	2,666,928
Unrealized foreign exchange gain	**–**	1,369,666
Deferred tax liabilities	**₱763,472,999**	₱765,963,665

The deferred tax liabilities were measured using the appropriate corporate income tax rate on the year these are expected to be reversed or settled.

The Group did not recognize the following deferred tax assets. Upon the opening of Emerald Bay, management will reconsider this position.

	March 31, 2022	December 31, 2021
Unrecognized deferred tax assets:		
NOLCO	**₱353,222,889**	₱336,983,849
Unrealized foreign exchange loss	**11,043,989**	–
Net lease liabilities	**1,373,374**	1,389,906
	₱365,640,252	₱338,373,755

As of March 31, 2022 and December 31, 2021, NOLCO of the Group can be applied against future taxable income within the periods shown below:

Year Incurred	Expiry Date	Applied/ Expired	Unapplied/ Unexpired
2019	December 31, 2022	₱–	₱568,815,620
2020	December 31, 2025	–	424,785,417
2021	December 31, 2024	–	354,334,358
2022	March 31, 2025	–	64,956,159
		₱–	₱1,412,891,554

Pursuant to the “Bayanihan to Recover as One Act” and Revenue Regulation No. 25-2020 issued by the Bureau of Internal Revenue (BIR) on September 30, 2020, NOLCO incurred by the Company in taxable year 2020 can be carried over and claimed as deduction from the regular taxable income (RCIT) for the next five (5) consecutive taxable years.

16. Financial Risks Management Objectives and Policies

The Group’s principal financial instruments are cash which finance the Group’s operations. The other financial assets and liabilities arising from its operations are trade and other receivables, security deposits, advances from and to related parties, cash in escrow, trade and other liabilities, loans payable, lease liabilities, retention payables and other payables.

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

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by dealing only with recognized and creditworthy financial institutions and third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

The table below shows the maximum exposure to credit risk for the Group’s financial assets, without taking account of any collateral and other credit enhancements:

	March 31, 2022	December 31, 2021
Cash*	**₱13,972,518**	₱52,985,644
Trade and other receivables	**11,606,561**	11,298,309
Advances to related parties	**2,039,741**	2,039,741
Security deposit**	**55,481,627**	55,481,627
Cash in escrow	**261,151,038**	257,232,647

	March 31, 2022	December 31, 2021
Total credit risk exposure	**₱344,251,485**	₱379,037,968

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*

The financial assets of the Group are neither past due nor impaired and have high probability of collection as of March 31, 2022 and December 31, 2021.

Credit Quality per Class of Financial Asset. The credit quality of financial asset is being managed by the Group using internal credit ratings. The table below shows the maximum exposure to credit risk for the Group's financial instruments by credit rating grades:

	March 31, 2022					
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased or credit-impaired**	**Lifetime ECL Simplified Approach**	**Total**
High grade	**₱275,123,556**	**₱–**	**₱–**	**₱–**	**₱–**	**₱275,123,556**
Medium grade	**69,127,929**	–	–	–	–	**69,127,929**
Standard grade	–	–	–	–	–	–
Default	–	–	–	–	–	–
Gross carrying amount	**344,251,485**	–	–	–	–	**344,251,485**
Loss allowance	–	–	–	–	–	–
Carrying amount	**₱344,251,485**	**₱–**	**₱–**	**₱–**	**₱–**	**₱344,251,485**

	December 31, 2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased or credit-impaired	Lifetime ECL Simplified Approach	Total
High grade	₱310,218,291	₱–	₱–	₱–	₱–	₱310,218,291
Medium grade	68,819,677	–	–	–	–	68,819,677
Standard grade	–	–	–	–	–	–
Default	–	–	–	–	–	–
Gross carrying amount	379,037,968	–	–	–	–	379,037,968
Loss allowance	–	–	–	–	–	–
Carrying amount	₱379,037,968	₱–	₱–	₱–	₱–	₱379,037,968

Financial assets classified as "high grade" are those cash, accrued interest receivable and cash in escrow transacted with reputable local banks and financial assets with no history of default on the agreed contract terms. "Medium grade" includes those financial assets with no history of default on the agreed contract terms but require collection efforts on the due dates. Financial instruments classified as "standard grade" are those financial assets with little history of default on the agreed terms of the contract.

An aging analysis of financial assets per class are as follows:

	March 31, 2022			
	High Grade	**Medium Grade**	**Standard Grade**	**Total**
Cash*	**₱13,972,518**	**₱–**	**₱–**	**₱13,972,518**
Trade and other receivables	**11,606,561**	–	–	**11,606,561**
Advances to related parties	**2,039,741**	–	–	**2,039,741**
Security deposits**	**55,481,627**	–	–	**55,481,627**
Cash in escrow	**261,151,038**	–	–	**261,151,038**
	₱344,251,485	**₱–**	**₱–**	**₱344,251,485**

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*

	December 31, 2021			
	High Grade	Medium Grade	Standard Grade	Total
Cash*	₱52,985,644	–	–	₱52,985,644
Trade and other receivables	11,298,309	–	–	11,298,309
Advances to related parties	2,039,741	–	–	2,039,741
Security deposits**	55,481,627	–	–	55,481,627
Cash in escrow	257,232,647	–	–	257,232,647
	₱379,037,968	–	–	₱379,037,968

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*

Liquidity Risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations within a reasonable period of time.

The Group maintains a financial strategy to raise adequate capital, obtain long-term financing and when applicable, generate enough cash from its business operations to satisfy debt service requirements. As of March 31, 2022 and December 31, 2021, management is undertaking the necessary steps to apply for an increase in authorized capital stock and convert its bridge financing to a long-term facility.

The table below summarizes the maturity profile of the Group's financial liabilities (principal and interest) as of March 31, 2022 and December 31, 2021, based on contractual undiscounted payments. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments and liquidity.

	March 31, 2022			
	Due and Demandable	**Less Than One Year**	**More than One Year**	**Total**
Cash *	**13,972,518**	**–**	**–**	**13,972,518**
Trade and other receivables	**10,000,000**	**1,606,561**	**–**	**11,606,561**
Advances to related parties	**2,039,741**	**–**	**–**	**2,039,741**
Security deposits**	**–**	**199,158**	**55,282,469**	**55,481,627**
Cash in escrow	**–**	**–**	**261,151,038**	**261,151,038**
	26,012,259	**1,805,719**	**316,433,507**	**344,251,485**
Loans payable****	**–**	**6,294,908,815**	**665,010,870**	**6,959,919,65**
Trade and other liabilities***	**–**	**1,192,113,178**	**–**	**1,192,113,178**
Retention payable	**–**	**–**	**81,985,683**	**81,985,683**
Lease liabilities	**–**	**11,024,319**	**16,421,405**	**27,445,724**
Advances from related parties*****	**611,626,183**	**–**	**2,246,556,675**	**2,858,182,858**
	611,626,183	**7,498,046,312**	**3,009,974,632**	**11,119,647,128**
Liquidity gap	**(585,613,924)**	**(7,496,240,593)**	**(2,693,541,126)**	**(10,775,395,642)**

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*
****Excluding statutory payables.*
*****Including contractual interest and excluding unamortized debt issue costs.*
******Including accrued interest*

	December 31, 2021			
	Due and Demandable	Less Than One Year	More than One Year	Total
Cash *	₱52,985,644	₱–	₱–	₱52,985,644
Trade and other receivables	10,000,000	1,298,309	–	11,298,309
Advances to related parties	2,039,741	–	–	2,039,741
Security deposits**	–	199,158	55,282,469	55,481,627
Cash in escrow	–	–	257,232,647	257,232,647
	65,025,385	1,497,467	312,515,116	379,037,968
Loans payable****	–	6,227,019,496	695,183,796	6,922,203,292
Trade and other liabilities***	–	1,043,573,456	–	1,043,573,456
Retention payable	–	–	81,985,683	81,985,683
Lease liabilities	–	10,669,963	19,300,082	29,970,045
Advances from related parties*****	564,157,420	–	2,214,497,895	2,778,655,315
	564,157,420	7,281,262,915	3,010,967,456	10,856,387,791
Liquidity gap	(₱499,132,035)	(₱7,279,765,448)	(₱2,698,452,340)	(₱10,477,349,823)

**Excluding cash on hand*
***Presented under "Prepaid and other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.*
****Excluding statutory payables.*
*****Including contractual interest and excluding unamortized debt issue costs.*
******Including accrued interest*

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from permanent refinancing of the current bridge loan facility and capital raising options. It may also from time to time seek other sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows from the Group's foreign currency-denominated assets and liabilities may fluctuate due to changes in foreign exchange rates. The Group continuously evaluates the movements of foreign exchange rates with the possible risk given its financial position.

The Group's objective is to keep transactional currencies at an acceptable level to its operations to minimize foreign exchange exposures. To mitigate the Group's exposure to foreign currency risk, cash flows denominated in foreign currencies are monitored and future hedging arrangements are being considered.

Information on the Group's foreign currency-denominated monetary financial assets and financial liabilities and their Peso equivalents are as follows:

	March 31, 2022		December 31, 2021	
	US$ Value	**Peso Equivalent**	US$ Value	Peso Equivalent
Assets				
Cash	**$38,621**	**₱1,998,237**	$64,213	₱3,274,886
Accrued interest receivable	**262**	**13,543**	–	–
Cash in escrow	**5,047,372**	**261,151,038**	5,043,777	257,232,647
	5,086,255	**263,162,818**	5,107,990	260,507,533
Liabilities				
Loans payable	**15,000,000**	**776,100,000**	15,000,000	765,000,000
Advances from related parties	**50,751,479**	**2,625,881,499**	48,636,317	2,480,452,149
	65,751,479	**3,401,981,499**	63,636,317	3,245,452,149
Total		**(₱3,138,818,681)**		(₱2,984,944,616)

As of March 31, 2022 and December 31, 2021, the closing exchange rate was ₱51.74 and ₱51.00 for each US$, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's loss before tax (due to revaluation of monetary assets and liabilities). The change in foreign currency exchange rate is based on the change between the current year and prior year foreign exchange rates. There is no impact on equity other than those already affecting pretax loss.

	Changes in Foreign Exchange Rates	Impact on Loss Before Income Tax
March 31, 2022	**Increase by 1.06%**	**₱161,963,044**
	Decrease by 1.06%	**(161,963,044)**
December 31, 2021	Increase by 5.16%	₱117,272,144
	Decrease by 5.16%	(117,272,144)

Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of funding needs and changes in economic conditions. The Group's debt-to-capitalization ratios are as follows:

	March 31, 2022	December 31, 2021
Total debt	**6,959,919,685**	₱6,922,203,292
Total capitalization	**15,871,386,917**	15,833,670,524
	0.44:1	0.44:1

Total debt is defined by the Group as its bank loans from financial institutions while total capitalization as used in the table above is defined as debt, capital stock and APIC. The Group's goal in capital management is to maintain an optimum capital structure of a debt to capitalization ratio of not higher than 70%. This will be maintained with its planned suitable financing and capital raising options.

17. Fair Value Information

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

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash, trade and other receivables, advances to and from related parties, cash in escrow, security deposits, trade and other current liabilities, and retention payable, based on their notional amounts, reasonably approximates their fair values because these are mostly short-term in nature or are repriced frequently.

Advances from related parties - noncurrent. As of March 31, 2022 and December 31, 2021, the amount of the advances from related parties of ₱2.25 billion and ₱2.21 billion, respectively, are determined by discounting the expected cash flows using an effective discount rate of 17.7%. Fair value measurement is categorized under Level 3 with significant observable inputs.

Land at fair value. As of March 31, 2022 and December 31, 2021, the fair value of land amounting to ₱8.14 billion are determined by external, independent property appraisers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being appraised (see Note 8). The appraised value was determined using the sales comparison approach wherein the market prices for comparable property listings are adjusted to account for the marketability, nature, bargaining allowance, location and size of the specific properties (Level 3). Significant increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 measurements.

18. Commitments and Contingencies

License Agreement with PAGCOR

a) As discussed in Note 1, on May 3, 2017, PAGCOR issued a Provisional License (License) authorizing LLI to develop an integrated resort and casino in LapuLapu City, Mactan Island, Cebu Province and to establish and operate casinos and engage in gaming activities. The term of LLI's License shall be for a period of 15 years or until May 3, 2032. On August 27, 2020, PAGCOR's BOD extended the term of the License to be co-terminus with PAGCOR's current franchise or until July 11, 2033. The License may be renewed subject to certain terms and conditions.

i. Debt-Equity Ratio Requirement

The License provides, among others, that LLI's License may be revoked or suspended upon failure of LLI to comply with the 70% Debt - 30% Equity ratio requirement of PAGCOR. Testing date as stated in the License is to be performed every June and December.

To ensure compliance with the debt-equity requirement, LLI applied for an increase in its authorized capital stock from ₱500.0 million to ₱1.5 billion, which was approved by the SEC on February 19, 2018. In addition, on April 17, 2018, LLI and ULI submitted a request to PAGCOR to:

a. Amend the Provisional License to remove ULI as a co-licensee and replace it with its wholly-owned subsidiary, LLC.
b. Use the pro-forma consolidated financial statements of the co-licensees in the calculation of the 70% Debt - 30% Equity ratio.

On April 23, 2018, PH Travel fully subscribed to the remaining ₱1.0 billion authorized capital stock of LLI which served to improve the debt-equity ratio.

On July 19, 2018, PAGCOR approved the amendments of the Provisional License to remove ULI as a co-licensee and replace it with its wholly-owned subsidiary, LLC and use the financial statements of the co-licensees in the calculation of the 70% Debt - 30% Equity ratio.

As of December 31, 2021 and 2020, both LLI and LLC are in compliance with the debt-equity ratio requirement. Below is the report submitted to PAGCOR.

	December 31, 2021	December 31, 2020
LLI	**46%-54%**	48% - 52%
LLC	**47%-53%**	49% - 51%

ii. *Investment Commitments*

As required by the License, LLI is required to complete its US$300.0 million investment commitment in phases. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment acquisition, development costs, financing costs and all other expenses directly related to the completion of the Project. As of March 31, 2022 and December 31, 2021, capitalized costs related to the Project amounted to ₱7.4 billion and ₱7.3 billion, respectively (see Note 8).

As a requirement in developing the aforementioned Project, LLI is required to maintain a $15 million escrow account into which all funds for development of Emerald Bay must be deposited.

iii. *Requirement to Establish a Foundation*

LLI, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage ("Foundation") not later than 60 days from the signing of the License Agreement. The Foundation shall be funded by LLI by setting aside, on a monthly basis, a certain percentage of total gross gaming revenues generated from non-junket tables. The funds set aside for such purpose shall be remitted to the Foundation on or before the 10th day of the succeeding month.

On August 16, 2017, LapuLapu Cultural Heritage Foundation, Inc. was incorporated. However, no fund has been set aside by LLI as no gaming revenue has been recognized as of March 31, 2022 and December 31, 2021.

b) As discussed in Note 1, on August 6, 2018, PAGCOR issued a Provisional License to CGLC for the development of an integrated tourism resort and to establish and operate a casino within Clark Freeport Zone. The term of Clark's License shall be for a period of 15 years from issuance date or until July 11, 2033. The License may be renewed subject to certain terms and conditions under the Clark Provisional License, CGLC shall, among others, comply with the following:

i. *Investment Commitments*

As required by the License Agreement, CGLC is required to invest a minimum of US$200 million in the approved development (the "Clark Investment Commitment"), provided that 40% of the Clark Investment Commitment is spent within two years after the issuance of the Clark Provisional License, subject to an extension that PAGCOR may grant at its discretion.

As a requirement in developing the aforementioned Project, CGLC is required to maintain a $10 million escrow account into which all funds for development of Clark must be deposited.

ii. *Debt-Equity Ratio Requirement*

The License Agreement provides, among others, that CGLC's License may be revoked or suspended upon failure of CGLC to comply with the 70% Debt - 30% Equity ratio requirement of PAGCOR. There should be a certification from the Comptroller together with the certification from its independent external auditor that CGLC complies with the 70% Debt – 30% Equity ratio requirement of PAGCOR within sixty (60) calendar days after the end of each semi-annual period of each year. Furthermore, CGLC shall submit its semi-annual unaudited financial statements sixty (60) calendar days after the end of the applicable semi-annual period and an annual audited financial statements, within one hundred twenty (120) days after CGLC's year end.

As of June 30, 2021, CGLC's debt-equity ratio was 5% -95%, which is in compliance with the ratio requirement.

iii. *Requirement to Establish a Foundation*

CGLC is required, on a monthly basis, to remit 2% of casino revenues generated from non-junket tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by CGLC and approved by PAGCOR.

On November 29, 2018, CGLC Cultural Heritage Foundation, Inc. was incorporated. However, no fund has been set aside by CGLC as no gaming revenue has been recognized as of March 31, 2022 and December 31, 2021.

On 5 October 2021, CGLC received approval from PAGCOR of its request to voluntarily suspend the Clark Provisional License. CGLC sought for the voluntary suspension of its license on the back of the Group's strategic plan to prioritize its current resources towards the completion of Emerald Bay. The voluntary suspension shall be effective until further notice. Notwithstanding the voluntary suspension, CGLC reserves the right to apply for the lifting of the suspension, subject to the approval of PAGCOR's BOD.

c) On October 5, 2021, CGLC received approval from PAGCOR of its voluntarily suspension of PAGCOR Provisional License. This voluntary suspension allows PH Resorts to focus all efforts for the construction and development of Emerald Bay.

Compliance with Provisional License

As discussed in Note 1, in 2017 and 2018, PAGCOR issued a Provisional License (License) authorizing LLI and CGLC to develop an integrated resort and casino and to establish and operate casinos and engage in gaming activities. The term of License shall be for a period of 15 years and the License may be renewed subject to certain terms and conditions. Under the License, LLI and CGLC shall, among others, comply with (i) investment commitments; (ii) escrow account with maintaining balance of $15.0 million for LLI and $10.0 million for CGLC; (iii) debt-to-equity ratio of 70:30; and (iv) establish a Foundation. Under the Provisional License, PAGCOR has enumerated grounds for revocation or suspension of the License subject to notice and due process.

PAGCOR allows the Group to utilize the escrow account subject to certain conditions such as (i) drawdowns must be used exclusively for the development of the project; (ii) the Group must furnish PAGCOR with a monthly report of drawdowns and bank's statement of the escrow account; and, (iii) replenishment of maintaining balance not later than 15 calendar days from the date escrow account fell below the maintaining balance.

There are certain charges from PAGCOR related to the escrow maintaining balance. These are reflected in trade and other payables and operating expenses accounts.

As of March 31, 2022 and December 31, 2021, the Group's cash in escrow amounted to ₱261.2 million and ₱257.2 million, respectively. The Group utilized the escrow for the development of the project.

19. Loss Per Share

Basic Loss Per Share amounts are calculated by dividing the net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

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

	Three months ended	
	March 31, 2022	March 31, 2021
Net loss attributable to the equity holders of the Parent Company	**(₱109,132,099)**	(₱80,865,428)
Divided by weighted average number of common shares of Parent Company	**7,146,834,178**	6,929,576,027
	(₱0.0153)	(₱0.0117)

The Parent Company has no dilutive potential common shares outstanding, therefore basic loss per share is the same as diluted loss per share.

20. Segment Information

Segment information is prepared on the following bases:

Business Segments
The business segments pertain mainly to hotel and restaurant activities. Assets and processes related to other business activities such as gaming are still not operational as of reporting period.

For management purposes, the Group is organized into two business activities - Hotel and restaurant and others. This segmentation is the basis upon which the Group reports its primary segment information.

Business Segment Data
Hotel and restaurant segment comprise revenues from hotel and restaurant activities and other incidental services related thereto.

The following table presents the revenue and expense information and certain assets and liabilities information regarding business segments:

	March 31, 2022			
	Hotels and Restaurant	**Others**	**Eliminations**	**Total**
Revenue	**–**	**33,171,077**	**(33,171,077)**	**-**
Results				
Direct costs and expenses	**–**	**–**	**–**	**-**
Operating expenses	**(647,422)**	**(30,337,184)**	**–**	**(30,984,606)**
Foreign exchange loss - net	**–**	**(44,175,954)**	**–**	**(44,175,954)**
Depreciation	**(1,885,981)**	**(6,387,944)**	**–**	**(8,273,925)**
Interest expense	**(17,743,977)**	**(165,186,813)**	**154,311,752**	**(28,619,038)**
Interest income	**153**	**185,838**	**–**	**185,991**
Income tax expense	**(31)**	**(359,757)**	**–**	**(359,788)**
Benefit from deferred tax	**150,109**	**2,340,556**	**–**	**2,490,665**
Other non-operating expense - net	**417,306**	**187,250**	**–**	**604,556**
Net loss	**(19,709,842)**	**(210,562,931)**	**121,140,675**	**(109,132,099)**

Assets and liabilities

	March 31, 2022			
	Hotels and Restaurant	**Others**	**Eliminations**	**Total**
Operating assets	**1,527,936,029**	**40,132,973,974**	**(23,899,221,763)**	**17,761,688,240**
Operating liabilities	**518,756,349**	**14,638,166,884**	**(9,944,774,302)**	**5,212,148,931**
Loans payable	**968,819,685**	**5,326,089,130**	**–**	**6,294,908,815**
Deferred tax liabilities	**65,414,250**	**698,058,747**	**–**	**763,472,997**
Total liabilities	**1,552,990,284**	**20,662,314,761**	**(23,899,221,764)**	**12,270,530,743**

	March 31, 2021			
	Hotels and Restaurant	**Others**	**Eliminations**	**Total**
Revenue	₱1,365,723	₱33,171,077	(₱33,171,077)	₱1,365,723
Results				
Direct costs and expenses	(1,795,766)	–	–	(1,795,766)
Operating expenses	(2,835,749)	(30,172,673)	–	(33,008,422)
Foreign exchange gain – net	–	(27,312,093)	–	(27,312,093)
Depreciation	(1,932,612)	(6,764,818)	–	(8,697,430)
Interest expense	(17,341,170)	(161,025,982)	147,606,672	(30,760,480)
Interest income	1,438	425,895	–	427,333
Income tax expense	(287)	(67,632)	–	(67,919)
Benefit from deferred tax	–	18,943,870	–	18,943,870
Gain on disposal of a subsidiary	–	–	–	–
Other non-operating expense – net	69,120	(29,364)	–	39,756
Net loss	(₱22,469,303)	(₱172,831,720)	₱114,435,595	(₱80,865,428)
Assets and liabilities				
Operating assets	₱1,539,095,146	₱37,434,223,678	(₱22,366,271,827)	₱16,607,046,997
Operating liabilities	358,197,681	13,466,345,277	(8,978,695,387)	4,845,847,571
Loans payable	967,628,027	5,020,393,947	–	5,988,021,974
Deferred tax liabilities	94,589,887	593,879,424	–	688,469,311
Total liabilities	₱1,420,415,595	₱19,080,618,648	(₱8,978,695,387)	₱11,522,338,856

SECTION 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

The following management's discussion and analysis relate to the condensed consolidated financial information and operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes of the Group as of March 31, 2022 and December 31, 2021, and for the three months ended March 31, 2022 and March 31, 2021.

2.1 Overview and Plan of Operation

Plan of Operations

The Company is expected to rely on the following sources of liquidity for the next 12 months: (1) shareholder advances and/or paid-up capital; and (2) financing lines provided by various creditors. It has several ongoing discussions and negotiations for other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

LLI and LLC. Construction of Emerald Bay, an integrated tourism resort to be located in Mactan Island, Lapu-Lapu, Cebu, commenced in December 2017. Emerald Bay will be constructed in two phases with the first phase expected to be completed in the first quarter of 2023.

CGLC. On 5 October 2021, CGLC received approval from PAGCOR for its request to voluntarily suspend the Clark Provisional License. CGLC sought for the voluntary suspension of its license in support of PHR's strategic plan to prioritize its current resources towards the completion of Emerald Bay. The voluntary suspension shall be effective until further notice. Notwithstanding the voluntary suspension, CGLC reserves the right to apply for the lifting of the suspension, subject to the approval of the PAGCOR Board of Directors. CGLC may seek to apply for the lifting of the suspension for the following reasons such as, but not limited to potential new joint venture partners and/or investors; and, improved market conditions.

DHPC. DHPC is the owner of the Donatela Resort & Sanctuary ("Donatela Resort"), a boutique-style, upscale hotel in Tawala, Panglao Island, Bohol. DHPC acquired the resort in 2017 and commenced its operations in January 2018. The Donatela Resort has upscale villas with pools, a fine-dining restaurant and a wine cellar. In October 2021, in a proactive response to preserve the Company's resources and in response to the return of Enhanced Community Quarantine (ECQ) restrictions in the National Capital Region (NCR) and certain adjacent provinces, management decided to temporarily close the property until further reassessment of the situation. At that time, existing bookings were cancelled and the expected number of reservations were not achieved. With the steady resumption of both domestic and international flights, the Company is currently assessing reopening options and the optimal time to re-open Donatela. The Company believes that it can quickly re-open Donatela when the necessary pre-conditions are met.

The other entities within the Group have no material operations as of March 31, 2022.

2.2 Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below: *(Amounts are in Philippine pesos)*

			For the three months ended March 31	
I. PROFITABILITY			**2022**	2021
Basic Loss per Share	=	Net income (loss) – Preferred dividends	(109,132,099)	(80,865,428)
It is the rough measurement of the amount of a company's profit		Weighted average number of common shares outstanding	7,146,834,178	6,929,576,027

that can be allocated to one share of its stock.			
		(0.0153)	(0.0117)
Return on Total Assets =	Net income (loss)	(109,132,099)	(80,865,428)
	Total Assets	17,761,688,241	16,607,046,997
It measures efficiency of the Group in using its assets to generate net income.		(0.0061)	(0.0049)
Return on Equity =	Net income (loss)	(109,132,099)	(80,865,428)
	Stockholder's Equity	5,491,157,497	5,084,708,141
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.		(0.0199)	(0.0159)

II. FINANCIAL LEVERAGE

		March31, 2022	December 31, 2021
Liabilities to Assets Ratio =	Total Liabilities	12,270,530,743	11,954,920,982
	Total Assets	17,761,688,240	17,555,210,578
It measures the degree to which the assets of the business are financed by the debt and the shareholders' equity of a business.		0.6908	0.6810
Debt to Capitalization Ratio =	Total Debt	6,959,919,685	6,922,203,292
	Total Capitalization	18,729,569,774	17,340,654,737
It measures the degree to which a company is financing its operations through debt versus total capitalization.		0.3716	0.3992
Liabilities to Equity Ratio =	Total Liabilities	12,270,530,743	11,954,920,982
	Shareholder's Equity	5,491,157,497	5,600,289,596
It measures the degree to which a company is financing its operations through debt versus wholly owned funds.		2.2346	2.1347

Asset to Equity Ratio	=	Total Assets	17,761,688,240	17,555,210,578
		Shareholder's Equity	5,491,157,497	5,600,289,596
It relates to the proportion of total assets financed by the Group's equity.			3.2346	3.1347

III. MARKET VALUATION

Price to Book Ratio	=	Market value/share	1.0000	0.7800
		Book value/share	0.7541	0.7690
Relates the Group's stock market value to its book value per share			1.3261	1.0142

IV. LIQUIDITY

Current Ratio	=	Current assets	69,896,009	107,216,326
		Current liabilities	8,117,966,113	8,607,219,405*
It measures the Group's ability to pay its current liabilities with cash generated from its current assets.			0.0086	0.0125

IV. INTEREST RATE COVERAGE RATIO

			For the three months ended March 31	
			2022	2021
Interest Coverage Ratio	=	EBIT	(82,643,938)	(68,980,899)
		Interest Expense	28,619,038	30,760,480
It measures the Group's ability to pay interest on its outstanding debt.			(2.8877)	(2.2425)

**Current liabilities include a bridge loan facility. The Group has ongoing negotiations with its lender for the conversion of this bridge loan to a long-term project loan. As of December 31, 2021, the Group's long-term loan was classified as a current liability simply as an accounting adjustment as final lender approvals on the Group's request to defer the commencement of DE ratio testing were received past the December 31, 2021 cutoff date. The reclassification was only for financial statement presentation and does not affect the term loan's original maturity of September 2028 as confirmed by the lender. As of March 31, 2022, the loan was classified as a noncurrent liability.*

2.3 Results of Operations

Operating Results for the Three Months Ended March31, 2022 Compared to the Three Months Ended March 31, 2021

	For the three-month period ending		HORIZONTAL ANALYSIS Change from Prior Year		VERTICAL ANALYSIS % to Revenues	
	Mar 2022	Mar 2021	Amount	% of Change	2022	2021
NET OPERATING REVENUES						
Food and beverage	-	871,804	(871,804)	-100.00%	0.00%	64.00%
Rooms	-	380,073	(380,073)	-100.00%	0.00%	28.00%
Others	-	113,846	(113,846)	-100.00%	0.00%	8.00%
	-	1,365,723	(1,365,723)	-100.00%	0.00%	100.00%
DIRECT COSTS AND EXPENSES						
Salaries and wages	-	1,263,386	(1,263,386)	-100.00%	0.00%	93.00%
Inventories consumed	-	346,794	(346,794)	-100.00%	0.00%	25.00%
Other costs and expenses	-	185,586	(185,586)	-100.00%	0.00%	14.00%
	-	1,795,766	(1,795,766)	-100.00%	0.00%	131.00%
GROSS LOSS	**-**	**(430,043)**	**430,043**	**-100.00%**	**0.00%**	**-31.00%**
OPERATING EXPENSES	**39,258,531**	**41,705,852**	**(2,447,321)**	**-5.87%**	**0.00%**	**3054.00%**
OPERATING LOSS	**(39,258,531)**	**(42,135,895)**	**2,877,364**	**-6.83%**	**0.00%**	**-3085.00%**
NON-OPERATING INCOME (EXPENSES)						
Interest expense	(28,619,038)	(30,760,480)	2,141,442	-6.96%	0.00%	-2252.00%
Foreign exchange gain (loss)- net	(44,175,954)	(27,312,093)	(16,863,861)	61.75%	0.00%	-2000.00%
Interest income	185,991	427,333	(241,342)	-56.48%	0.00%	31.00%
Other income - net	604,556	39,756	564,800	1420.67%	0.00%	3.00%
	(72,004,445)	(57,605,484)	(14,398,961)	25.00%	0.00%	-4218.00%
LOSS BEFORE INCOME TAX	**(111,262,976)**	**(99,741,379)**	**(11,521,597)**	**11.55%**	**0.00%**	**-7303.00%**
PROVISION (BENEFIT FROM) FOR INCOME TAX	(2,130,877)	(18,875,951)	16,745,074	-88.71%	0.00%	-1382.00%
NET LOSS	**(109,132,099)**	**(80,865,428)**	**(28,266,671)**	**34.96%**	**0.00%**	**-5921.00%**
OTHER COMPREHENSIVE INCOME	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
TOTAL COMPREHENSIVE LOSS	**(109,132,099)**	**(80,865,428)**	**(28,266,671)**	**34.96%**	**0.00%**	**-5921.00%**
Basic and Diluted Loss Per Share	**(0.0153)**	**(0.0117)**	**(0.0036)**	**30.85%**		

THREE MONTHS ENDED MARCH 31, 2022 COMPARED TO THREE MONTHS ENDED MARCH 31, 2021

NET OPERATING REVENUE

Due to the temporary closure of the Donatela Resort & Sanctuary caused by the COVID-19 pandemic, the Group had no net operating revenues for the first three months of 2022 (3ME2022) vs ₱1.4 million for 3ME2021.

DIRECT COSTS AND EXPENSES

Direct costs and expenses pertaining to operations of the Donatela Resort & Sanctuary were nil for 3ME2022 versus the ₱1.8 million recorded for 3ME2021. The decrease was due to the temporary closure of the Donatela Resort & Sanctuary caused by the COVID-19 pandemic.

OPERATING EXPENSES

Total operating expenses are related to the management and administration of Emerald Bay, operations of Donatela Resort & Sanctuary and other organizational expenses. Operating expenses were lower by ₱2.4 million (-5.9%) at ₱39.3 million primarily due to lower operating expenses at Donatela, and decrease in professional fees related to fundraising (-₱3.6 million or -41.3% to ₱5.1 million) and taxes and licenses (-₱ 1.6 million or -70.8% to ₱0.7 million), partially offset by PAGCOR-related charges of ₱4.5 million.

NON-OPERATING EXPENSES

Interest Expense

Interest expense incurred on borrowings decreased by 7.0% to ₱28.6 million for 3ME2022 from ₱30.8 million for the same period last year. This is due to lower interest charges on advances from affiliates.

Interest income

Interest income declined to ₱0.2 million (-56.5%) from ₱0.4 million for 3ME2021 due to a lower average escrow balance in 3ME2021.

PROVISION FOR/ (BENEFIT FROM) INCOME TAX

The Group reported benefit from income tax of ₱2.5 million resulting from foreign exchange translations for the period.

NET LOSS

The Group's net loss widened by ₱27.9 million to ₱108.8 million mainly due to the reported forex loss on the Group's USD-denominated liabilities of ₱44.2 million, compared to the previous period's forex loss of ₱ 27.3 million.

EARNINGS/ (LOSS) PER SHARE

Loss per share increased to ₱0.0149 in 2022 from ₱0.0117 for the same period last year due to the wider forex-related losses reported despite a larger average number of outstanding shares for the period.

Financial Position
(Comparison of March31, 2022 and December 31, 2021)

	March 31	December 31	HORIZONTAL ANALYSIS Movement from prior period		VERTICAL ANALYSIS % of Total Assets/Liabilities&Equity	
	2022	2021	2022 vs 2021	Change in %	2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	₱ 14,022,518	₱ 53,061,387	(₱ 39,038,869)	-73.57%	0.08%	0.30%
Trade and other receivables	11,606,561	11,298,309	308,252	2.73%	0.07%	0.06%
Advances to related parties	2,039,741	2,039,741	0	0.00%	0.01%	0.01%
Inventories	953,925	953,925	0	0.00%	0.01%	0.01%
Prepayments and other current assets	41,273,264	39,862,964	1,410,300	3.54%	0.23%	0.23%
Total Current Assets	**69,896,009**	**107,216,326**	**(37,320,317)**	**-34.81%**	**0.40%**	**0.61%**
Noncurrent Assets						
Property and equipment	16,023,595,599	15,772,320,391	251,275,208	1.59%	90.21%	89.84%
Right-of-use assets	21,952,227	24,410,423	(2,458,196)	-10.07%	0.12%	0.14%
Deposit for future property acquisition	61,812,449	61,812,449	0	0.00%	0.35%	0.35%
Cash in escrow	261,151,038	257,232,647	3,918,391	1.52%	1.47%	1.47%
Input value-added tax	680,248,601	674,999,894	5,248,707	0.78%	3.83%	3.85%
Advances to suppliers	571,365,662	585,260,873	-13,895,211	-2.37%	3.22%	3.33%
Other noncurrent assets	71,666,655	71,957,575	-290,920	-0.40%	0.39%	0.40%
Total Noncurrent Assets	**17,691,792,231**	**17,447,994,252**	**243,797,979**	**1.40%**	**99.59%**	**99.38%**
TOTAL ASSETS	**₱ 17,761,688,240**	**₱ 17,555,210,578**	**₱ 206,477,662**	**1.18%**	**99.99%**	**99.99%**
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	₱ 6,294,908,815	₱ 6,922,203,292	(₱ 627,294,477)	-9.06%	35.44%	39.43%
Trade and other payables	1,200,406,794	1,062,688,730	137,718,064	12.96%	6.76%	6.05%
Advances from related parties	611,626,183	611,657,420	(31,237)	-0.01%	3.44%	3.48%
Lease liabilities	11,024,319	10,669,963	354,356	3.32%	0.06%	0.06%
Total Current Liabilities	**8,117,966,111**	**8,607,219,405**	**(489,253,294)**	**-5.68%**	**45.70%**	**49.02%**
Noncurrent Liabilities						
Loans payable - net of current portion	665,010,870	0	665,010,870	100.00%	3.74%	0.00%
Advances from related parties	2,246,556,675	2,214,497,895	32,058,780	1.45%	12.65%	12.61%
Retention payable	81,985,681	81,985,681	0	0.00%	0.46%	0.47%
Lease liabilities - net of current portion	16,421,406	19,300,082	(2,878,676)	-14.92%	0.09%	0.11%
Other Payables	379,117,001	265,954,254	113,162,747	42.55%	2.13%	1.51%
Deferred tax liabilities- net	763,472,999	765,963,665	(2,490,666)	-0.33%	4.31%	4.36%
Total Noncurrent Liabilities	**4,152,564,632**	**3,347,701,577**	**804,863,055**	**24.04%**	**23.38%**	**19.06%**
Total Liabilities	**12,270,530,743**	**11,954,920,982**	**315,609,761**	**2.64%**	**69.08%**	**68.08%**
Equity						
Capital stock	7,282,017,027	7,282,017,027	0	0.00%	41.00%	41.48%
Additional paid-in capital	1,629,450,205	1,629,450,205	0	0.00%	9.17%	9.28%
Revaluation Reserve	2,285,781,211	2,285,781,211	0	0.00%	12.87%	13.02%
Equity reserve	(4,126,935,056)	(4,126,935,056)	0	0.00%	-23.24%	-23.51%
Deficit	(1,579,155,890)	(1,470,023,791)	(109,132,099)	7.42%	-8.88%	-8.35%
Total Equity	**5,491,157,497**	**5,600,289,596**	**(109,132,099)**	**-1.95%**	**30.92%**	**31.92%**
TOTAL LIABILITIES AND EQUITY	**₱ 17,761,688,240**	**₱ 17,555,210,578**	**206,477,662**	**1.18%**	**100.00%**	**100.00%**

The total assets of the Group increased by ₱206.5 million (+1.2%) to ₱17.76 billion as of March 31, 2022 from ₱17.56 billion as of December 31, 2021 driven by the progress in construction of Emerald Bay. The assets, liabilities and equity presented in the statement of financial position resulted mainly from the capital investments, project construction, business acquisitions, loan borrowings, group restructuring in 2018, and pre-operating activities of the Group from 2017 - 2021.

CURRENT ASSETS

The Group's current assets decreased by ₱37.2 million (-34.8%) to ₱69.9 million primarily due to the utilization of cash to fund the ongoing construction of Emerald Bay.

NONCURRENT ASSETS

The Group's noncurrent assets increased by ₱243.8 million (+1.4%) to ₱17.69 billion. This resulted mainly from the increase in property and equipment by ₱251.3 million (+1.6%) to ₱16.02 billion due to the ongoing construction of Emerald Bay.

CURRENT LIABILITIES

The Group's current liabilities were lower by ₱489.3 million (-5.7%) at ₱8.12 billion. This was mainly due to the decrease in current loans payable by ₱627.3 million (-9.1%) to ₱6.29 billion as a result of the reclassification of the Group's long-term loan to a noncurrent liability. This reclassification occurred after the receipt of final lender approvals on the deferment of commencement of financial ratio testing in the first quarter of 2022, partly offset by the increase in trade and other payables by ₱137.7 million (+13.0%) to ₱ 1.20 billion due to additional interest payables.

NONCURRENT LIABILITIES

The Group's noncurrent liabilities increased by ₱804.9 million (+24.0%) to ₱4.15 billion primarily due to the increase in the noncurrent portion of loans payable by ₱665.0 million, accrued interest payable by ₱113.2 million (+42.6%), and advances from related parties by ₱32.1 million (+1.5%).

Noncurrent portion of loans payable increased by ₱665.0 million due to the reclassification of a portion of the Group's long-term loan from current to noncurrent liability after the receipt of final lender approvals on the deferment of commencement of financial ratio testing in the first quarter of 2022.

Accrued interest payable pertain to the Group's advance from a related party.

Advances from a related party, which is USD-denominated, increased by ₱32.1 million (+1.5%) to ₱2.25 billion due to the movement in the foreign exchange rate.

EQUITY

The Group's equity decreased by ₱109.1 million (-2.0%) to ₱5.49 billion due to the net loss reported for the period.

2.4 Liquidity and Capital Structure

The Group's sources and uses of funds and the Group's debt and equity profile are discussed below.

Liquidity

The Group seeks to actively manage its liquidity profile in order to finance its capital expenditures and to service maturing obligations.

Below is the table of consolidated cash flows of the Group for the three months ended March 31, 2022 and March 31, 2021.

	For the three month period ending March 31		***Change in %***	
	2022	**2021**	**2022 vs 2021**	**2021 vs 2020**
Net cash provided by (used in) operating activities	(₱ 21,003,061)	(₱ 33,361,356)	-37.04%	-183.94%
Net cash provided by (used in) investing activities	(12,238,468)	(156,529,535)	-92.18%	-331.03%
Net cash provided by financing activities	(5,811,721)	(122,055,719)	-95.24%	-152.30%
Net increase (decrease) in cash and cash equivalents	**(39,053,251)**	**(311,946,610)**	**-87.48%**	**-191.51%**
Effect of foreign exchange on cash and cash equivalents	-	3,517,314	-100.00%	153.06%
Cash and cash equivalents, beginning balance	53,061,387	596,846,911	-91.11%	165.30%
Cash and cash equivalents, ending balance	**₱ 14,022,518**	**₱ 288,417,615**	**-95.14%**	**-49.16%**

Net cash used in operating activities of ₱21.0 million (vs ₱33.4 million for 3ME2021) primarily represents payment of operating and pre-development expenses.

Net cash used in investing activities of ₱12.2 million (vs ₱156.5 million for 3ME2021) mainly pertains to outflows related to the ongoing construction of Emerald Bay. Emerald Bay sustained minimal damage from typhoon Odette in December 2021. However, the first few months of the quarter were dedicated to site clean-up and maintenance, slowing down construction activities.

Net cash used in financing activities of ₱5.8 million in 3ME2022 were payments for documentary stamp taxes on loans, partially offset by net proceeds from a short-term loan. Net cash used in financing activities of ₱122.1 million in 3ME2021 were mainly payments of interest on loans.

Capital Sources

Below is the table showing the Group's capital sources as of March31, 2022 and December 31, 2021.

	Mar 2022	Dec 2021	Change in %
Loans payable*	₱ 6,959,919,685	₱ 6,922,203,292	0.54%
Advances from related party	2,858,182,858	2,826,155,315	1.13%
Capital stock	7,282,017,027	7,282,017,027	0.00%
Additional paid-in capital	1,629,450,205	1,629,450,205	0.00%
Total	**₱ 18,729,569,774**	**₱ 17,340,654,737**	**8.01%**

**The Group has an ongoing negotiation with its lender for the conversion of this bridge loan to a long-term project loan.*

In August 2021, PH Resorts successfully conducted a top-up placement from a select group of Qualified Institutional Buyer (QIB) investors as defined under the Securities Regulation Code. The transaction consisted of 352,441,000 shares sold by PHR's parent, Udenna Corporation, at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds were used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the reimposition of the Enhanced Community Quarantine (ECQ) restriction in the National Capital Region (NCR) and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. PH Resorts received ₱599.1 million in gross proceeds from this transaction.

The Company is expected to rely on the following sources of liquidity for the next 12 months: (1) shareholder advances and/or paid-up capital; and (2) financing lines provided by various creditors. It has several ongoing discussions and negotiations for other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

On May 6, 2022, PH Travel signed a Term Sheet with Bloomberry Resorts Corporation (BLOOM). The Term Sheet covers the proposed investment of BLOOM into LLI and CGLC.

2.5 Risk Related to Financial Instruments

The Group's principal financial instruments are cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets and liabilities such as trade and other receivables, security deposits, advances from and to related parties, cash in escrow, trade and other payables, retention payable and loans payable. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk.

2.6 Other Financial Information

Aging of Trade and other receivables

The Group's trade and other receivables of ₱11.6 million are all current and not past due as of March 31, 2022.

Dividends

No dividends were declared for the three months ended March 31, 2022 and March 31, 2021.

Issuances, Repurchases, and Repayments of Debt and Equity Securities

In August 2021, PH Resorts successfully conducted a top-up placement from a selected group of Qualified Institutional Buyer (QIB) investors as defined under the Securities Regulation Code. The transaction consisted of 352,441,000 shares sold by PHR's parent, Udenna Corporation, at ₱1.70 per share. With the proceeds, Udenna Corporation subscribed to the same number of shares issued by PH Resorts at the same price, thereby injecting the funds into the latter. The proceeds were used for the continued construction of Emerald Bay. The top-up placement was successfully consummated despite the reimposition of the Enhanced Community Quarantine (ECQ) restriction in the National Capital Region (NCR) and certain adjacent provinces as well as steadily rising COVID-19 cases nationwide at that time. PH Resorts received ₱599.1 million in gross proceeds from this transaction.

Events that will trigger Direct or Contingent Financial Obligation that is Material to the Group, including any Default or Acceleration of an Obligation

None.

Material Off-Balance Sheet Transactions, Arrangements, Obligations (including Contingent Obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons created during the Reporting Period

None.

Known Trends, Demands, Commitments, Events or Uncertainties that will have a Material Impact on Liquidity or that are reasonably expected to have a Material Favorable or Unfavorable Impact on Net Sales/Revenues/Income from Continuing Operations

In 2020, the Philippine government implemented measures in a move to contain the COVID-19 outbreak. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. The outbreak of COVID-19 has adversely impacted Philippine economic activity which has directly impacted the operations of the Group. The COVID-19 pandemic resulted in travel restrictions and employment adjustments such as flexible work arrangements during lockdowns which caused delays in delivery of construction materials. This led to a slowdown in project site construction of Emerald Bay. Construction resumed after the easing of community quarantine restrictions.

In 2021, the Philippines has been under different levels of community quarantine, the most restrictive of which was the enhanced community quarantine re-imposed in Q3.

The Group reported net operating revenues of nil and ₱1.4 million for the three-month period ending March 31, 2022 and 2021, respectively. The decrease in revenues was primarily due to the temporary closure of the Donatela Resort & Sanctuary caused by the COVID-19 pandemic. In October 2021, in a proactive response to preserve the Company's resources and in response to the return of Enhanced Community Quarantine (ECQ) restrictions in the National Capital Region (NCR) and certain adjacent provinces, management decided to temporarily close the property until further reassessment of the situation. At that time, existing bookings were cancelled and the expected number of reservations were not achieved. With the steady resumption of both domestic and international flights, the Company is assessing reopening options and the optimal time to re-open Donatela. The Company believes that it can quickly re-open Donatela when the necessary pre-conditions are met.

Cause for any Material Change from period to period which shall include Vertical and Horizontal Analyses of any Material Item

Incorporated in the discussion under “Plan of Operations” and “Financial Position”.

Seasonal Aspects that have a Material Effect on the Financial Statements

None.

Material Commitments for Capital Expenditures, General Purpose of such Commitments, Expected Sources of Funds for such Expenditures

The Group is required to complete investment commitments under the PAGCOR Provisional Licenses issued to LLI as the developer of Emerald Bay. LLI is required to complete a minimum US$300.0 million investment commitment. The cost of Emerald Bay includes land acquisition costs, costs related to securing development rights, construction, equipment acquisition, development costs, financing costs and all other expenses directly related to the completion of the Project.

The Group is expected to rely on the following sources of funds for such expenditures: (1) financing lines provided by various creditors; and (2) shareholder advances and/or paid-up capital. It has several ongoing discussions and negotiations for other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

On May 6, 2022, PH Travel signed a Term Sheet with Bloomberry Resorts Corporation (BLOOM). The Term Sheet covers the proposed investment of BLOOM into LLI and CGLC.

Any Significant Elements of Income or Loss that did not arise from Continuing Operations

Incorporated in the discussion under “Plan of Operations” and “Financial Position”

PART II. OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

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

PH RESORTS GROUP HOLDINGS, INC.

By:

DENNIS A. UY
Chairman of the Board

RAYMUNDO MARTIN ESCALONA
President and Chief Executive Officer

LARA C. LORENZANA
Chief Financial Officer

Signed this 11 day of May 2022